



Nexus REIT

NEXUS REAL ESTATE INVESTMENT TRUST

ANNUAL INFORMATION FORM

For the year ended December 31, 2020

March 31, 2021

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GLOSSARY

The following terms used in this Annual Information Form have the meanings set forth below:

“**affiliate**” has the meaning set out in the National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators;

“**AFFO**” means adjusted funds from operations;

“**Board**” or “**Board of Trustees**” means the board of trustees of Nexus REIT;

“**CBCA**” means the *Canada Business Corporations Act*;

“**Class B LP Units**” means the non-voting exchangeable limited partnership units issued by certain Subsidiaries of Nexus REIT that are partnerships, which are exchangeable for Units pursuant to the terms of the limited partnership agreements of such Subsidiaries;

“**Consolidation**” has the meaning ascribed thereto in “Overview”;

“**CRA**” means the Canada Revenue Agency;

“**Credit Facility**” has the meaning ascribed thereto in “Nexus REIT Indebtedness”;

“**Declaration of Trust**” means the amended and restated declaration of trust of Nexus REIT dated as of August 13, 2020, as it may be further amended or amended and restated from time to time;

“**Distribution Date**” means, in respect of a Distribution Period, the 15th day of the month immediately following the Distribution Period and such other dates determined from time to time by the Trustees;

“**Distribution Period**” means each calendar month from and including the first day thereof and to and including the last day thereof;

“**DPSP**” means a “deferred profit sharing plan” as defined in the Tax Act;

“**DRIP**” the unitholder distribution reinvestment plan of Nexus REIT, as amended, supplemented or amended and restated from time to time and includes any document, instrument or agreement in substitution or replacement thereof;

“**Edgefront Affiliates**” means, collectively, Edgefront Realty Advisors Inc. and its affiliates;

“**FFO**” means funds from operations;

“**GC&N Committee**” means the Governance, Compensation and Nominating Committee of Nexus REIT;

“**GLA**” means gross leasable area;

“**Gross Book Value**” or “**GBV**” means the acquisition cost of the assets of Nexus REIT plus: (i) the cumulative impact of fair value adjustments; (ii) acquisition related costs in respect of completed investment property acquisitions that were expensed in the period incurred; (iii) accumulated amortization on property, plant and equipment, and other assets; and (iv) deferred loan costs;

“**IFRS**” means the International Financial Reporting Standards established by the International Accounting Standards Board, and as adopted by the Canadian Institute of Chartered Accountants, as amended from time to time;

“**Indebtedness**” means (without duplication) on a consolidated basis:

- (a) any obligation of Nexus REIT for borrowed money (other than the impact of any net discount or premium on Indebtedness at the time assumed from vendors of properties at rates of interest less or

greater than, respectively, fair value and any undrawn amounts under any acquisition or operating facility);

- (b) any obligation of Nexus REIT (other than the impact of any net discount or premium on Indebtedness at the time assumed from vendors of properties at rates of interest less or greater than, respectively, fair value and any undrawn amounts under any acquisition or operating facility) incurred in connection with the acquisition of property, assets or businesses other than the amount of future income tax liability arising out of indirect acquisitions;
- (c) any obligation of Nexus REIT issued or assumed as the deferred purchase price of property;
- (d) any capital lease obligation of Nexus REIT; and
- (e) any obligation of the type referred to in subsections (a) through (d) of another person, the payment of which Nexus REIT has guaranteed or for which Nexus REIT is responsible for or liable, other than such an obligation in connection with a property that has been disposed of by Nexus REIT for which the purchaser has assumed such obligation and provided Nexus REIT with an indemnity or similar arrangement therefor;

provided that (A) for the purposes of subsections (a) through (d), an obligation (other than convertible debentures) will constitute Indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of Nexus REIT in accordance with IFRS, (B) obligations referred to in subsections (a) through (c) exclude trade accounts, payables, security deposits, distributions payable to Unitholders and accrued liabilities arising in the ordinary course of business, (C) convertible debentures will constitute Indebtedness to the extent of the principal amount thereof outstanding, and (D) Units and exchangeable securities, including Class B LP Units, will not constitute Indebtedness;

“**Independent Trustee**” means a Trustee who, in relation to Nexus REIT, is “independent” within the meaning of National Instrument 58-101 — *Disclosure of Corporate Governance Practices*, as replaced or amended from time to time (including any successor rule or policy thereto);

“**Nexus REIT**” or the “**REIT**” means Nexus Real Estate Investment Trust, formerly known as Edgefront Real Estate Investment Trust;

“**Nobel**” means Nobel Real Estate Investment Trust, an unincorporated open-ended real estate investment trust governed by the laws of the Province of Québec;

“**Nobel Exchangeable Units**” means the non-voting exchangeable limited partnership units issued by Nobel LP which are exchangeable for Units in the manner set out in the Nobel LP Agreement and the Nobel Exchange Agreement;

“**Nobel Exchange Agreement**” means the amended and restated supplemental agreement to exchange agreement made as of August 31, 2018 among the REIT, Nobel, Nobel GP, Nobel LP and each person who from time to time executes such exchange agreement or is deemed to be a party thereto, pursuant to which holders of Nobel Exchangeable Units are granted the right to require Nexus REIT to facilitate the exchange by Nobel LP of each Nobel Exchangeable Unit for one Unit, as provided for in the Nobel LP Agreement;

“**Nobel GP**” means Nobel REIT GP Inc., a corporation incorporated under the laws of Canada;

“**Nobel LP**” means Nobel REIT Limited Partnership, a limited partnership created under the laws of the Province of Québec;

“**Nobel LP Agreement**” means the third amended and restated limited partnership agreement dated August 31, 2018 between Nobel GP, as general partner, and Nobel, as limited partner, as amended;

“**Nobel Transaction**” means the transactions contemplated by the Arrangement Agreement dated February 14, 2017, by and among Nobel, Nobel GP, Nobel LP and Nexus REIT and implemented in accordance therewith;

“**Non-Resident**” means a person who is a “non-resident” within the meaning of the Tax Act or a partnership other than a Canadian partnership for the purposes of the Tax Act;

“**OBCA**” means the *Business Corporations Act* (Ontario)

“**Partnerships**” means, collectively, subsidiary limited partnerships controlled by Nexus REIT from time to time;

“**Plans**” means, collectively, trusts governed by RRSPs, RRIFs, RESPs, RDSPs, DPSPs and TFSAs, and “**Plan**” means any of them;

“**Properties**” means the properties owned by Nexus REIT;

“**RDSPs**” means registered disability savings plans;

“**REIT Exception**” has the meaning set out in “Risk Factors – Risks Related to the Structure of Nexus REIT – Tax-Related Risks”;

“**RESPs**” means registered education savings plans;

“**RFA Capital**” means RFA Capital Partners Inc., a corporation existing under the laws of the Province of Ontario;

“**RFA Group**” means, collectively, RFA Capital and RFA LP;

“**RFA LP**” means RFA Nobel Limited Partnership, a limited partnership created under the laws of the Province of Ontario;

“**RRIFs**” means registered retirement income funds;

“**RRSPs**” means registered retirement savings plans;

“**SIFT Rules**” has the meaning set out in “Declaration of Trust and Description of Capital Structure – Amendments to the Declaration of Trust”;

“**Special Voting Unitholders**” means the holders of Special Voting Units;

“**Special Voting Units**” means the voting non-participating trust units of Nexus REIT issued in connection with the Class B LP Units and “**Special Voting Unit**” means any one of them;

“**Subsidiary**” has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus Exemptions*, as replaced or amended from time to time (including any successor rule or policy thereto), and “**Subsidiaries**” means collectively more than one Subsidiary;

“**Subsidiary Entity**” means a partnership, a trust all of the units of which, or a corporation all of the shares of which, are owned directly or indirectly by Nexus REIT or another entity that would be consolidated with Nexus REIT under IFRS;

“**Subsidiary Notes**” means promissory notes of a Subsidiary Entity, having a maturity date, determined at the time of issuance, of not more than five years, bearing interest at a market rate determined by the Trustees at the time of issuance;

“**Tax Act**” means the *Income Tax Act* (Canada) as now in effect and as it may be promulgated or amended from time to time;

“**TFSAs**” means tax-free savings accounts;

“**Transfer Agent**” means TSX Trust Company;

“**Trustee**” means a trustee of Nexus REIT and “**Trustees**” means all of the trustees of Nexus REIT;

“**TSXV**” means the TSX Venture Exchange;

“**Unit**” means a trust unit in the capital of Nexus REIT, other than Special Voting Units;

“**Unitholder**” means, generally, a holder of a Unit;

“**Voting Unitholder**” means the holders of Voting Units; and

“**Voting Units**” means, collectively, the Units and the Special Voting Units.

FORWARD-LOOKING STATEMENTS

Certain information in this Annual Information Form contains forward-looking information within the meaning of applicable securities laws (also known as forward-looking statements) which reflect Nexus REIT's current expectations and projections about future results, including statements made or implied relating to Nexus REIT's objectives, strategies to achieve those objectives, Nexus REIT's beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by words such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans", "project", "budget" or "continue" or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect Nexus REIT's current beliefs and are based on information currently available to management at the time such statements are made. Examples of such statements in this Annual Information Form include, but are not limited to, statements with respect to: (A) the intention to grow the business and operations of Nexus REIT; (B) the expected tax treatment of Nexus REIT and of Nexus REIT's distributions to Unitholders; (C) Nexus REIT's capital expenditure requirements; and (D) the intention to distribute available cash to securityholders and the amount of distributions to be paid by Nexus REIT. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Nexus REIT to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Annual Information Form. Such forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to: the ability of Nexus REIT to collect rent from its tenants; the continuing concentration of Nexus REIT's tenants; the fulfillment by tenants of their lease responsibilities as well as their capital expenditures and environmental remediation responsibilities; the ability of Nexus REIT to obtain necessary financing or to be able to implement its business strategies; the level of activity in the industrial, office, retail or other commercial real estate markets in each geographic region of Canada; and the state of the real estate industry generally (including property ownership and tenant risks, liquidity of real estate investments, competition, government regulation, environmental matters, and fixed costs, recent market volatility and increased expenses) and the economy generally. While Nexus REIT anticipates that subsequent events and developments may cause its views to change, Nexus REIT specifically disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing Nexus REIT's views as of any date subsequent to the date of this Annual Information Form. Although Nexus REIT has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the REIT. Additional factors are noted under "Risk Factors" in this Annual Information Form and under "Financial Instruments and Risks and Uncertainties" in the management's discussion and analysis of Nexus REIT for the year ended December 31, 2020.

MEANING OF CERTAIN REFERENCES

References to dollars or "\$" are to Canadian currency. Unless the context otherwise requires, all references to the "REIT" in this Annual Information Form refer to Nexus REIT and its subsidiary entities, on a consolidated basis, and in the case of references to matters undertaken by a predecessor in interest to Nexus REIT or its subsidiary entities, include each such predecessor in interest.

NON-IFRS MEASURES

FFO is a measure of operating performance based on the funds generated from the business of the REIT before reinvestment or provision for other capital needs. Management considers this non-IFRS measure to be an important measure of the REIT's operating performance. Management considers AFFO, a non-IFRS measure, to be an important performance measure of recurring economic earnings.

Normalized FFO and Normalized AFFO are considered important measures which adjust FFO and AFFO, respectively, to exclude the impact of unique or non-recurring items.

FFO, Normalized FFO, AFFO and Normalized AFFO are not measures defined by IFRS, do not have standardized meanings prescribed by IFRS and should not be construed as alternatives to net income, cash generated by (used in) operating activities or other measures of financial performance calculated in accordance with IFRS. FFO, Normalized FFO, AFFO and Normalized AFFO as computed by the REIT may differ from similar measures as reported by other trusts or companies in similar or different industries.

The Real Property Association of Canada issued whitepapers on FFO for IFRS and AFFO for IFRS dated February 2017 (the "**Whitepapers**"), as amended in February 2018 and February 2019. The REIT calculates FFO and AFFO in accordance with the Whitepapers.

FFO is defined as net income in accordance with IFRS, excluding gains or losses on sales of investment properties, tax on gains or losses on disposal of properties, transaction costs expensed as a result of acquisitions being accounted for as business combinations, gain from bargain purchase, fair value adjustments on investment properties, fair value adjustments on warrants, unit options and restricted share units, fair value adjustments on derivative financial instruments, and fair value adjustments and other effects of redeemable units classified as liabilities and the Class B LP Units, if any. FFO also includes adjustments in respect of equity accounted entities for the preceding items. Normalized FFO is defined as FFO, net of adjustments for unique or non-recurring items.

AFFO is defined as FFO subject to certain adjustments, including: differences resulting from recognizing ground lease payments and rental income on a straight-line basis, and reserves for normalized maintenance capital expenditures, tenant incentives and leasing costs. Normalized AFFO is defined as AFFO, net of adjustments for unique or non-recurring items.

Gross Book Value is defined in the Declaration of Trust and is a measure of the value of Nexus REIT's assets. Management considers this non-IFRS measure to be an important measure of Nexus REIT's asset base and financial position. Indebtedness to Gross Book Value is a compliance measure in the Declaration of Trust and establishes the limit for financial leverage of Nexus REIT. Total Debt to Gross Book Value Ratio is considered to be an important measure of Nexus REIT's financial position.

Reconciliations of Nexus REIT's income calculated in accordance with IFRS to FFO and then to AFFO, are provided in the management's discussion and analysis of Nexus REIT for the year ended December 31, 2020.

OVERVIEW

Nexus REIT is an open-ended real estate investment trust formed under the laws of the Province of Ontario pursuant to the Declaration of Trust, as amended from time to time.

The Declaration of Trust was amended on December 4, 2013 in connection with certain matters relating to the conversion of Edgefront Realty Corp. into Edgefront Real Estate Investment Trust (the “**REIT Conversion**”). The Declaration of Trust was further amended and restated on April 28, 2014 to conform to the terms of the management information circular of the REIT in respect of the REIT Conversion. The Declaration of Trust was amended and restated on November 28, 2017 to reflect the change in name of the REIT from “Edgefront Real Estate Investment Trust” to “Nexus Real Estate Investment Trust” and certain consequential amendments. The Declaration of Trust was most recently amended on August 13, 2020 to provide for the ability to issue Units pursuant to the direct registration system of the Transfer Agent, the ability to hold meetings by telephone, electronic or other communications facilities, and certain housekeeping amendments.

Nexus REIT has two principal offices, located at 211-1540 Cornwall Road, Oakville, Ontario L6J 7W5 and at 1200-2045 rue Stanley, Montréal, Québec H3A 2V4. Nexus REIT’s executive officers are located in the Oakville office, and that office is considered Nexus REIT’s head office location for regulatory purposes.

Nexus REIT currently owns a portfolio of 76 commercial properties, of which 29 industrial properties and 1 retail property are located in Western Canada, 4 are industrial and retail properties located in Ontario, 39 are industrial, office, and retail properties located in Québec, and 3 are industrial, office and retail properties located in Atlantic Canada. The total GLA of the properties comprising Nexus REIT’s portfolio is approximately 4.5 million square feet, at the REIT’s interest.

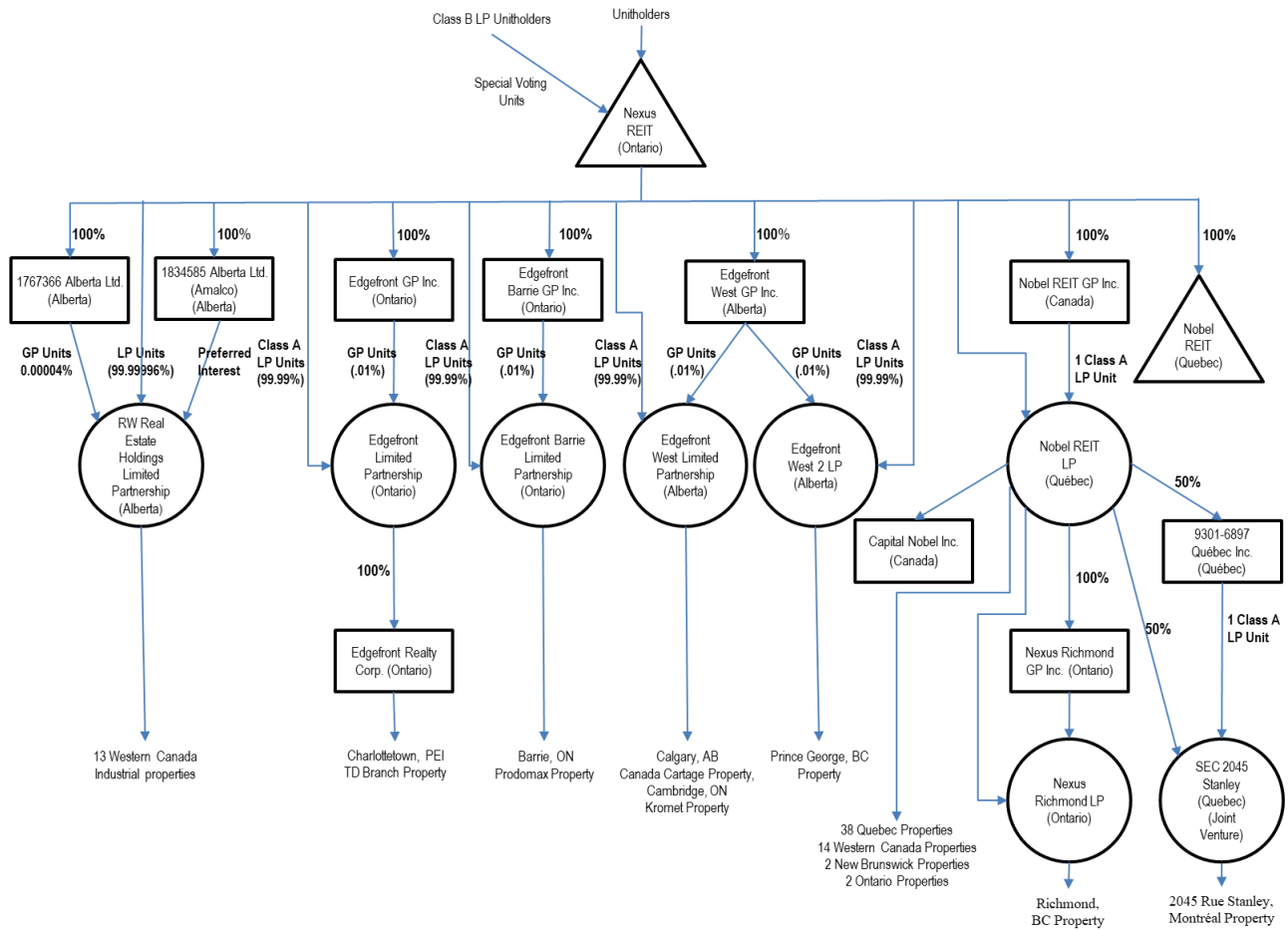
Nexus REIT holds its indirect interest in the properties comprising Nexus REIT’s portfolio through its direct and indirect ownership of securities of certain Subsidiaries, the majority of which are limited partnerships.

The objectives of Nexus REIT are to: (i) generate stable and growing cash distributions on a tax efficient basis; (ii) grow the asset base of Nexus REIT and increase its distributable cash flow through selective acquisitions of properties, with a focus on Canada and such other jurisdictions, potentially including the United States where opportunities exist; and (iii) enhance the value of Nexus REIT’s assets to maximize long-term Unit value through active management of its assets.

On February 1, 2021, the REIT commenced trading on the TSX. The Units continued to trade under the symbol NXR.UN and were delisted from the TSX Venture Exchange upon commencement of trading on the TSX. The Units were consolidated on the basis of one post-consolidation Unit for every four pre-consolidation Units outstanding as of the close of business on January 29, 2021 (the “**Consolidation**”). The REIT’s graduation to the TSX is part of the REIT’s broader strategy to increase exposure to investors and improve trading liquidity.

Organizational Structure

The following chart summarizes the organizational structure of Nexus REIT as at the date hereof:



Note:

Class B LP Units are issued by certain subsidiary limited partnerships of Nexus REIT. Each Class B LP Unit is issued with a corresponding Special Voting Unit. For a description of the Class B LP Units and Special Voting Units, see “Declaration of Trust and Description of Capital Structure – Special Voting Units”.

GENERAL DEVELOPMENT OF THE BUSINESS

Over the last three completed financial years, the portfolio of Properties that the REIT has an interest in has changed both in number (from interests in 62 Properties as at December 31, 2017 to interests in 75 Properties as at December 31, 2020 and in GLA (from approximately 3.5 million square feet as at December 31, 2017 to approximately 4.4 million square feet at the REIT's interest as at December 31, 2020).

2018

On April 6, 2018, the REIT sold a property located in Yellowknife, Northwest Territories for a selling price of \$1,300,000. Net of selling costs of \$21,971, the REIT received proceeds of \$1,278,029 on the sale.

On April 30, 2018, the REIT sold a property located in Kelowna, British Columbia for a selling price of \$10,000,000. Net of selling costs of \$26,750 and related mortgage debt with a principal amount of \$4,384,106, the REIT received proceeds of \$5,589,144 on the sale.

On April 30, 2018, the REIT acquired a property with 174,059 square feet of GLA located in Richmond, British Columbia for a contractual purchase price of \$57,380,000. The purchase price was partially satisfied through the issuance of 9,666,667 Class B LP Units at a deemed value of \$2.10 per Class B LP Unit and convertible for Units on a 1 to 1 basis, with the balance, net of closing adjustments, satisfied in cash. The vendors of the Richmond Property were obligated to complete, at their cost, certain improvements to the property with an estimated cost of \$2,400,000. These improvements are required to prepare the property for occupancy by certain tenants who are not yet occupying the property. Until the construction is complete and tenants are all occupying and paying rent under the terms of their leases, the vendors will pay to the REIT a rent obligation equal to the rents that will be earned on the spaces that are being built out once the tenants take occupancy and are paying rent in accordance with their leases.

On June 7, 2018, the REIT acquired two industrial properties located in Nisku, Alberta for a contractual purchase price of \$12,345,000. The properties are 100% leased and have a GLA of 61,155 square feet. The purchase price was partially satisfied through the issuance of 1,533,219 Class B LP Units, convertible to Units on a 1.67 to 1 basis, at a deemed value of \$2.10 Unit, with the balance, net of closing adjustments, satisfied in cash.

On June 27, 2018, the REIT acquired a 100% leased industrial property with 38,690 square feet of GLA, located in Regina, Saskatchewan for a contractual purchase price of \$6,300,000. The purchase price was partially satisfied through the issuance of 1,047,619 Units at a deemed value of \$2.10 per Unit with the balance, net of closing adjustments, satisfied in cash.

On August 1, 2018, the REIT acquired a property located in Beamsville, Ontario for a contractual purchase price of \$6,595,000. The purchase price was satisfied through the issuance of 1,880,524 Class B LP Units convertible on a 1.67 to 1 basis to 3,140,475 Units at a deemed value of \$2.10 per Unit, with closing adjustments satisfied in cash. This acquisition was sourced through Nexus' strategic relationship with RFA Capital.

On October 17, 2018, the REIT acquired a property located in Calgary, Alberta for a contractual purchase price of \$8,500,000. The purchase price was partially satisfied through the issuance of 1,214,286 Units at a deemed value of \$2.10 per Unit, with the balance, net of closing adjustments, satisfied in cash.

2019

On April 2, 2019, Nexus REIT acquired four industrial properties located in Fort St John, British Columbia; Blackfalds, Alberta; Medicine Hat, Alberta and Estevan, Saskatchewan for a purchase price of \$31,000,000. The purchase price was partially satisfied through the issuance of 7,030,186 Class B LP Units at a deemed value of \$2.10 per Class B LP Unit and convertible to Units on a 1 to 1 basis, with the balance, net of closing adjustments, satisfied in cash.

On December 2, 2019, Nexus REIT sold a property located in Mascouche, Québec for a selling price of \$3,700,000.

On September 13, 2019, the REIT refinanced its credit facility to a fixed-term facility of \$65,000,000 and a revolving facility of \$5,000,000. The \$65,000,000 fixed-term facility bears interest at the 30-day Bankers' acceptance rate plus 150 basis points. Concurrent with the refinancing, the REIT entered into interest rate swap agreements totalling \$65,000,000 to swap floating 30-day Bankers' acceptance rates for a fixed rate of 1.65%, such that the interest rate on the fixed-term facility, including the 150 basis point spread, is fixed at 3.15%. The \$5,000,000 revolving credit facility allows the REIT to draw against the facility in the form of prime rate advances or Bankers' acceptances. Prime rate advances bear interest at 100 basis points per annum over the Canadian prime borrowing rate. Bankers' acceptance advances bear interest at 200 basis points per annum over the floating bankers' acceptance rate.

2020

On February 3, 2020, the REIT acquired three industrial properties located in Regina and Saskatoon, Saskatchewan for a contractual purchase price of \$17,400,000. The purchase price was satisfied through the issuance of 4,809,524 Class B LP Units of a subsidiary limited partnership of the REIT, which are convertible to Units on a 1 to 1 basis, and 3,476,190 Units, with both the Units and the Class B LP Units issued at a deemed value of \$2.10 per Class B LP Unit, with closing adjustments satisfied in cash.

On October 1, 2020, the REIT acquired an industrial property located in Rockyview County, Alberta for a contractual purchase price of \$13,750,000. The purchase price was partially satisfied through the issuance of 2,750,000 Class B LP Units of a subsidiary limited partnership of the REIT at a deemed value of \$2.00 per unit, and convertible to Units on a 1 to 1 basis, with the balance satisfied in cash.

On December 1, 2020, the REIT acquired an industrial property located in Moncton, New Brunswick for a contractual purchase price of \$8,000,000. The purchase price was partially satisfied through the issuance of 1,600,000 Units at a deemed value of \$2.00 per Unit, with the balance satisfied in cash.

On December 31, 2020, the REIT acquired a 50 percent co-ownership interest in an industrial property located in Ajax, Ontario for a contractual purchase price of \$28,500,000. The purchase price was satisfied with proceeds of new mortgage financing and cash on hand.

2021 to date

On January 8, 2021, the REIT announced that it had entered a conditional agreement to purchase six industrial properties located in London, Ontario for a contractual purchase price of \$103,500,000. The purchase price is expected to be partially satisfied through the issuance of 8,586,407 Class B LP Units of a subsidiary limited partnership of the REIT at a deemed value of \$7.64 per unit, and convertible to Units on a 1 to 1 basis, with the balance satisfied through the assumption of mortgage financing and with cash proceeds from new mortgage financing. On February 19, 2021, the REIT waived its due diligence condition with respect to this acquisition and closing is anticipated for April 1, 2021.

On February 1, 2021, the REIT commenced trading on the TSX. The Units continued to trade under the symbol NXR.UN and were delisted from the TSX Venture Exchange upon commencement of trading on the TSX. The Units were consolidated on the basis of one post-consolidation Unit for every four pre-consolidation Units outstanding as of the close of business on January 29, 2021.

On March 1, 2021, the REIT acquired two industrial properties located in Edmonton, Alberta for a contractual purchase price of \$14,000,000. The purchase price was partially satisfied through the issuance of 853,659 Class B LP Units of a subsidiary limited partnership of the REIT at a deemed value of \$8.20 per unit, and convertible to Units on a 1 to 1 basis, with the balance satisfied in cash.

On March 4, 2021, the REIT completed a bought deal equity offering, issuing 4,255,000 Units for gross proceeds of \$34,891,000. Net of underwriters' commissions, the REIT received cash proceeds of \$33,320,905.

On March 16, 2021, the REIT sold an office property located in Lachine, Quebec for a selling price of \$2,900,000.

BUSINESS OF NEXUS REIT

Overview

Nexus REIT invests in income producing properties in Canada and other jurisdictions, potentially including the United States, where opportunities exist to acquire properties on an accretive basis. Nexus REIT seeks to identify potential acquisitions using investment criteria that focus on the security of cash flow, potential for capital appreciation, and potential for increasing value through more efficient management of prospective properties. Nexus REIT pursues acquisition opportunities among numerous real estate asset classes and in various geographic markets to further expand its diversified portfolio of commercial properties.

Management believes that an investment in a commercial real estate platform that is diversified with respect to both geography and asset class has the potential to deliver attractive risk-adjusted returns, particularly given the volatile global economy and prevailing low interest rate environment.

Strategy

The strategy of the REIT is to grow by acquiring commercial real estate assets in jurisdictions, potentially including the United States, where opportunities exist to purchase assets on terms such that the acquisitions are expected to be accretive, on a per unit basis, to the AFFO of the REIT. The REIT seeks to identify potential acquisitions using investment criteria that focus on the security of cash flow, potential for capital appreciation, and potential for increasing value through more efficient management of the assets being acquired.

The REIT has a strategic relationship with RFA Capital through which the REIT expects to have unique access to properties identified through RFA Capital's expansive network of favourable industry relationships developed through over 20 years of successfully investing in the Canadian real estate industry.

Nexus REIT executes on its strategy to provide stable and growing cash distributions to its Unitholders and to maximize long-term Unit value through active management and acquisitions that are accretive to Unitholders. Management believes the REIT's strategy, which combines asset class diversity with geographic diversity, offers an excellent opportunity to grow a portfolio of commercial real estate and thereby achieve this purpose. The REIT anticipates that its responsible approach to long-term value creation for investors will lead to Nexus REIT being recognized as an industry leading investment management and advisory platform.

Employees

As at December 31, 2020, Nexus REIT and its wholly-owned subsidiaries employed 15 people. Nexus REIT is not party to any collective bargaining agreements with any of its employees.

Competition

In each jurisdiction in which Nexus REIT expects to do business, there will be a significant number of other real estate investment trusts, real estate companies, pension funds, insurance companies, foreign entities, private individuals and corporations and similar institutions and investors which are presently seeking or which may seek in the future real property investments. In particular, Nexus REIT competes with larger and similar-sized publicly traded real estate investment trusts for acquisition opportunities in the real estate asset classes the REIT invests in. Furthermore, new real estate investment trusts entering the marketplace may be potential sources of new competition for the REIT.

Commercial real estate is an attractive investment for investors who are seeking stable cash flow. The supply of commercial properties available for sale in each jurisdiction is, however, relatively limited. To the extent Nexus REIT has a competitive advantage in a marketplace, that advantage arises from the network of real estate brokers, owners and operators maintained by Nexus REIT's principals and strategic partners. Nexus REIT's experience is that this network, and Nexus REIT's willingness to acquire portfolios of properties in vendor-leaseback transactions or other vendor-favourable structures, has contributed to investment opportunities being presented to Nexus REIT.

NEXUS REIT PROPERTIES

Overview

As at December 31, 2020, the REIT's properties comprise an aggregate of approximately 4,400,000 square feet of GLA at Nexus REIT's interest and are located across Canada. The Properties are located in both primary and secondary markets, well-located within their respective markets and provide an attractive platform from which to grow given their stable characteristics. In addition, the geographic and asset class diversification within the portfolio of Properties mitigates concentration risk and supports the stability of Nexus REIT's cash flows.

Property Portfolio

The following chart provides summary information about the Properties as at December 31, 2020.

Property Address	Asset Class	Tenancy (Major Tenants for Multi-Tenanted Properties)	Rentable Area (Square Feet) At REIT Ownership Interest	Occupancy	Weighted Average Remaining Lease Term
Northwest Territories					
348-352 Old Airport Rd., Yellowknife, NWT	Single-tenant Industrial	Westcan Bulk Transport	53,212	100%	4.9 years
British Columbia					
965 McMaster Way, Kamloops, BC	Single-tenant Industrial	Westcan Bulk Transport	13,706	100%	4.9 years
988 Great St., Prince George, BC	Multi-tenant Industrial	American Tire Distributors & Forest Power	53,126	100%	3.2 years
1751 & 1771 Savage Road, Richmond, BC ⁽²⁾	Multi-Tenant Industrial and Retail Mixed Use	Marina's Swim School TSS Academy	171,274	65% ⁽²⁾	8.4 years
9929 Swanson St., Fort St. John, BC	Single-tenant Industrial	Mastec Canada Inc.	26,477	100%	2.3 years
Alberta					
4700 & 4750 – 102 Ave., SE, Calgary, AB	Single-tenant Industrial	Canada Cartage	29,471	100%	4.0 years
3780 & 4020 – 76 th Ave., SE, Calgary, AB	Single-tenant Industrial	Westcan Bulk Transport	58,937	100%	4.9 years
41 Royal Vista Drive, NW, Calgary, AB	Multi-Tenant Industrial	Timbercreek Electric	36,915	31%	6.4 years
8001 – 99 St., Clairmont, AB	Single-tenant Industrial	Northern Mat & Bridge	26,638	100%	3.5 years
12104 & 12110 – 17 th St., NE, Edmonton, AB	Single-tenant Industrial	Westcan Bulk Transport	116,582	100%	4.9 years
14801 – 97 th St., Grande Prairie, AB	Single-tenant Industrial	Westcan Bulk Transport	42,120	100%	4.9 years
3501 Giffen Rd. North & 3711 – 36 St. North, Lethbridge, AB	Single-tenant Industrial	Triple M Housing	229,000	100%	8.5 years
5406 - 59 th Ave., Lloydminster, AB	Single-tenant Industrial	Westcan Bulk Transport	12,425	100%	4.9 years
4301 – 45 Ave., Rycroft, AB	Single-tenant Industrial	Northern Mat & Bridge	22,110	100%	8.5 years
2301 – 8 St., Nisku, AB	Single-tenant Industrial	Varco Canada ULC	21,506	100%	3.8 years

Property Address	Asset Class	Tenancy (Major Tenants for Multi-Tenant Properties)	Rentable Area (Square Feet) At REIT Ownership Interest	Occupancy	Weighted Average Remaining Lease Term
2303A – 8 St., Nisku, AB	Single-tenant Industrial	Schlumberger Canada Limited	39,649	100%	4.8 years
1010 Brier Park Dr., Medicine Hat, AB	Single-tenant Industrial	Mastec Canada Inc.	14,354	100%	2.3 years
27323 – 144 Township Rd. 394, Blackfalds, AB	Single-tenant Industrial	Mastec Canada Inc.	25,000	100%	5.8 years
261177-261185 Wagon Wheel Way, Balzac, AB	Single-tenant Industrial	Thermal Systems	95,180	100%	4.8 years
<i>Saskatchewan</i>					
110 – 71 st St. West, Saskatoon, SK	Single-tenant Industrial	Westcan Bulk Transport	74,796	100%	4.9 years
15 Peters Ave., Saskatoon, SK	Single-tenant Industrial	Westcan Bulk Transport	38,160	100%	4.9 years
1414 Fletcher Road, Saskatoon, SK	Single-tenant Industrial	Access Information Management Canada	86,000	100%	2.3 years
850 Manitoba St. East & 15 - 9 th Ave., NE, Moose Jaw, SK	Single-tenant Industrial	Westcan Bulk Transport	18,800	100%	4.9 years
4271 – 5 Ave. East, Prince Albert, SK	Single-tenant Industrial	Broda Group Inc.	24,600	100%	5.0 years
1117-1135 Pettigrew Ave., Regina, SK	Multi-tenant Industrial	Day & Ross Inc.	38,690	93%	1.3 years
320 Industrial Drive, Regina, SK	Single-tenant Industrial	Access Information Management Canada	60,000	100%	2.3 years
332 Industrial Drive, Regina, SK	Single-tenant Industrial	Access Information Management Canada	85,660	100%	2.3 years
101 Jahn St., Estevan, SK	Single-tenant Industrial	Mastec Canada Inc.	11,846	100%	2.3 years
<i>Ontario</i>					
455 Welham Rd., Barrie, ON	Single-tenant Industrial	Prodmax Automation Ltd.	109,366	100%	4.5 years
200 Sheldon Drive, Cambridge, ON	Single-tenant Industrial	Kromet International Inc.	150,000	100%	3.7 years
5005 South Service Road, Beamsville, ON	Multi-tenant Retail	Pioneer Energy Tim Hortons	8,125	100%	2.7 years
241-377 Fairall Street 332-360 Frankcom Street 97-121 McMaster Avenue Ajax, ON ⁽¹⁾	Multi-tenant Industrial	Westrock Packaging Systems	239,748	100%	10.2 years

Property Address	Asset Class	Tenancy (Major Tenants for Multi-Tenanted Properties)	Rentable Area (Square Feet) At REIT Ownership Interest	Occupancy	Weighted Average Remaining Lease Term
<i>Québec</i>					
935-965 rue Reverchon, Saint-Laurent, QC	Multi-tenant Industrial	Sierra Flower Trading	114,857	86%	3.3 years
2045 rue Stanley, Montréal, QC ⁽¹⁾	Multi-tenant Office	Chambre des notaires du Quebec	56,203	95%	13.2 years
1901 Dickson / 5780 Ontario Est, Montréal, QC	Single-tenant Industrial	Dubo Electric Ltd.	91,068	100%	4.4 years
72 rue Laval, Gatineau, QC ⁽¹⁾	Multi-tenant Office	Government of Canada	34,237	100%	1.6 years
6810 boul. Des Grandes Prairies, Montréal, QC	Single-tenant Industrial	Alasko Frozen Foods Inc.	60,786	100%	1.5 years
3330 2 ^e rue, Saint-Hubert, QC	Multi-tenant Industrial	Emco Corporation	60,441	100%	0.9 years
3600 1 ^{ère} rue, Saint-Hubert, QC	Multi-tenant Industrial	Club Gym Richelieu	37,554	100%	4.5 years
3550 1 ^{ère} rue, Saint-Hubert, QC	Single-tenant Industrial	Nautilus Plus Inc.	22,428	100%	3.1 years
1185-1195 Chemin du Tremblay, Longueuil, QC	Multi-tenant Commercial Mixed Use	Supermarche Avril Government of Canada	53,924	97%	3.4 years
41 boulevard Saint-Jean-Baptiste, Châteauguay, QC	Single-tenant Retail	Rona Inc.	53,151	100%	4.8 years
10500 avenue Ryan, Dorval, QC	Single-tenant Office	Dicom Transportation Group Canada Inc.	52,372	100%	8.9 years
3490-3504 rue Griffith, Saint-Laurent, QC	Multi-tenant Industrial	XPO Last Mile Canada Inc.	40,665	100%	2.3 years
955 boulevard Michèle-Bohec, Blainville, QC	Multi-tenant Office	Hitachi Security System	33,461	100%	5.5 years
1600 rue Montgolfier, Laval, QC	Multi-tenant Office	Crescendo Systems Corporation & Shimadzu Software Development Canada Inc.	27,097	100%	5.6 years
10330-10340 Ch. Côte-de-Liesse, Lachine, QC	Multi-tenant Office	Biz Biz Global Inc. Eculine Canada Inc.	26,281	44%	1.9 years
1094-1100 boulevard Des Chutes, Beauport, QC ⁽¹⁾	Multi-tenant Retail	Dollarama Pharmacy Brunet	16,206	100%	3.7 years
1700 rue Sherbrooke, Magog, QC ⁽¹⁾	Multi-tenant Retail	SAQ Staples	66,292	78%	3.1 years
1971 rue Bilodeau, Plessisville, QC ⁽¹⁾	Multi-tenant Retail	IGA Pharmacy Brunet	49,806	92%	4.2 years

Property Address	Asset Class	Tenancy (Major Tenants for Multi-Tenant Properties)	Rentable Area (Square Feet) At REIT Ownership Interest	Occupancy	Weighted Average Remaining Lease Term
14000 boul Henri-Bourassa, Québec City, QC ⁽¹⁾	Multi-tenant Retail	Super C Uniprix	22,310	100%	4.1 years
6700 rue St-Georges, Lévis, QC ⁽¹⁾	Multi-tenant Retail	Provigo Pharmacy Brunet	21,602	84%	4.0 years
10516 boulevard Sainte-Anne, Ste-Anne-de-Beaupré, QC ⁽¹⁾	Multi-tenant Retail	Super C SAQ	44,313	86%	3.5 years
9550 boulevard L'Ornière, Québec, QC ⁽¹⁾	Multi-tenant Retail	Provigo Hart Dollarama	57,166	97%	2.1 years
333 Côte Joyeuse, St-Raymond, QC ⁽¹⁾	Multi-tenant Retail	Metro Hart	32,241	80%	2.4 years
161 Route 230 Ouest, La Pocatière, QC ⁽¹⁾	Multi-tenant Retail	IGA Walmart	104,400	69%	4.5 years
25 Route 138, Forestville, QC ⁽¹⁾	Multi-tenant Retail	Provigo SAQ	27,981	87%	2.2 years
2000 boulevard Louis-Fréchette, Nicolet, QC ⁽¹⁾	Multi-tenant Retail	IGA Canadian Tire	44,192	93%	5.2 years
3856 boulevard Taschereau, Greenfield Park, QC ⁽¹⁾	Multi-tenant Retail	Aubainerie Fruiterie 440	106,991	86%	3.8 years
250 boulevard Fiset, Sorel, QC ⁽¹⁾	Multi-tenant Retail	Super C Aubainerie	58,174	100%	4.9 years
8245 boulevard Taschereau, Brossard, QC ⁽¹⁾	Multi-tenant Retail	Bank of Montreal Casa Grecque	21,668	93%	7.6 years
340 rue Belvédère Sud, Sherbrooke, QC ⁽¹⁾	Multi-tenant Retail	Super C Shoppers Drug Mart	85,633	91%	3.3 years
401-571 boulevard Jutras Est, Victoriaville, QC	Multi-tenant Retail	Canadian Tire Metro	379,254	92%	6.0 years
7500 boulevard Les Galeries d'Anjou, Anjou, QC ⁽¹⁾	Multi-tenant Retail	Fruiterie 440 Uniprix	52,346	92%	4.7 years
353 St-Nicolas, Montréal, QC ⁽¹⁾	Multi-tenant Office	N/A	17,213	56%	2.8 years
410 St-Nicolas, Montréal, QC ⁽¹⁾	Multi-tenant Office	Ludia Inc.	77,431	82%	5.2 years
360 Notre-Dame Ouest, Montréal, QC ⁽¹⁾	Multi-tenant Office	N/A	14,721	98%	2.1 years
321 de la Commune, Montréal, QC ⁽¹⁾	Multi-tenant Office	Silicon Laboratories Canada Inc.	5,751	100%	2.0 years
329 de la Commune, Montréal, QC ⁽¹⁾	Multi-tenant Office	Red Barrels Inc.	10,511	93%	2.5 years
127, 137 & 145 St-Pierre, Montréal, QC ⁽¹⁾	Multi-tenant Office	Circle6	18,419	77%	4.5 years
63 rue des Brésolles, Montréal, QC ⁽¹⁾	Multi-tenant Office	Expedia	19,127	100%	2.8 years

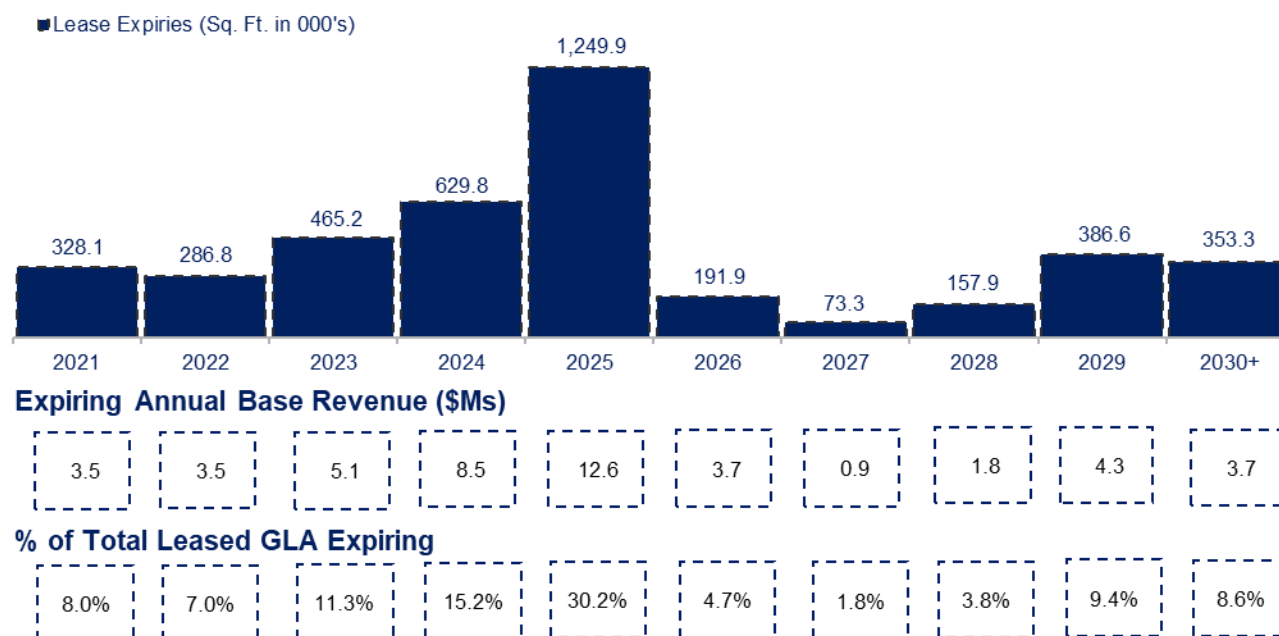
Property Address	Asset Class	Tenancy (Major Tenants for Multi-Tenanted Properties)	Rentable Area (Square Feet) At REIT Ownership Interest	Occupancy	Weighted Average Remaining Lease Term
425 rue Guy, Montréal, QC ⁽¹⁾	Multi-tenant Industrial	Champion Inc.	18,598	82%	2.4 years
New Brunswick					
400 Main Street, St. John, NB	Multi-tenant Office	Xerox Canada Dealermine Inc.	160,071	91%	3.3 years
675 St-George Boulevard, Moncton, NB	Single-tenant Industrial	Vertiv Canada Inc.	93,443	100%	4.5 years
Prince Edward Island					
695 University Ave., Charlottetown, PEI	Single-tenant Retail	The Toronto Dominion Bank	4,501	100%	0.5 years
Total			4,428,359	93%	5.0 years

Notes:

- (1) Nexus REIT owns a 50% interest in these properties.
- (2) Property is currently being repositioned from industrial uses to other higher yielding uses. The property's committed occupancy is 100 percent.

Lease Maturity Profile

Nexus REIT's lease maturity profile as at December 31, 2020 is as follows:



NEXUS REIT INDEBTEDNESS

General

The Declaration of Trust provides that Nexus REIT may not incur or assume any indebtedness if, after giving effect to the incurrence or assumption of such indebtedness, the total indebtedness of Nexus REIT would be more than 65% of its Gross Book Value. Nexus REIT currently intends to maintain its overall indebtedness in a range of 50% to 60% of Gross Book Value, depending upon Nexus REIT's future acquisitions, its financing opportunities and market conditions. Interest rates and debt maturities will be reviewed regularly by the Trustees to ensure the appropriate debt management strategies are implemented.

As at December 31, 2020, the aggregate indebtedness of Nexus REIT was \$347,661,842 representing approximately 48.3% of Gross Book Value. Nexus REIT's outstanding indebtedness as at December 31, 2020 is comprised of (i) \$274,230,681 of secured mortgage financing with a weighted average interest rate, calculated including the effect of interest rate swap agreements which the REIT is party to, of 3.66% and a weighted average remaining term to maturity of approximately 4.0 years; (ii) \$65,293,491 drawn on the Credit Facility, with a remaining term of 3.7 years, comprised of \$65,000,000 in the form of fixed rate and term borrowings that bears interest at a weighted average rate of 3.15%, calculated including the effect of interest rate swap agreements which the REIT is party to, and \$293,491 in the form of working capital relief loans at an interest rate of 3.45%; and (iii) the REIT's proportionate share of indebtedness of its equity accounted joint venture of \$ 8,137,670.

Credit Facilities

On September 13, 2019, Nexus REIT refinanced its credit facility to a fixed-term facility of \$65,000,000 and a revolving facility of \$5,000,000 (together the "**Credit Facility**"). The Credit Facility matures on September 13, 2024 and is secured against 13 of the REIT's investment properties.

The \$65,000,000 fixed-term facility bears interest at the 30-day Bankers' acceptance rate plus 150 basis points. Concurrent with the refinancing, the REIT entered into interest rate swap agreements totalling \$65,000,000 to swap floating 30-day Bankers' acceptance rates for a fixed rate of 1.65%.

The \$5,000,000 revolving credit facility allows the REIT to draw against the facility in the form of prime rate advances or bankers' acceptances. Prime rate advances bear interest at 100 basis points per annum over the Canadian prime borrowing rate. Bankers' acceptance advances bear interest at 200 basis points per annum over the floating bankers' acceptance rate.

Nexus REIT has a \$500,000 revolving line of credit bearing interest at 100 basis points per annum over the Canadian prime borrowing rate. The line of credit is secured against six of the REIT's investment properties and allows the REIT to draw down a yearly average maximum of 75% of the \$500,000 credit limit. As at December 31, 2020, this line of credit was undrawn (December 31, 2019 - undrawn).

Debt Maturities

The following table sets out, as at December 31, 2020, the principal instalments and maturity balances on Nexus REIT's indebtedness to be paid over each of the five calendar years noted below and thereafter (assuming such debt is not renewed at maturity and excluding any mark-to-market adjustments).

Year Ending December 31	Scheduled Principal Payments (\$)	Balance Due on Maturity (\$)	Total Debt Repayments (\$)	% of Total
2021	8,656,558	26,027,188	34,683,746	10.2%
2022	8,061,362	15,984,322	24,045,684	7.1%
2023	6,801,702	48,922,042	55,723,744	16.4%
2024	4,860,656	108,318,733	113,179,389	33.3%
2025	3,079,854	63,170,777	66,250,631	19.5%
Thereafter	4,354,156	41,286,822	45,640,978	13.5%
Total	35,814,288	303,709,884	339,524,172	100.0%

Weighted average effective interest rate	3.56%
Weighted average term to maturity	3.90 years

Notes:

- (1) Weighted average effective interest rate calculated including the effect of interest rate swap agreements which the REIT is party to.
- (2) Excludes debt relating to 2045 rue Stanley, owned in a joint venture and accounted for on the equity basis.

GOVERNANCE OF NEXUS REIT

Governance

The Declaration of Trust provides that, subject to certain conditions, the Trustees have full, absolute and exclusive power, control and authority over Nexus REIT's assets, affairs and operations, to the same extent as if the Trustees were the sole and absolute legal and beneficial owners of Nexus REIT's assets. The governance practices, investment guidelines and operating policies of Nexus REIT are overseen by a Board consisting of a minimum of three and a maximum of ten Trustees, a majority of whom must be Canadian residents.

The mandate of the Board, which it discharges directly or through one of its committees of the Board, is one of stewardship and oversight of Nexus REIT and its business, and includes responsibility for strategic planning, review of operations, disclosure and communication policies, oversight of financial and other internal controls, corporate governance, Trustee orientation and education, senior management compensation and oversight, and Trustee compensation and assessment.

The standard of care and duties of the Trustees provided in the Declaration of Trust are similar to those imposed on directors of a corporation governed by the OBCA. Accordingly, each Trustee is required to exercise the powers and discharge the duties of his or her office honestly, in good faith and in the best interests of Nexus REIT and the Unitholders and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that each Trustee is entitled to indemnification from Nexus REIT in respect of the exercise of the Trustee's powers and the discharge of the Trustee's duties, provided that the Trustee acted honestly and in good faith with a view to the best interests of the Unitholders or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the Trustee had reasonable grounds for believing that his or her conduct was lawful.

Trustees will be elected at each annual meeting of Unitholders to hold office for a term expiring at the close of the next annual meeting, or until a successor is appointed, and will be eligible for re-election. Nominees will be recommended to the Board by the GC&N Committee for election as Trustees in accordance with the provisions of the Declaration of Trust and will be included in the proxy-related materials to be sent to Unitholders prior to each annual meeting of Unitholders. The Trustees have also adopted a “majority voting” policy for circumstances involving an “uncontested” election of Trustees.

The Unitholders or the Trustees will be entitled to change the number of Trustees comprising the Board. A quorum of the Trustees, being the majority of the Trustees then holding office (provided a majority of the Trustees comprising such quorum are residents of Canada), will be permitted to fill a vacancy in the Trustees, except a vacancy resulting from a failure of the Unitholders to elect the required number of Trustees. In the absence of a quorum of Trustees, or if the vacancy has arisen from a failure of the Unitholders to elect the minimum required number of Trustees, the Trustees will promptly call a special meeting of the Unitholders to fill the vacancy. If the Trustees fail to call that meeting or if there is no Trustee then in office, any Unitholder will be entitled to call such meeting. Except as otherwise provided in the Declaration of Trust, the Trustees may, between annual meetings of Unitholders, appoint one or more additional Trustees to serve until the next annual meeting of Unitholders, provided that the number of additional Trustees so appointed will not at any time exceed one-third of the number of Trustees who held such office at the conclusion of the immediately preceding annual meeting of Unitholders. Any Trustee may resign upon no less than 30 days’ written notice to Nexus REIT, provided that if such resignation would cause the number of remaining Trustees to be less than a quorum, such resignation will not be effective until a successor is appointed. Any Trustee may be removed by an ordinary resolution passed by a majority of the votes cast at a meeting of Unitholders called for that purpose.

Trustees and Officers of Nexus REIT

The following table provides, as of the date hereof, the name, province or state and country of residence; the current position, board committee membership (where applicable) and office held with Nexus REIT; and the principal occupation (if not with Nexus REIT) of each of Nexus REIT’s current Trustees and officers, as well as the date since which each such individual has served on the board, or was appointed as an officer, of Nexus REIT:

Name and Municipality of Residence	Position Held	Principal Occupation	Trustee or Officer Since
Ben Rodney ^{(1) (2) (3)} Toronto, Ontario	Chairman of the Board	Managing Partner, RFA Capital	April 2017
Floriana Cipollone ^{(1) (3)}	Trustee	Vice-President and Chief Financial Officer, MCAN Mortgage Corporation	May 2020
Bradley Cutsey ^{(1) (2) (3)} Mississauga, Ontario	Trustee	President, InterRent Real Estate Investment Trust	August 2016
Kelly C. Hanczyk Oakville, Ontario	Chief Executive Officer and Trustee	CEO, Nexus Real Estate Investment Trust	May 2013
Nick Lagopoulos ^{(2) (3)} Toronto, Ontario	Trustee	Managing Partner, RFA Capital	April 2017
Robert P. Chiasson Mississauga, Ontario	Chief Financial Officer and Secretary	CFO and Secretary, Nexus Real Estate Investment Trust	May 2013

Notes:

- (1) Member of Audit Committee of Nexus REIT. Ms. Cipollone is currently the chair of the Audit Committee.
- (2) Member of the GC&N Committee. Mr. Lagopoulos is the chair of the GC&N Committee.
- (3) Independent Trustee.

As at December 31, 2020, the Trustees and officers of Nexus REIT, as a group, owned or beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 2,129,990 Units, representing approximately 1.6% of the outstanding Units and Class B LP Units on that date.

Corporate Cease Trade Orders or Bankruptcies

Penalties or Sanctions

None of the Trustees or officers of Nexus REIT, or a Unitholder holding sufficient securities of Nexus REIT to affect materially the control of Nexus REIT, or a personal holding company of any such person has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

For the purposes of this section, a self-regulatory authority means a professional self-regulatory body that governs the activities of professional persons.

Personal Bankruptcies

None of the Trustees or officers of Nexus REIT, or a Unitholder holding sufficient securities of Nexus REIT to affect materially the control of Nexus REIT, or a personal holding company of any such persons has, within the 10 years before the date of Form this Annual Information Form, as applicable, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

Trustee Independence, Attendance and Affiliations

Based on consideration of information provided by the Trustees, the Board has determined that four of the five Trustees are Independent Trustees. Mr. Hanczyk is not an Independent Trustee as he is Chief Executive Officer of Nexus REIT.

The mandate of the Board provides that the Independent Trustees shall hold regularly scheduled meetings, or portions of regularly scheduled meetings, at which non-Independent Trustees and members of management are not present. Furthermore, as set out in the Declaration of Trust, certain matters must be specifically approved by the Independent Trustees, which assists in facilitating the functioning of the Trustees independently of management. For the financial year ended December 31, 2020, the Independent Trustees met 5 times, *in camera* without the non-Independent Trustees and members of management in attendance, as part of scheduled Audit Committee and Board meetings.

Conflicts of Interest

The Declaration of Trust contains “conflict of interest” provisions to protect Unitholders without creating undue limitations on Nexus REIT. As the Trustees are engaged in a wide range of real estate and other activities, the Declaration of Trust contains provisions, similar to those contained in the OBCA, that require each Trustee to disclose to Nexus REIT any interest in a material contract or transaction or proposed material contract or transaction with Nexus REIT (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture agreement) or the fact that such person is a director or officer of, or otherwise has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with Nexus REIT. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. In any case, a Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating to (i) his direct remuneration as a Trustee, officer, employee or agent of Nexus REIT, or (ii) indemnity of himself as a Trustee or the purchase or maintenance of liability insurance.

Further, each of the following matters require the approval of a majority of the Independent Trustees:

- (a) an acquisition of a property or an investment in a property, whether by co-investment or otherwise, in which Edgefront Affiliates or any Related Party (as such term is defined in the Declaration of Trust) of Nexus REIT has any direct or indirect interest, whether as owner, operator or manager;
- (b) a material change to any agreement with Edgefront Affiliates or a Related Party of Nexus REIT or any renewal, extension or termination thereof or any increase in any fees (including any transaction fees) or distributions payable thereunder;
- (c) the entering into of, or the waiver, exercise or enforcement of any rights or remedies under, any agreement entered into by Nexus REIT or any of its Subsidiaries, or the making, directly or indirectly, of any co-investment, in each case with (i) any Trustee, (ii) any entity directly or indirectly controlled by any Trustee or in which any Trustee holds a significant interest, or (iii) any entity for which any Trustee acts as a director or other similar capacity;
- (d) the refinancing, increase or renewal of any indebtedness owed by or to (i) any Trustee, (ii) any entity directly or indirectly controlled by any Trustee or in which any Trustee holds a significant interest, or (iii) any entity for which any Trustee acts as a director or other similar capacity; or
- (e) decisions relating to any claims by or against one or more parties to any agreement with Edgefront Affiliates or any Related Party of Nexus REIT.

In addition, Nexus REIT cannot purchase or sell real property from or to a Related Party, or otherwise effect a related party transaction, unless such transaction is determined to be on commercially reasonable terms and is approved by a majority of the Trustees who are not parties to such transaction, or who are not directors, officers or employees of, or who do not have a material interest in, any person who is a party to such transaction.

AUDIT COMMITTEE

As of the date hereof, the Audit Committee consists of Floriana Cipollone (Chair), Bradley Cutsey, and Ben Rodney, each of whom is “independent” and “financially literate” within the meaning of National Instrument 52-110 – *Audit Committees*. Each of the Audit Committee members has an understanding of the accounting principles used to prepare Nexus REIT’s financial statements, experience preparing, auditing, analyzing or evaluating comparable financial statements and experience as to the general application of relevant accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. For the education and experience of each member of the Audit Committee relevant to the performance of his duties as a member of the Audit Committee, see “Trustees and Officers of Nexus REIT” above.

The Board has adopted a written charter for the Audit Committee, which sets out the Audit Committee’s responsibility in reviewing the financial statements of Nexus REIT and public disclosure documents containing financial information and reporting on such review to the Board, ensuring that adequate procedures are in place for the review of Nexus REIT’s public disclosure documents that contain financial information, overseeing the work and review the independence of the external auditors and reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management. The charter of the Audit Committee of Nexus REIT is attached as Appendix A to this Annual Information Form.

In accordance with the independence standards for auditors, Nexus REIT is restricted from engaging its external auditors to provide certain non-audit services to Nexus REIT, including bookkeeping or other services related to the accounting records or financial statements, financial information systems design and implementation, valuation services, actuarial services, internal audit services, corporate finance services, management functions, human resources functions, legal services and expert services unrelated to the audit.

Nexus REIT does engage its external auditors from time to time, to provide certain non-audit services other than the restricted services. The Audit Committee must approve in advance any retainer of the auditors to perform any non-audit service to Nexus REIT that it deems advisable in accordance with applicable requirements and Board approved policies and procedures. The Audit Committee may delegate pre-approval authority to a member of the Audit

Committee. The decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

Composition of the Audit Committee

Floriana Cipollone – Trustee (Age 54) – Ms. Cipollone is currently Vice-President and Chief Financial Officer of MCAN Mortgage Corporation. She also serves on the board of Minto Holdings Inc. Ms. Cipollone has 30 years of experience in corporate financial management, 20 of which have been in the real estate industry. Her diverse experience with the Canadian real estate industry includes not only traditional financial management experience, but also mergers and acquisitions, capital markets, strategic activities, asset acquisitions/dispositions, lending and structured deals, joint ventures and syndications and corporate governance and risk. From September 2010 to September 2019, Ms. Cipollone was the Chief Financial Officer of TSX-listed Plaza Retail REIT, a retail real estate developer and owner, and its predecessor, Plazacorp Retail Properties Ltd. Prior to that, from 2007 to 2010, Ms. Cipollone was the Chief Financial Officer of Charter REIT, which was a TSXV-listed real estate investment trust which invested in retail properties. Prior to that, from 2000 to 2005, Ms. Cipollone was the Vice President, Corporate Planning and Strategy at O&Y Properties Corporation and the Vice President, Finance at O&Y REIT, both of which were TSX-listed commercial real estate entities focused on office properties. Ms. Cipollone is a Chartered Professional Accountant (CPA) and a graduate of the Bachelor of Commerce program at the University of Toronto.

Bradley Cutsey – Trustee (Age 48) – Mr. Cutsey is currently the President of InterRent REIT, where he is responsible for overseeing corporate development, operations and capital markets activities. Mr. Cutsey has over 20 years of experience in real estate and capital markets, including roles as Group Head of Real Estate Investment Banking, and as a top-ranked Equity Research Analyst. Throughout his career, Mr. Cutsey has advised on several billions of dollars worth of real estate transactions and equity and debt financings and has played a key role in the formation of a number of publicly listed REITs. Mr. Cutsey is a Chartered Financial Analyst (CFA) and a graduate of the Bachelor of Business Administration (Finance concentration and Economics Major) program at Bishop's University.

Ben Rodney – Trustee (Age 45) – Mr. Rodney has been with RFA Capital, a private real estate investment and asset management company since 1997 and most recently his duties have focused on the growth of RFA Capital, where he is the President. During his time with RFA Capital, Mr. Rodney has structured, priced and performed due diligence on over \$15 billion of Canadian commercial mortgages and real estate. Mr. Rodney holds a Masters of Business Administration (MBA) from the Richard Ivey School of Business at the University of Western Ontario and a Bachelor of Arts (BA) from the University of Victoria.

Audit Fees

The following table sets forth the fees billed to Nexus REIT by its external auditor, PricewaterhouseCoopers LLP and its affiliates for professional services rendered for the fiscal years ended December 31, 2020 and 2019.

Audit Fees		
Fees	2020	2019
Audit Fees ⁽¹⁾	174,580	186,795
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	74,419	64,050
All Other Fees ⁽⁴⁾	Nil	Nil
Total	248,999	250,845

Notes:

- (1) Audit fees include the aggregate professional fees paid for the audit of the annual consolidated financial statements, review of quarterly financial statements and aggregate fees paid for the provision of assistance with regulatory filings and public offerings of securities, including compliance with legislative and regulatory initiative and other services.
- (2) Audit-Related Fees are the aggregate fees billed for assurance and related services by PricewaterhouseCoopers LLP that are reasonably related to the performance of audit or review of the REIT's financial statements not reported under "Audit Fees".
- (3) Tax Fees are the aggregate fees billed for professional services rendered by PricewaterhouseCoopers LLP for tax compliance, tax advice and tax planning.
- (4) All Other Fees are the aggregate fees billed for products and services provided by PricewaterhouseCoopers LLP, other than reported under the foregoing categories.

AGREEMENTS WITH PRINCIPAL UNITHOLDERS

In connection with the Nobel Transaction, the REIT entered into an agreement with the RFA Group (the “**RFA Post-Closing Agreement**”), as well as any partner or affiliate of RFA Nobel Limited Partnership that has agreed with Nexus REIT to be bound by the terms of the RFA Post-Closing Agreement as if they were a party to such agreement in place of RFA Nobel Limited Partnership, certain demand registration rights and “piggy-back” registration rights, at any time and from time to time.

The demand registration rights will require Nexus REIT to use reasonable commercial efforts to file one or more prospectuses with applicable Canadian securities regulatory authorities (in this section, an “**RFA Demand Registration**”) in order to permit the offer, sale or distribution in Canada of all or any portion of the qualifying Units held by the RFA Group (in this section, “**RFA Registrable Securities**”), provided that the Units issued to the RFA Group pursuant to the Nobel Transaction constitute at least 10% of the outstanding Units on a fully-diluted basis. The RFA Group will be entitled to request a RFA Demand Registration no more than twice in any calendar year, and a RFA Demand Registration may not be requested within 90 days of a previous RFA Demand Registration. Nexus REIT must take such steps as may be reasonably necessary to facilitate an offering or distribution of such RFA Registrable Securities. Nexus REIT may distribute Units in addition to the RFA Registrable Securities in connection with a RFA Demand Registration. If a RFA Demand Registration is an underwritten offering and the lead underwriter or underwriters advise Nexus REIT that the number of RFA Registrable Securities and any other securities requested to be included in such offering exceeds the number of securities within a price range acceptable to the RFA Group, then Nexus REIT shall include in such RFA Demand Registration (i) first, the number of RFA Registrable Securities that the RFA Group proposes to sell as determined in accordance with the terms of the RFA Post-Closing Agreement and (ii) second, the number of Units, if any, that may be accommodated in such RFA Demand Registration based on the written advice of the lead underwriter or underwriters.

Nexus REIT will not be obligated to effect a RFA Demand Registration in the event that the Independent Trustees of Nexus REIT determine there is a valid business reason to defer the filing of a prospectus, and in such case Nexus REIT’s obligations will be deferred for a period of not more than 90 days from the receipt of a request for a RFA Demand Registration. Nexus REIT shall have the right to retain counsel of its choice to assist it in fulfilling its obligations under the RFA Post-Closing Agreement, and Nexus REIT’s reasonable expenses in respect of a RFA Demand Registration, whether or not completed, will be borne by the RFA Group except where such failure to complete the RFA Demand Registration is due solely to any action taken or failure to act by Nexus REIT, in which case Nexus REIT will bear the expenses of the RFA Demand Registration.

The RFA Post-Closing Agreement also provides the RFA Group with piggy-back registration rights which will require Nexus REIT to include RFA Registrable Securities held by the RFA Group, that are not subject to any escrow, in an offering of Units undertaken by Nexus REIT by way of a prospectus with applicable Canadian securities regulatory authorities. Nexus REIT will be required to use reasonable commercial efforts to cause to be included in such distribution all of the RFA Registrable Securities the RFA Group requested to be sold, unless such distribution involves an underwriting and the lead underwriter determines that including the RFA Registrable Securities in the distribution would materially adversely affect the distribution, including the price range for Units acceptable to Nexus REIT. In such circumstance the total number of Units to be included in the distribution will include first, the number of securities Nexus REIT proposes to sell and second, the number of RFA Registrable Securities, if any, that may be accommodated in such registration. The expenses of a piggy-back registration will be borne by Nexus REIT, provided that any underwriting commission on the sale of RFA Registrable Securities and the costs of the RFA Group’s counsel will be borne by the RFA Group.

Pursuant to the RFA Post-Closing Agreement, Nexus REIT will indemnify the RFA Group for any misrepresentation in a prospectus under which RFA Registrable Securities are distributed arising out of or based upon any failure to comply with applicable securities laws, and the RFA Group will indemnify Nexus REIT for any misrepresentation based solely on information furnished to Nexus REIT by the RFA Group.

DECLARATION OF TRUST AND DESCRIPTION OF CAPITAL STRUCTURE

General

Nexus REIT is an unincorporated, “open-ended” real estate investment trust established pursuant to the Declaration of Trust under, and governed by, the laws of the Province of Ontario. Although Nexus REIT qualifies as a “mutual fund trust” as defined in the Tax Act, Nexus REIT will not be a “mutual fund” as defined by applicable securities legislation. Furthermore, Nexus REIT is not a trust company and accordingly is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company. The Units represent a fractional interest in Nexus REIT and do not represent a direct investment in Nexus REIT’s assets and should not be viewed by investors as direct securities of Nexus REIT’s assets. A holder of a Unit of Nexus REIT does not hold a share of a body corporate. As Unitholders of Nexus REIT, the holders will not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. The rights of Unitholders are based primarily on the Declaration of Trust. There is no statute governing the affairs of Nexus REIT equivalent to the CBCA which sets out the rights and entitlements of shareholders of corporations in various circumstances. As well, Nexus REIT may not be a recognized entity under certain existing insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors’ Arrangement Act* (Canada) and thus the treatment of Unitholders upon an insolvency is uncertain.

Units and Special Voting Units

Nexus REIT is authorized to issue an unlimited number of Units and an unlimited number of Special Voting Units (collectively, “**Voting Units**”). Issued and outstanding Voting Units may be subdivided or consolidated from time to time by the Trustees without the approval of the holders thereof.

Units

Nexus REIT is authorized to issue an unlimited number of Units. Issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees without notice to or the approval of the Unitholders. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of such Act or any other legislation. The Units are not shares in Nexus REIT and Unitholders do not have statutory rights of shareholders of a corporation incorporated under either the OBCA or the CBCA including, for example, the right to bring “oppression” or “derivative” actions.

No Unit will have any preference or priority over another, subject to the rights of Unitholders who participate in the DRIP to receive bonus distributions automatically reinvested in Units in accordance therewith. Each Unit will represent a Unitholder’s proportionate undivided beneficial ownership interest in Nexus REIT and will confer the right to one vote at any meeting of Unitholders and to participate *pro rata* in any distributions by Nexus REIT, whether of net income, net realized capital gains or other amounts and, in the event of termination or winding-up of Nexus REIT, in the net assets of Nexus REIT remaining after satisfaction of all liabilities. Units will be fully paid and non-assessable when issued and are transferable. The Units are redeemable at the holder’s option, as described below under “Redemption Right”. Fractional Units may be issued as a result of an act of the Trustees, but fractional Units will not entitle the holders thereof to vote, except to the extent that such fractional Units may represent in the aggregate one or more whole Units.

Special Voting Units

The Special Voting Units are non-participating special voting units of Nexus REIT that have no economic entitlement in Nexus REIT or in distributions or assets of Nexus REIT but entitle the holders thereof to one vote per unit at meetings of the Unitholders. Special Voting Units may only be issued in connection with or in relation to securities exchangeable into Units, including Class B LP Units, for the purpose of providing such voting rights with respect to Nexus REIT to the holders of such securities. The Special Voting Units are evidenced only by the certificates representing the Class B LP Units to which they relate. Special Voting Units will not be transferable separately from the exchangeable securities to which they are attached and will be automatically transferred upon the transfer of such exchangeable securities. Upon the exchange or surrender of a Class B LP Unit for a Unit, the Special Voting Unit attached to such Class B LP Unit will automatically be redeemed and cancelled for no consideration without any further action of the Trustees, and the former holder of such Special Voting Unit will cease to have any rights with respect thereto.

Class B LP Units to which Special Voting Units relate are intended to be, to the greatest extent practicable, the economic equivalent of Units. Holders of Class B LP Units are entitled to receive distributions paid by the applicable subsidiary limited partnership, which distributions or advances will be equal on a per unit as-exchanged basis, to the greatest extent practicable, to the amount of distributions paid by Nexus REIT to Unitholders. In the case of a distribution declared on the Units in property (other than (i) cash, or (ii) a distribution of Units and immediate consolidation thereafter such that the number of outstanding Units both immediately prior to and following such transaction remains the same), holders of Class B LP Units will generally be entitled to receive, subject to applicable law, distributions in such type and amount of property as is the same as, or economically equivalent to (as determined by the board of directors of the general partner of the applicable subsidiary limited partnership, in good faith and in its sole discretion), the type and amount of property declared as a distribution on each Unit. Each Class B LP Unit is exchangeable for one Unit, subject to the customary anti-dilution adjustments set out in the applicable exchange agreement. See “Declaration of Trust – Take-Over Bids”. Class B LP Units may not be transferred except in connection with an exchange for Units or those certain limited exceptions set out in the applicable limited partnership agreement governing the Class B LP Units. The Class B LP Units will not be listed on the TSXV or on any other stock exchange or quotation system. **Although Class B LP Units are intended, to the greatest extent practicable, to be economically equivalent to Units, the tax consequences of holding Class B LP Units may be different from the tax consequences of holding Units and such holders should consult with their tax advisors.**

Issuance of Units

Nexus REIT may issue new Units from time to time, in such manner, for such consideration and to such person or persons as the Trustees shall determine. Except for the rights of a holder of Class B LP Units pursuant to the applicable exchange agreement to exchange Class B LP Units for Units at the option of the holder, Unitholders will not have any pre-emptive rights whereby additional Voting Units proposed to be issued would be first offered to existing Unitholders. If the Trustees determine that Nexus REIT does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional Units having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution. Nexus REIT may create and issue rights, warrants or options or other instruments or securities to subscribe for fully paid Units which rights, warrants, options, instruments or securities may be exercisable at such subscription price or prices and at such time or times as the Trustees may determine.

Nexus REIT may also issue new Units (i) as consideration for the acquisition of new properties or assets by it, at a price or for the consideration determined by the Trustees, (ii) pursuant to any incentive or option plan established by Nexus REIT from time to time, or (iii) pursuant to the DRIP.

The Declaration of Trust provides that immediately after any *pro rata* distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated so that each Unitholder will hold, after the consolidation, the same number of Units as the Unitholder held before the non-cash distribution. In this case, each certificate representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation. Non-Resident holders will generally be subject to withholding tax on distributions from Nexus REIT, in which case such a consolidation will not result in such Non-Resident Unitholders holding the same number of Units unless the amount of such tax has been paid by the relevant Non-Resident Unitholder in accordance with the Declaration of Trust.

In such cases, Non-Resident Unitholders will be required to surrender the certificates (if any) representing their original Units in exchange for a certificate representing post-consolidation Units.

Meetings of Unitholders

The Declaration of Trust provides that meetings of Unitholders and holders of Special Voting Units will be required to be called and held in various circumstances, including (i) for the election or removal of Trustees, (ii) the appointment or removal of the auditors of Nexus REIT, (iii) the approval of amendments to the Declaration of Trust (except as described below under “Amendments to Declaration of Trust”), (iv) the sale or transfer of the assets of Nexus REIT as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of Nexus REIT approved by the Trustees), (v) the termination of Nexus REIT, and (vi) for the transaction of any other business as the Trustees may determine or as may be properly brought before the meeting. Meetings of Unitholders will be called and held annually for the election of the Trustees and the appointment of the auditors of Nexus REIT. All meetings of Unitholders must be held in Canada or by means of a telephonic, electronic or other communication facility.

A meeting of Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned in writing by the holders of not less than 5% of the Voting Units then outstanding. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Unitholders have the right to obtain a list of Unitholders to the same extent and upon the same conditions as those that apply to shareholders of a corporation governed by the CBCA.

Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy. Holders of Units will have an equal right to be notified of, attend and participate in meetings of Unitholders.

Two persons present in person or represented by proxy, and such persons holding or representing by proxy not less in aggregate than 10% of the total number of outstanding Voting Units on the record date for the meeting, will constitute a quorum for the transaction of business at all such meetings. Any meeting at which a quorum is not present within one-half hour after the time fixed for the holding of such meeting, if convened upon the request of the Unitholders, will be terminated, but in any other case, the meeting will stand adjourned to a day not less than 14 days later and to a place and time as chosen by the chair of the meeting, and if at such adjourned meeting a quorum is not present, the Unitholders present either in person or by proxy will be deemed to constitute a quorum.

Holders of Special Voting Units will have an equal right to be notified of, attend and participate in meetings of Unitholders.

Pursuant to the Declaration of Trust, a resolution in writing executed by Unitholders holding a proportion of the outstanding Voting Units (or a class thereof) equal to the proportion required to vote in favour thereof at a meeting of Unitholders to approve that resolution will be valid as if it had been passed at a meeting of Unitholders.

Advance Notice Provision

The Declaration of Trust includes certain advance notice provisions (the “**Advance Notice Provision**”), which will: (i) facilitate orderly and efficient annual general or, where the need arises, special, meetings; (ii) ensure that all Unitholders receive adequate notice of the Trustee nominations and sufficient information with respect to all nominees; and (iii) allow Unitholders to register an informed vote. Except as otherwise provided in the Declaration of Trust, only persons who are nominated by Unitholders in accordance with the Advance Notice Provision will be eligible for election as Trustees. Nominations of persons for election to the Board may be made for any annual meeting of Unitholders, or for any special meeting of Unitholders if one of the purposes for which the special meeting was called was the election of Trustees: (a) by or at the direction of the Trustees, including pursuant to a notice of meeting; (b) by or at the direction or request of one or more Unitholders pursuant to a requisition of the Unitholders made in accordance with the Declaration of Trust; or (c) by any person (a “**Nominating Unitholder**”): (A) who, at the close of business on the date of the giving of the notice provided for below and on the record date for notice of such meeting, is entered in Nexus REIT’s register as a holder of one or more Units carrying the right to vote at such meeting or who beneficially owns Units that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth in the Advance Notice Provision.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Unitholder, the Nominating Unitholder must have given timely notice thereof in proper written form to the Trustees. To be timely, a Nominating Unitholder's notice to the Trustees must be made: (a) in the case of an annual meeting of Unitholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of Unitholders; provided, however, that in the event that the annual meeting of Unitholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") that is the earlier of the date that a notice of meeting is filed for such meeting or the date on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Unitholder may be made not later than the close of business on the tenth day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of Unitholders called for the purpose of electing Trustees (whether or not called for other purposes), not later than the close of business on the 15th day following the day that is the earlier of the date that a notice of meeting is filed for such meeting or the date on which the first public announcement of the date of the special meeting of Unitholders was made. In no event shall any adjournment or postponement of a meeting of Unitholders or the announcement thereof commence a new time period for the giving of a Nominating Unitholder's notice as described above.

To be in proper written form, a Nominating Unitholder's notice to the Trustees must set forth: (a) as to each person whom the Nominating Unitholder proposes to nominate for election as a Trustee: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of Units which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of Unitholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of Trustees pursuant to applicable Securities Laws (as defined in the Declaration of Trust); and (b) as to the Nominating Unitholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Unitholder has a right to vote any Units and any other information relating to such Nominating Unitholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of Trustees pursuant to applicable Securities Laws. Nexus REIT may require any proposed nominee to furnish such other information as may reasonably be required by Nexus REIT to determine the eligibility of such proposed nominee to serve as an Independent Trustee or that could be material to a reasonable Unitholder's understanding of the independence, or lack thereof, of such proposed nominee.

The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

Notwithstanding the foregoing, the Trustees may, in their sole discretion, waive any requirement in the Advance Notice Provision.

Redemption Right

Units are redeemable at any time on demand by the holders thereof upon delivery to Nexus REIT of a duly completed and properly executed notice requesting redemption in a form reasonably acceptable to the Trustees, together with written instructions as to the number of Units to be redeemed. A Unitholder not otherwise holding a fully registered Unit certificate who wishes to exercise the redemption right is required to obtain a redemption notice form from the Unitholder's investment dealer who will be required to deliver the completed redemption notice form to Nexus REIT and to CDS. Upon receipt of the redemption notice, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof will be entitled to receive a price per Unit (the "**Redemption Price**") equal to the lesser of:

- (i) 90% of the "Market Price" of a Unit calculated as of the date on which the Units were surrendered for redemption (the "**Redemption Date**"); and
- (ii) 100% of the "Closing Market Price" on the Redemption Date.

For purposes of this calculation, the “**Market Price**” of a Unit as at a specified date will be:

- (i) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of ten consecutive trading days ending on such date;
- (ii) an amount equal to the weighted average of the closing market prices of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of ten consecutive trading days ending on such date, if the applicable exchange or market does not provide information necessary to compute a weighted average trading price; or
- (iii) if there was trading on the applicable exchange or market for fewer than five of the ten trading days, an amount equal to the simple average of the following prices established for each of the ten consecutive trading days ending on such date: the simple average of the last bid and last asking price of the Units for each day on which there was no trading; the closing price of the Units for each day that there was trading if the exchange or market provides a closing price; and the simple average of the highest and lowest prices of the Units for each day that there was trading, if the market provides only the highest and lowest prices of Units traded on a particular day.

The “**Closing Market Price**” of a Unit for the purpose of the foregoing calculations, as at any date will be:

- (i) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading on the specified date if the principal exchange or market provides information necessary to compute a weighted average trading price of the Units on such date;
- (ii) an amount equal to the closing price of a Unit on the principal market or exchange on the specified date if there was a trade on the specified date and the principal exchange or market provides only a closing price of the Units on such date;
- (iii) an amount equal to the simple average of the highest and lowest prices of the Units on the principal market or exchange on the specified date, if there was trading on the specified date and the principal exchange or market provides only the highest and lowest trading prices of the Units on such date; or
- (iv) the simple average of the last bid and last asking prices of the Units on the principal market or exchange on the specified date, if there was no trading on such date.

If the Units are not listed or quoted for trading on a public market, the Redemption Price will be the fair market value of the Units, which will be determined by the Trustees in their sole discretion.

The aggregate Redemption Price payable by Nexus REIT in respect of any Units surrendered for redemption during any calendar month will be paid by cheque, drawn on a Canadian chartered bank or trust company in Canadian dollars within 30 days after the end of the calendar month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that: (i) the total amount payable by Nexus REIT in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed \$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) on the date such Units are tendered for redemption, the outstanding Units must be listed for trading on the TSX or traded or quoted on any other stock exchange or market that, in the sole discretion of the Trustees, provides representative fair market value prices for the Units; (iii) the normal trading of the Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, in any market where the Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10-day trading period commencing immediately before the Redemption Date; and (iv) the redemption of the Units must not result in the delisting of the Units from the principal stock exchange on which the Units are listed.

Cash payable on redemptions will be paid *pro rata* to all Unitholders tendering Units for redemption in any month. To the extent a Unitholder is not entitled to receive cash upon the redemption of Units as a result of any of the limitations above, then the balance of the Redemption Price for such Units will, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution *in specie* to such Unitholder of Subsidiary Notes. In the event of distributions of Subsidiary Notes, each Subsidiary Note so distributed to the redeeming Unitholder shall be in the principal amount of \$100 or such other amount as may be determined by the Trustees. No fractional Subsidiary Notes shall be distributed and where the number of Subsidiary Notes to be received upon redemption by a holder of Units would otherwise include a fraction, that number shall be rounded down to the next lowest whole number. Where Nexus REIT makes a distribution *in specie* on the redemption of Units of a Unitholder, Nexus REIT currently intends to allocate to that Unitholder any capital gain or income realized by Nexus REIT on or in connection with such distribution.

It is anticipated that the redemption right described above will not be the primary mechanism for Unitholders to dispose of their Units.

Purchases of Units by Nexus REIT

Nexus REIT may from time to time purchase Units for cancellation in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange and regulatory policies. Any such purchase will constitute an “issuer bid” under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof.

Take-Over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid is made for Units within the meaning of the *Securities Act* (Ontario) and not less than 90% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by Unitholders who do not accept the offer either, at the election of each Unitholder, on the terms offered by the offeror or at the fair value of such Unitholder’s Units determined in accordance with the procedures set out in the Declaration of Trust.

The Declaration of Trust and the applicable exchange agreement provide that if a non-exempt take-over bid from a person acting at arm’s length to holders of Class B LP Units (or any associate or affiliate thereof) is made for the Units and such take-over bid is not structured such that holders of Class B LP Units can exchange into Units conditional on take-up, then, provided that not less than 25% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken-up and paid for pursuant to the non-exempt bid, from and after the date of first take-up of Units under the said take-over bid in excess of the foregoing threshold the Class B LP Units held by persons other than Nexus REIT will be exchangeable at an exchange ratio equal to 110% of the exchange ratio previously in effect, such that, based on the current one-to-one exchange ratio, on exchange the holder of Class B LP Units will receive 1.1 Units for each Unit that the holder would otherwise have received. Notwithstanding any adjustment on completion of an exclusionary offer as described above, the distribution rights attaching to the Class B LP Units will not be adjusted until the exchange right is actually exercised.

Non-Certificated Inventory System

Generally speaking, registration of interests in and transfers of Units held through CDS, or its nominee, will be made electronically through the NCI system of CDS. Units held in CDS must be purchased, transferred and surrendered for redemption through a CDS participant, which includes securities brokers and dealers, banks and trust companies. All rights of Unitholders who hold Units in CDS must be exercised through, and all payments or other property to which such Unitholders are entitled will be made or delivered by CDS or the CDS participant through which the Unitholder holds such Units. A holder of a Unit participating in the NCI system will not be entitled to a certificate or other instrument from Nexus REIT or Nexus REIT’s Transfer Agent evidencing that person’s interest in or ownership of Units, nor, to the extent applicable, will such Unitholder be shown on the records maintained by CDS, except through an agent who is a CDS participant.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such Unitholder's interest in such Units (other than through a CDS participant) may be limited due to the lack of a physical certificate. No holder of Special Voting Units is entitled to a certificate or other instrument evidencing the holder's ownership of such units.

Limitation on Non-Resident Ownership

In order for Nexus REIT to maintain its status as a "mutual fund trust" under the Tax Act, Nexus REIT must not be established or maintained primarily for the benefit of Non-Residents. Accordingly, at no time may Non-Residents be the beneficial owners of more than 49% of the Units (determined on a basic or fully-diluted basis) and the Trustees have informed the Transfer Agent and registrar of this restriction. The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustees become aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 49% of the Units (determined on a basic or fully-diluted basis) then outstanding are, or may be, Non-Residents or that such a situation is imminent, the Trustees may make a public announcement thereof and the Transfer Agent will not accept a subscription for Units from or issue Units to a person unless the person provides a declaration that the person is not a Non-Resident. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units (determined on a basic or fully-diluted basis) are held by Non-Residents, the Trustees may send a notice to Non-Residents holding Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees may, on behalf of such Unitholders sell such Units and, in the interim, must suspend the voting and distribution rights attached to such Units. Upon such sale the affected holders will cease to be holders of Units and their rights will be limited to receiving the net proceeds of sale, subject to the right to receive payment of any distribution declared by the Trustees which is unpaid and owing to such Unitholders. The Trustees will have no liability for the amount received provided that they act in good faith. Nexus REIT may direct its Transfer Agent to assist the Trustees with respect to any of the foregoing.

Information and Reports

Nexus REIT will furnish to Unitholders such financial statements (including quarterly and annual financial statements) and other reports as are from time to time required by the Declaration of Trust and by applicable law. Prior to each meeting of Unitholders, the Trustees will provide the Unitholders (along with notice of such meeting) information as required by applicable tax and securities laws.

Amendments to Declaration of Trust

The Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by at least two-thirds of the votes cast by Voting Unitholders at a meeting called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast by Voting Unitholders at a meeting called for such purpose.

The following actions and/or amendments, among others, require the approval of two-thirds of the votes cast by Voting Unitholders at a meeting called for such purpose:

- (a) an exchange, reclassification or cancellation of all or a portion of the Voting Units;
- (b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Voting Units, except for such changes made by the Trustees in accordance with the terms of the Declaration of Trust;
- (c) any constraints on the issue, transfer or ownership of the Voting Units or change or removal of such constraint;
- (d) the sale or transfer of the assets of Nexus REIT as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of Nexus REIT approved by the Trustees);

- (e) the termination of Nexus REIT (other than as part of an internal reorganization of the assets of Nexus REIT approved by the Trustees);
- (f) the combination, amalgamation or arrangement of any of Nexus REIT or its Subsidiaries with any other entity that is not Nexus REIT or its Subsidiary (other than as part of an internal reorganization approved by the Trustees); and
- (g) the amendment of the investment guidelines of Nexus REIT and certain of the operating policies of Nexus REIT.

Notwithstanding the foregoing, the Trustees may (upon the approval of a majority of the Trustees present in person or by phone at a meeting of the Board), without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments:

- (a) aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over: (i) the Trustees or Nexus REIT; (ii) the status of Nexus REIT as a “mutual fund trust”, “unit trust” or “real estate investment trust” under the Tax Act; or (iii) the distribution of Units;
- (b) which, in the opinion of the Trustees, provide additional protection for the Voting Unitholders;
- (c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Voting Unitholders;
- (d) which, in the opinion of the Trustees, are necessary or desirable to remove conflicts or inconsistencies between the disclosure in the management information circular of Edgefront Realty Corp. dated December 5, 2013 and the Declaration of Trust;
- (e) of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest omissions or errors, which amendments, in the opinion of the Trustees, are necessary or desirable and not prejudicial to the Voting Unitholders;
- (f) which, in the opinion of the Trustees, are necessary or desirable: (i) to ensure continuing compliance with IFRS; or (ii) to ensure the Units qualify as equity for purposes of IFRS;
- (g) which, in the opinion of the Trustees, are necessary or desirable to enable Nexus REIT to implement a Unit purchase plan or issue Units for which the purchase price is payable in instalments;
- (h) which, in the opinion of the Trustees, are necessary or desirable for Nexus REIT to qualify for a particular status under, or as a result of changes in, taxation or other laws, or the interpretation of such laws, including to qualify as a “real estate investment trust” for purposes of the Tax Act or to otherwise prevent Nexus REIT or any of its Subsidiaries from becoming subject to tax under paragraph 122(1)(b) or subsection 197(2) of the Tax Act (the “**SIFT Rules**”);
- (i) to create one or more additional classes of units solely to provide voting rights to holders of securities that are exchangeable for Units entitling the holder thereof to a number of votes not exceeding the number of Units into which the exchangeable securities are exchangeable but that do not otherwise entitle the holder thereof to any rights with respect to Nexus REIT’s Property or income; and
- (j) for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) which, in the opinion of the Trustees, is not prejudicial to Voting Unitholders and is necessary or desirable.

Any amendment to the Declaration of Trust which directly or indirectly adds, changes, or removes any of the rights, privileges, restrictions or conditions in respect of the Special Voting Units shall require the approval of a majority of the votes cast by holders of Special Voting Units at a meeting of unitholders (or by written resolution in lieu thereof).

INVESTMENT GUIDELINES AND OPERATING POLICIES

Investment Guidelines

The Declaration of Trust provides certain guidelines on investments that may be made directly or indirectly by Nexus REIT. The assets of Nexus REIT may be invested only in accordance with the following restrictions:

- (a) Nexus REIT may only invest, directly or indirectly, in interests (including fee ownership and leasehold interests) in income-producing commercial real estate located in Canada or the United States and assets ancillary thereto necessary for the operation of such real estate and such other activities as are consistent with the other investment guidelines of Nexus REIT;
- (b) notwithstanding anything else contained in the Declaration of Trust, Nexus REIT shall not directly or indirectly make any investment, take any action or omit to take any action where such investment, action or omission would result in Units not being units of a “unit trust” or a “mutual fund trust” within the meaning of the Tax Act or that would result in the Units not being qualified investments for Plans, or that would cause Nexus REIT or a Subsidiary of Nexus REIT to be subject to tax under Part XII.2 of the Tax Act;
- (c) notwithstanding anything else in the Declaration of Trust, Nexus REIT shall not directly or indirectly make any investment, take any action or omit to take any action where such investment, action or omission would result in Nexus REIT or any of its Subsidiaries being subject to the special tax applicable to a “SIFT trust” within the meaning of subsection 122.1(1) of the Tax Act or a “SIFT partnership” within the meaning of subsection 197(1) of the Tax Act (unless in the best interests of the Voting Unitholders as determined by the Trustees acting reasonably);
- (d) Nexus REIT shall not invest in any interest in a single real property if, after giving effect to the proposed investment, the cost to Nexus REIT of such investment (net of the amount of debt incurred or assumed in connection with such investment) will exceed the greater of \$20,000,000 or 20% of GBV at the time the investment is made;
- (e) Nexus REIT may, directly or indirectly, invest in a joint venture arrangement for the purposes of owning interests or investments otherwise permitted to be held by Nexus REIT, provided that such joint venture arrangement contains terms and conditions which, in the opinion of the Independent Trustees, are commercially reasonable, including without limitation such terms and conditions relating to restrictions on the transfer, acquisition and sale of Nexus REIT’s and any joint venturer’s interest in the joint venture arrangement, provisions to provide liquidity to Nexus REIT, provisions to limit the liability of Nexus REIT and its Unitholders to third parties, and provisions to provide for the participation of Nexus REIT in the management of the joint venture arrangement. For purposes hereof, a “joint venture arrangement” is an arrangement between Nexus REIT and one or more other persons pursuant to which Nexus REIT, directly or indirectly, conducts an undertaking for one or more of the purposes set out in the investment guidelines of Nexus REIT and in respect of which Nexus REIT may hold its interest jointly or in common or in another manner with others either directly or through the ownership of securities of a corporation or other entity;
- (f) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province of Canada, deposits with a savings institution, trust company, credit union or similar financial institution that is organized or chartered under the laws of a state or of the United States short-term government debt securities or money market instruments maturing prior to one year from the date of issue and except as permitted pursuant to the investment guidelines and operating policies of Nexus REIT, Nexus REIT may not hold securities of a person other than to the extent such securities would constitute an investment in real property (as determined by the Trustees) and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, but in all events subject to paragraph (b) above, Nexus REIT may hold securities of a person: (i) acquired in connection with the carrying on, directly or indirectly, of Nexus REIT’s activities or the holding of its assets; or (ii) which focuses its activities primarily on the activities described in paragraph (a) above, provided in the case of any proposed investment

or acquisition which would result in the beneficial ownership of more than 10% of the outstanding securities of an issuer (the “**Acquired Issuer**”), the investment is made for the purpose of subsequently effecting the merger or combination of the business and assets of Nexus REIT and the Acquired Issuer or for otherwise ensuring that Nexus REIT will control the business and operations of the Acquired Issuer;

- (g) Nexus REIT shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (h) Nexus REIT shall not invest, directly or indirectly, in operating businesses unless such investment is an indirect investment and is incidental to a transaction:
 - (i) where revenue will be derived, directly or indirectly, principally from real property that is capital property for purposes of the Tax Act; or
 - (ii) which principally involves the ownership, maintenance, development, improvement, leasing or management, directly or indirectly, of real property that is capital property for purposes of the Tax Act (in each case as determined by the Trustees);
- (i) Nexus REIT shall not invest in raw land for development, except (i) for existing properties with additional development or properties adjacent to existing properties of Nexus REIT for the purpose of the renovation or expansion of existing properties, or (ii) the development of new properties which will be capital property of Nexus REIT, provided that the aggregate value of the investments of Nexus REIT in raw land, excluding raw land under development, after giving effect to the proposed investment, will not exceed 5% of GBV;
- (j) Nexus REIT may invest in mortgages and mortgage bonds (including participating or convertible mortgages) and similar instruments where:
 - (i) the real property which is security therefor is income producing real property which otherwise meets the other investment guidelines of Nexus REIT; and
 - (ii) the aggregate book value of the investments of Nexus REIT in mortgages, after giving effect to the proposed investment, will not exceed 15% of GBV; and
- (k) Nexus REIT may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any debt incurred or assumed in connection with such investment) up to 15% of the GBV of Nexus REIT in investments which do not comply with one or more of paragraphs (a), (e), (f), (h) and (i).

Operating Policies

The Declaration of Trust provides that operations and affairs of Nexus REIT are to be conducted in accordance with the following policies:

- (a) Nexus REIT shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term “hedging” has the meaning ascribed thereto by National Instrument 81-102 — *Mutual Funds* adopted by the Canadian Securities Administrators, as replaced or amended from time to time;
- (b) (i) any written instrument creating an obligation which is or includes the granting by Nexus REIT of a mortgage; and (ii) to the extent the Trustees determine to be practicable and consistent with their fiduciary duties to act in the best interest of the Unitholders, any written instrument which is, in the judgment of the Trustees, a material obligation, shall contain a provision, or be subject to an acknowledgement to the effect, that the obligation being created is not personally binding upon, and that resort must not be had to, nor will recourse or satisfaction be sought from, by lawsuit or otherwise the private property of any of the Trustees, Unitholders, annuitants or beneficiaries under

a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of Nexus REIT, but that only property of Nexus REIT or a specific portion thereof is bound; Nexus REIT, however, is not required, but must use all reasonable efforts, to comply with this requirement in respect of obligations assumed by Nexus REIT upon the acquisition of real property;

- (c) Nexus REIT may engage in construction or development of real property: (i) to maintain its real properties in good repair or to improve the income producing potential of properties in which Nexus REIT has an interest; and (ii) to develop new properties that will be capital properties of Nexus REIT on completion, provided that the aggregate value of the investments of Nexus REIT in properties under development after giving effect to the proposed investment in the construction or development, will not exceed 15% of GBV;
- (d) title to each real property shall be held by and registered in the name of Nexus REIT, the Trustees or a corporation or other entity wholly-owned, directly or indirectly, by Nexus REIT or jointly-owned, directly or indirectly, by Nexus REIT, with joint venturers; provided that, where land tenure will not provide fee simple title, Nexus REIT, the Trustees or a corporation or other entity wholly-owned, directly or indirectly, by Nexus REIT or jointly owned, directly or indirectly, by Nexus REIT shall hold a land lease as appropriate under the land tenure system in the relevant jurisdiction;
- (e) at no time shall Nexus REIT incur Indebtedness aggregating more than 15% of GBV (excluding debt with an original maturity of one year or more falling due in the next 12 months or variable rate debt for which Nexus REIT has entered into interest rate swap agreements to fix the interest rate for a one-year period or more) at floating interest rates or having maturities of less than one year;
- (f) Nexus REIT shall not incur or assume any Indebtedness if, after giving effect to the incurrence or assumption of such Indebtedness, the total Indebtedness of Nexus REIT would be more than 65% of GBV;
- (g) Nexus REIT shall not directly or indirectly guarantee any Indebtedness or liabilities of any kind of a third party, except Indebtedness or liabilities assumed or incurred by an entity in which Nexus REIT holds an interest, directly or indirectly, or by an entity jointly owned by Nexus REIT with joint venturers and operated solely for the purpose of holding a particular property or properties, where such Indebtedness, if granted by Nexus REIT directly, would cause Nexus REIT to contravene its investment guidelines or operating policies. Nexus REIT is not required but shall use its reasonable best efforts to comply with this requirement (i) in respect of obligations assumed by Nexus REIT pursuant to the acquisition of real property; or (ii) if doing so is necessary or desirable in order to further the initiatives of Nexus REIT permitted under the Declaration of Trust, provided for the avoidance of doubt that Nexus REIT shall not directly or indirectly guarantee any Indebtedness or liability of any person if such guarantee would result in Nexus REIT failing to qualify as a “mutual fund trust” for purposes of the Tax Act, or would otherwise violate the requirements of paragraph (b) of the investment guidelines described above;
- (h) Nexus REIT shall directly or indirectly obtain and maintain at all times property insurance coverage in respect of potential liabilities of Nexus REIT and the accidental loss of value of the assets of Nexus REIT from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practice of owners of comparable properties;
- (i) Nexus REIT shall have obtained an appraisal of each real property that it intends to acquire and an engineering survey with respect to the physical condition thereof, in each case, by an independent and experienced consultant, unless the requirement for such an appraisal or engineering survey is waived by the Independent Trustees; and

- (j) Nexus REIT shall obtain a Phase I environmental site assessment of each real property to be acquired by it and, if the Phase I environmental site assessment report recommends that a further environmental site assessment be conducted, Nexus REIT shall have conducted such further environmental site assessments as the Trustees determine, in each case by an independent and experienced environmental consultant; as a condition to any acquisition such assessments shall be satisfactory to the Trustees.

For the purpose of the foregoing investment guidelines and operating policies, the assets, liabilities and transactions of a corporation or other entity wholly or partially-owned by Nexus REIT will be deemed to be those of Nexus REIT on a proportionate consolidation basis, except in the case of paragraphs (b) and (c) of the investment guidelines to the extent such consolidation would be inconsistent with the applicable requirements under the Tax Act. In addition, any references in the foregoing investment guidelines and operating policies to investment in real property will be deemed to include an investment in a joint venture arrangement that invests in real property.

Amendments to Investment Guidelines and Operating Policies

Pursuant to the Declaration of Trust, all of the investment guidelines set out under the subheading “Investment Guidelines” and the operating policies contained in paragraphs (a), (f), (g), (h) and (j) set out under the subheading “Operating Policies” may be amended only with the approval of two-thirds of the votes cast by Voting Unitholders of Nexus REIT at a meeting called for such purpose. The remaining operating policies may be amended with the approval of a majority of the votes cast by Voting Unitholders at a meeting called for such purpose.

Notwithstanding the foregoing paragraph, if at any time a government or regulatory authority having jurisdiction over Nexus REIT or any property of Nexus REIT shall enact any law, regulation or requirement which is in conflict with any investment guideline or operating policy of Nexus REIT then in force (other than subparagraph (b) or (c) at “Investment Guidelines and Operating Policies — Investment Guidelines”), such investment guideline or operating policy in conflict shall, if the Trustees on the advice of legal counsel to Nexus REIT so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary, any such resolution of the Trustees shall not require the prior approval of Unitholders.

DISTRIBUTION POLICY

Nexus REIT currently makes monthly cash distribution of \$0.05333 per Unit, representing \$0.64 per unit on an annualized basis. Although Nexus REIT intends to make distributions of available cash to holders of Units in accordance with its distribution policy, these cash distributions are not guaranteed and may be reduced or suspended. Pursuant to the Declaration of Trust, the Trustees will have full discretion respecting the timing and amounts of distributions, subject to the requirement to distribute taxable income each year as described below. Subsidiary limited partnerships of Nexus REIT which have outstanding Class B LP Units will make corresponding monthly cash distributions to holders of Class B LP Units equal to the distributions that the holders of Class B LP Units would have received if they were holding Units instead of Class B LP Units. Notwithstanding the foregoing, the Declaration of Trust provides that the amount necessary to ensure that Nexus REIT will not be liable to pay income tax under Part I of the Tax Act for any year (determined without reference to any bonus distribution automatically reinvested in Units paid in accordance with Nexus REIT’s DRIP) shall be deemed to be declared as a distribution by the Trustees on the earlier of the last distribution date in respect of the year and December 31 of the year, to persons who are Unitholders of record on that date. Such year-end distributions shall be payable in cash, subject to the Trustees’ discretion to determine that any such amount shall be payable in Units. Any increase or reduction in the amount to be distributed to Unitholders results in a corresponding increase or reduction in distributions on Class B LP Units. Unitholders of record as at the close of business on the last business day of the month preceding a Distribution Date will have an entitlement on and after that day to receive distributions in respect of that month on such Distribution Date. Under the Declaration of Trust and pursuant to the above-noted distribution policy of Nexus REIT, where Nexus REIT’s cash is not sufficient to make payment of the full amount of a distribution, such payment will, to the extent necessary and as determined at the discretion of the Trustees, be distributed in the form of additional Units.

Nexus REIT paid cash distributions in the amount of approximately \$0.01333 per Unit (\$0.05333 after giving effect to the Consolidation) per month for each of the periods from January 1, 2018 to December 31, 2018, January 1, 2019 to December 31, 2019 and January 1, 2020 to December 31, 2020.

DRIP

Nexus REIT has adopted the DRIP, pursuant to which resident Canadian holders of not less than one Unit are entitled to elect to have all or some of the cash distributions of Nexus REIT automatically reinvested in additional Units at a price per Unit calculated by reference to the daily volume weighted average trading price of the Units on the relevant stock exchange or marketplace for the five trading days immediately preceding the relevant Distribution Date. Eligible Unitholders who so elect will receive a bonus distribution in an amount equal to 4% of each distribution (other than such bonus distributions) that was reinvested by them under the DRIP, which bonus distribution will also be reinvested in Units under the DRIP.

MARKET FOR SECURITIES

Trading Price and Volume

Prior to graduating to the TSX on February 1, 2021, the Units were listed for trading on the TSX Venture Exchange. The following table sets forth, for the periods indicated, the reported monthly range of high and low prices per Unit and total monthly volumes traded on the TSX Venture Exchange as though the Consolidation had been effected:

Trading Price and Volume			
2020	High (\$)	Low (\$)	Total Volume
January	9.00	8.64	540,523
February	9.40	7.96	725,258
March	8.92	4.36	1,388,578
April	6.96	5.60	541,637
May	6.48	5.24	708,690
June	6.80	5.76	581,878
July	6.28	5.64	487,922
August	7.08	5.76	832,217
September	6.80	6.00	427,532
October	6.84	6.20	418,207
November	7.96	6.36	799,726
December	7.84	7.56	586,295

Source: TSX Market Data.

Prior Sales

During the 12-month period ended December 31, 2020, a total of 7,559,524 Class B LP Units were issued as consideration to third parties in connection with the purchase of Properties, and a total of 3,012,413 Class B LP Units were issued in settlement of contractual obligations. Each Class B LP Unit issued is exchangeable for Units on a one for one basis.

Date	Number of Class B LP Units Issued	Issue Price	Number of Class B LP Units Issued (after giving effect to the Consolidation)	Deemed Issue Price (after giving effect to the Consolidation)
February 3, 2020	4,809,524	\$2.10	1,202,381	\$8.40
April 1, 2020	2,639,745	\$2.30	659,936	\$9.20
September 10, 2020	93,167	\$2.30	23,292	\$9.20
October 1, 2020	2,750,000	\$2.00	687,500	\$8.00
October 1, 2020	93,167	\$2.30	23,292	\$9.20
November 2, 2020	93,167	\$2.30	23,292	\$9.20
December 1, 2020	93,167	\$2.30	23,292	\$9.20

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The following table sets forth the number and percentage of Units held subject to contractual restrictions on transfer as of December 31, 2020 as though the Consolidation had been effected:

Designation of Class	Number of securities that are subject to a contractual restriction on transfer	Percentage of Class
Units	790,872 ⁽¹⁾	2.83%

Note:

(1) 289,872 Units were released on February 3, 2021, 289,682 Units will be released on October 17, 2021 and 100,000 Units will be released on each of April 1, 2021, June 1, 2021, September 1, 2021 and December 1, 2021. The Units were issued by the REIT in connection with the acquisition of certain properties from various arm's length vendors.

RISK FACTORS

The following are certain factors relating to the business of Nexus REIT, which factors investors should carefully consider when making an investment decision concerning Units. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere. These risks and uncertainties are not the only ones that Nexus REIT will face. Additional risks and uncertainties not presently known to Nexus REIT, or that Nexus REIT currently deems immaterial, may also impair the operations of Nexus REIT. If any such risks actually occur, the financial condition, liquidity and results of operations of Nexus REIT could be materially adversely affected and the ability of Nexus REIT to implement its growth plans could be adversely affected.

In this "Risk Factors" section of this Annual Information Form, unless the context otherwise requires, references to "Nexus REIT" are to Nexus REIT and its Subsidiaries, on a consolidated basis.

Risks Relating to Real Property Ownership

Real Property Ownership and Tenant Risks

All real property investments are subject to elements of risk. The value of real property and any improvements thereto depend on the credit and financial stability of tenants and upon the vacancy rates of the properties. The properties generate revenue through rental payments made by the tenants thereof. The ability to rent vacant properties will be affected by many factors, including changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, changing demographics, competition from other available properties, and various other factors. Cash available for distribution will be adversely affected if a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the buildings located on the properties becomes vacant and cannot be leased on economically favourable lease terms. If properties do not generate revenues sufficient to meet operating expenses, including debt service and capital expenditures, Nexus REIT's results from operations and ability to make distributions to Unitholders will be adversely affected.

Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant will be replaced. The terms of any subsequent lease may be less favourable to Nexus REIT than those of an existing lease. In the event of default by a tenant, Nexus REIT may experience delays or limitations in enforcing its rights as landlord and incur substantial costs in protecting its investment. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of the lease of the tenant and, thereby, cause a reduction in the cash flows available to Nexus REIT.

Historical occupancy rates and revenues are not necessarily an accurate prediction of the future occupancy rates for the Properties or revenues to be derived therefrom. Reported estimated market rents can be seasonal and the significance of any variations from quarter to quarter would materially affect Nexus REIT's annualized estimated gain-to-lease amount. There can be no assurance that upon the expiry or termination of existing leases, the average occupancy rates and revenues will be higher than historical occupancy rates and revenues and it may take a significant amount of time for market rents to be recognized by Nexus REIT due to internal and external limitations on its ability to charge these new market-based rents in the short term.

Commodity Price Fluctuation

The economy in Western Canada, and in particular, Alberta, continues to experience pressure from sustained lower oil prices. It is uncertain when or if oil prices may begin to increase, or economic conditions will improve significantly. Nexus REIT's properties in Alberta and Saskatchewan are primarily leased to tenants whose operations are not directly linked to the oil industry, and that are not expected to suffer significant financial deterioration as a result of low oil prices. Nexus REIT does not expect to experience any significant negative impact to its revenue stream as a result of current commodity market conditions.

Government Regulation and Environmental Matters

Nexus REIT is subject to federal, provincial and local environmental regulations that apply generally to the ownership of real property and the operation of commercial properties. If it fails to comply with those laws, Nexus REIT could be subject to significant fines or other governmental sanctions. Under various federal, provincial and local laws, ordinances and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at a facility and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with contamination. Such liability may be imposed whether or not the owner or operator knew of, or was responsible for, the presence of these hazardous or toxic substances. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell or rent such facility or to borrow using such facility as collateral. In addition, in connection with the ownership, operation and management of real properties, Nexus REIT could potentially be liable for property damage or injuries to persons and property.

In order to assess the potential for liabilities arising from the environmental condition at the Properties, Nexus REIT may obtain or examine environmental assessments prepared by environmental consulting firms. The environmental assessments received in respect of the Properties have not revealed, nor is Nexus REIT aware of, any environmental liability that Nexus REIT believes will have a material adverse effect on it. However, Nexus REIT cannot assure Unitholders that any environmental assessments performed have identified or will identify all material environmental conditions, that any prior owner of any facility did not create a material environmental condition not known to Nexus REIT or that a material environmental condition does not or will not otherwise exist with respect to the Properties.

Nexus REIT is subject to laws and regulations governing the ownership and leasing of real property, employment standards, environmental and energy efficiency matters, taxes and other matters. It is possible that future changes in applicable federal, state, local or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting Nexus REIT (including with retroactive effect). Any changes in the laws to which Nexus REIT is subject in the jurisdictions in which Nexus REIT operates could materially affect the rights and title to the properties. It is not possible to predict whether there will be any further changes in the regulatory regime(s) to which Nexus REIT is subject or the effect of any such change on Nexus REIT's investments.

Competition

The real estate business is competitive. Numerous developers, managers and owners of properties compete with Nexus REIT in seeking tenants. The existence of competing developers, managers and owners and competition for Nexus REIT's tenants could have an impact on Nexus REIT's ability to lease its properties and on the rents charged. This in turn may have an adverse effect on Nexus REIT's business, financial condition and results of operations and distributions. Nexus REIT is subject to competition for suitable real property investments with individuals, corporations and institutions (both Canadian and foreign) and other real estate investment trusts which are presently seeking, or which may seek in the future, real property investments similar to those targeted by Nexus REIT. A number of these investors may have greater financial resources than those of Nexus REIT, or operate without the investment or operating restrictions of Nexus REIT or according to more flexible conditions. An increase in the availability of the investment funds, and an increase in interest in real property investments, may tend to increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them. Nexus REIT will seek to locate and complete property purchases that are accretive to AFFO per Unit. There is a risk that continuing increased competition for real property acquisitions may increase purchase prices to levels that are not accretive.

Illiquidity

Real estate investments are relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit Nexus REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. If Nexus REIT were to need to liquidate a property, the proceeds to Nexus REIT might be significantly less than the aggregate carrying value of such property.

Uninsured Losses

The Declaration of Trust requires that Nexus REIT obtain and maintain at all times insurance coverage in respect of its potential liabilities and the accidental loss of value of its assets from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, Nexus REIT could lose its investment in, and anticipated profits and cash flows from, the affected property, but Nexus REIT would continue to be obliged to repay any recourse mortgage indebtedness on such properties. There can be no assurance that a claim in excess of the insurance coverage or claims not covered by insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against Nexus REIT not covered by, or in excess of, the insurance coverage could have a material adverse effect on Nexus REIT's business, financial condition or results of operations and distributions.

Risk of Catastrophic Events

While Nexus REIT has insurance coverage for all of its Properties, the insurance coverage may have deductible amounts and may not cover all damage which may occur to the Properties. Floods, hurricanes, storms, earthquakes, terrorism, or other events may significantly affect Nexus REIT's operations and Properties, and may cause Nexus REIT to experience reduced rental revenue, incur clean-up costs or otherwise incur costs in connection with these events. These events may have a material adverse effect on Nexus REIT's business, cash flows, financial condition and results of operations and ability to make cash distributions to its Unitholders.

Public Health Crises and Disease Outbreaks

Public health crises, including the ongoing health crisis related to the coronavirus (COVID-19) pandemic, or relating to any other virus, flu, epidemic, pandemic or any other similar disease or illness (each a “**Health Crisis**”) could materially adversely impact the REIT’s and its tenants’ businesses, and thereby the ability of tenants to meet their payment obligations, by disrupting supply chains and transactional activities and negatively impacting local, national or global economies. A Health Crisis could further result in: a general or acute decline in economic activity in the regions in which the REIT holds assets, increased unemployment, staff shortages, reduced tenant traffic, mobility restrictions and other quarantine measures, supply shortages, increased government regulation, and the quarantine or contamination of one or more of the REIT’s properties. Contagion in a property or market in which the REIT operates could negatively impact its occupancy, reputation or attractiveness. All of these occurrences may have a material adverse effect on the REIT’s business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units. Furthermore, increased government regulation relating to a Health Crisis could result in legislation or regulations that may restrict the REIT’s ability to enforce material provisions under its leases, including in respect of the collection of rent or other payment obligations or the ability of the REIT to raise rent or the ability of the REIT to evict tenants for non-payment of rent, among other potential adverse impacts, that could have a material adverse effect on the REIT’s business, cash flows, financial condition and results of operations and ability to make distributions to holders of Units.

In addition, the overall severity and duration of COVID-19-related adverse impacts on the REIT’s business, financial condition, cash flows and/or results of operations for 2020 and beyond, cannot be fully estimated at this time, but may be material. Such impacts may include: (i) an inability for tenants to meet their payment obligations; (ii) reduction in staff and operational levels; (iii) increased costs resulting from the REIT’s efforts to mitigate the impact of COVID-19; (iv) deterioration of worldwide credit and financial markets that could limit the REIT’s ability to obtain external financing to fund operations and capital expenditures, result in losses on the REIT’s investments due to failures of financial institutions and other parties, and result in a higher rate of losses on the REIT’s accounts receivable due to credit defaults; and (v) impairments and/or write-downs of assets. In addition, the impact of COVID-19 on the economy may have an adverse effect on the trading price for the Units, including reduced trading prices and/or increased volatility resulting in swings in trading price unrelated to the REIT’s underlying business. The size of the impact will depend on future developments.

The federal government has implemented various programs to provide support to businesses financially impacted by COVID-19, including programs targeting commercial rent support. However, it is not clear how long the impacts of COVID-19 may last, or the extent of all the government programs that might be put in place in the future and how these programs may change over time, or what their full impact might be. As a result, the impact on the REIT’s cash flow from operating activities remains uncertain. In addition, the REIT’s investment properties are measured at fair value based on assumptions influenced by market conditions. Given the uncertainty of the longer-term impact of the COVID-19 pandemic and how it will impact valuation assumptions, measurement uncertainty exists with respect to the REIT’s investment properties.

Even after the COVID-19 pandemic has subsided, the REIT may continue to experience material adverse impacts to its business as a result of its global economic impact, including any related recession, as well as lingering impacts on the REIT’s suppliers, third-party service providers and/or tenants. The REIT actively assesses, and responds where possible, to the effects of the COVID-19 pandemic on its employees, tenants, suppliers, and service providers, and evaluates governmental actions being taken to curtail its spread. The REIT will continue to monitor the situation closely, and intends to follow health and safety guidelines as they evolve.

Fixed Costs and Increased Expenses

Nexus REIT incurs a number of fixed costs which must be made through its ownership of real property, regardless of whether its Properties are producing income. Fixed costs such as utilities, property taxes, maintenance costs, mortgage payments, insurance costs, and related costs, may have a material adverse effect on Nexus REIT’s business, cash flows, financial condition, and results of operations if Nexus REIT cannot maintain or increase its average monthly rental rates and occupancy levels. It is possible that a mortgagee would exercise its rights of foreclosure or sale should Nexus REIT be unable to meet its mortgage payments on its Properties.

The timing and amount of fixed costs incurred by Nexus REIT may limit its cash flows in any particular period. As a result, cash distributions to Unitholders may be postponed, reduced, or even eliminated, in times where Nexus REIT requires cash to make significant capital or other expenditures.

Interest Rate Risk

Nexus REIT may be subject to higher interest rates in the future, given the current economic climate. Nexus REIT may also be unable to renew its maturing debt either with an existing or a new lender, and if it is able to renew its maturing debt, significantly lower loan-to-value ratios may be used. Nexus REIT will seek to manage this risk by negotiating fixed interest rates where possible.

Risk Factors Related to Nexus REIT's Strategic Relationship

Acquisition of Future Properties through or from the RFA Group

Nexus REIT's ability to expand its asset base and increase AFFO per Unit through acquisitions may be significantly affected by Nexus REIT's ability to leverage its relationship with the RFA Group to access opportunities to acquire additional properties that satisfy Nexus REIT's investment criteria. The RFA Group has advised Nexus REIT that its current intention is to seek out acquisition opportunities for Nexus REIT. There can be no assurance that Nexus REIT will be able to access such opportunities and acquire additional properties or do so on terms favourable to Nexus REIT. The inability of Nexus REIT to expand its asset base by virtue of its relationship with the RFA Group may have a material adverse effect on Nexus REIT's business, cash flows, financial condition and results of operations and its ability to make distributions to Unitholders.

Risks Relating to the Business of Nexus REIT and its Affiliates

Dependence on the Partnerships

Nexus REIT is an unincorporated open-ended real estate investment trust which is entirely dependent on the operations and assets of its subsidiaries. Cash distributions to Unitholders are dependent on, among other things, the ability of Partnerships to make cash distributions in respect of outstanding limited partnership units. The ability of Partnerships to make cash distributions or other payments or advances will depend on the Partnerships' results of operations and may be restricted by, among other things, applicable corporate, tax and other laws and regulations and contractual restrictions contained in the instruments governing any indebtedness of Partnerships.

Reliance on Key Personnel

The management and governance of Nexus REIT depends on the services of certain key personnel, certain executive officers and the Trustees. The loss of the services of any key personnel could have an adverse effect on Nexus REIT and adversely impact Nexus REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

Acquisitions

Nexus REIT's strategy includes growth through identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and effectively operating and leasing such properties. If Nexus REIT is unable to manage its growth effectively, it could adversely impact Nexus REIT's financial condition and results of operations and decrease the amount of cash available for distribution. There can be no assurance as to the pace of growth through property acquisitions or that Nexus REIT will be able to acquire assets on an accretive basis, and as such there can be no assurance that distributions to Unitholders will increase in the future.

Nexus REIT's external growth prospects depend in large part on identifying suitable acquisition opportunities, pursuing such opportunities and consummating acquisitions. Nexus REIT intends to make acquisitions and dispositions of properties in accordance with its external growth strategy. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, as well as Nexus REIT's ability to realize its anticipated growth opportunities and synergies from its newly acquired properties.

Appraisals

Nexus REIT is provided with independent estimates of the fair market value range in respect of the Properties. Caution should be exercised in the evaluation and use of appraisal results, which are estimates of market value at a specific point in time. In general, appraisals represent only the analysis and opinion of qualified experts as of the effective date of such appraisals and are not guarantees of present or future value. There is no assurance that the assumptions employed in determining the appraised values of the Properties are correct as of the date of any future date or that such valuations actually reflect an amount that would be realized upon a current or future sale of any of the Properties or that any projections included in the appraisals will be attainable. As prices in the real estate market fluctuate over time in response to numerous factors, the fair market value of the Properties shown on the appraisals may be an unreliable indication of their current market value.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the appraisals.

Insurance Renewals

There is a possibility that Nexus REIT may not be able to renew its current insurance policies or obtain new insurance policies in the future for its Properties once they expire. The current terms and levels of coverage may not be available to Nexus REIT for property and casualty insurance, as well as insurance against natural disasters. In addition, the premiums that insurance companies may charge in the future may be significantly greater than they are currently. If Nexus REIT is unable to obtain adequate insurance for its Properties, Nexus REIT could be in default under certain contractual commitments that it has made. Nexus REIT may also be subject to a greater risk of not being covered should damages to its Properties occur, therefore affecting Nexus REIT's business, cash flows, financial condition, results of operations and ability to make distributions to its Unitholders.

Access to Capital

The real estate industry is highly capital intensive. Nexus REIT will require access to capital to maintain its properties, as well as to fund its growth strategy and significant capital expenditures from time to time. There can be no assurance that Nexus REIT will have access to sufficient capital or access to capital on terms favourable to Nexus REIT for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Further, Nexus REIT may not be able to borrow funds due to the limitations set forth in the Declaration of Trust. It is possible that financing which Nexus REIT may require in order to grow and expand its operations, upon the expiry of the term of financing, on refinancing any particular property owned by Nexus REIT or otherwise, may not be available or, if it is available, may not be available on favourable terms to Nexus REIT. Failure to access required capital could adversely impact Nexus REIT's financial condition and results of operations and decrease the amount of cash available for distribution. As well, future financing may not be available at current levels of leverage.

Derivatives Risks

Nexus REIT may invest in and use derivative instruments, including futures, forwards, options and swaps, to manage its utility and interest rate risks inherent in its operations. There can be no assurance that Nexus REIT's hedging activities will be effective. Further, these activities, although intended to mitigate price volatility, expose Nexus REIT to other risks. Nexus REIT is subject to the credit risk that its counterparty (whether a clearing corporation in the case of exchange traded instruments or another third party in the case of over-the-counter instruments) may be unable to meet its obligations. In addition, there is a risk of loss by Nexus REIT of margin deposits in the event of the bankruptcy of the dealer with whom Nexus REIT has an open position in an option or futures or forward contract. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these contracts involves judgment and use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. The ability of Nexus REIT to close out its positions may also be affected by exchange imposed daily trading limits on options and futures contracts. If Nexus REIT is unable to close out a position, it will be unable to realize its profit or limit its losses until such time as the option becomes exercisable or expires or the futures or forward contract terminates, as the case may be. The inability

to close out options, futures and forward positions could also have an adverse impact on Nexus REIT's ability to use derivative instruments to effectively hedge its utility and interest rate risks.

Potential Conflicts of Interest With Trustees

The Trustees will, from time to time, in their individual capacities, deal with parties with whom Nexus REIT may be dealing, or may be seeking investments similar to those desired by Nexus REIT. The interests of these persons could conflict with those of Nexus REIT. The Declaration of Trust contains conflict of interest provisions requiring the Trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters. In addition, certain decisions regarding matters that may give rise to a conflict of interest must be made by a majority of Independent Trustees only.

Internal Controls

Effective internal controls are necessary for Nexus REIT to provide reliable financial reports and to help prevent fraud. Although Nexus REIT has undertaken a number of procedures and safeguards in order to help ensure the reliability of Nexus REIT's financial reports, including those imposed on Nexus REIT under Canadian securities law, Nexus REIT cannot be certain that such measures will ensure that Nexus REIT will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm Nexus REIT's results of operations or cause it to fail to meet its reporting obligations. If Nexus REIT or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in Nexus REIT's consolidated financial statements and harm the trading price of the Units.

Litigation Risks

In the normal course of Nexus REIT's operations, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to Nexus REIT and as a result, could have a material adverse effect on Nexus REIT's assets, liabilities, business, financial condition and results of operations. Even if Nexus REIT prevails in any such legal proceeding, the proceedings could be costly and time-consuming and would divert the attention of management and key personnel from Nexus REIT's business operations, which could adversely affect its financial condition.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss to another party by failing to pay for its obligations. Nexus REIT is subject to credit risk with respect to its cash and cash equivalents and tenant and other receivables. Nexus REIT mitigates credit risk by depositing cash with and investing in guaranteed investment certificates of a Canadian schedule I chartered bank and monitoring the bank's credit ratings. See also "Nexus REIT Properties – Tenant Profile".

Liquidity risk

Liquidity risk is the risk that Nexus REIT will not have the financial resources required to meet its financial obligations as they come due. Nexus REIT manages this risk by ensuring it has sufficient cash and cash equivalents on hand or borrowing capacity to meet obligations as they come due by forecasting cash flows from operations, cash required for investing activities and cash from financing activities. Nexus REIT historically has operated with a working capital deficit. It is not unusual for Nexus REIT to have a working capital deficit, as Nexus REIT does not maintain a significant balance of cash on hand, but has access to the undrawn borrowing capacity on the credit facility to fund cash requirements. Nexus REIT anticipates that it will be able to refinance mortgages on their maturity.

Risks Related to the Structure of Nexus REIT

Reliance on External Sources of Capital

Because Nexus REIT expects to make regular cash distributions as a real estate investment trust, it likely will not be able to fund all of its future capital needs, including capital for acquisitions and development, with income from operations. Nexus REIT therefore will have to rely on third-party sources of capital, which may or may not be available on favourable terms, if at all. Nexus REIT's access to third-party sources of capital depends on a number of things, including the market's perception of its growth potential and its current and potential future earnings. If Nexus REIT is unable to obtain third-party sources of capital, it may not be able to acquire or develop when strategic opportunities exist, satisfy its debt obligations or make regular distributions to Unitholders.

Restrictions on Redemptions

It is anticipated that the redemption right will not be the primary mechanism for Unitholders to liquidate their investments. Subsidiary Notes which may be distributed in specie to Unitholders in connection with a redemption will not be listed on any stock exchange and no established market is expected to develop for such securities, and such securities may be subject to an indefinite "hold period" or other resale restrictions under applicable securities laws. Subsidiary Notes so distributed may not be qualified investments for Plans, depending upon the circumstances at the time. Regulatory approvals will be required in connection with the distribution of Subsidiary Notes in specie to Unitholders in connection with a redemption.

The entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the following limitations: (i) the total amount payable by Nexus REIT in respect of such units and all other units tendered for redemption in the same calendar month must not exceed \$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units must be listed for trading on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides fair market value prices for the Units; (iii) the trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the redemption date for more than five trading days during the 10 day trading period commencing immediately after the redemption date; and (iv) redemptions must not result in the delisting of Units from the principal exchange on which the Units are listed.

Structural Subordination of Units

In the event of a bankruptcy, liquidation or reorganization of Nexus REIT or any of its subsidiaries, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of Nexus REIT and those subsidiaries before any assets are made available for distribution to the Unitholders. The Units are effectively subordinated to most of the indebtedness and other liabilities of Nexus REIT and its subsidiaries. Nexus REIT shall not incur or assume any indebtedness if, after giving effect to the incurrence or assumption of such indebtedness, the total indebtedness of Nexus REIT would be more than 65% of the Gross Book Value.

Unitholder Liability

The Declaration of Trust provides that no Unitholder will be subject to any liability whatsoever to any person in connection with the holding of a Unit. In addition, legislation has been enacted in the Province of Ontario and certain other provinces and territories that is intended to provide Unitholders in those provinces and territories with limited liability. However, there remains a risk, which is considered by Nexus REIT to be remote in the circumstances, that a holder of Units could be held personally liable for the obligations of Nexus REIT to the extent that claims are not satisfied out of the assets of Nexus REIT. It is intended that the affairs of Nexus REIT will be conducted to seek to minimize such risk wherever possible.

Class B LP Units – Limited Liability

Holders of Class B LP Units may lose their limited liability in certain circumstances, including by taking part in the control or management of the business of the applicable limited partnership. The principles of law in the various jurisdictions of Canada recognizing the limited liability of the limited partners of limited partnerships subsisting under the laws of one province but carrying on business in another province have not been authoritatively established. If limited liability is lost, there is a risk that holders of Class B LP Units may be liable beyond their contribution of capital and share of undistributed net income of the applicable limited partnership in the event of judgment on a claim in an amount exceeding the sum of the net assets of the applicable general partner and the net assets of the applicable limited partnership. Holders of Class B LP Units remain liable to return to the applicable limited partnership such part of any amount distributed to them as may be necessary to restore the capital of the applicable limited partnership to the amount existing before such distribution if, as a result of any such distribution, the capital of the applicable limited partnership is reduced and the applicable limited partnership is unable to pay its debts as they become due.

Nature of Investment

A holder of a Unit or a Class B LP Unit does not hold a share of a body corporate. Unitholders or holders of Class B LP Units do not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. The rights of holders of Units and Class B LP Units are based primarily on the Declaration of Trust and the applicable limited partnership agreement, respectively. There is no statute governing the affairs of Nexus REIT or any subsidiary limited partnership equivalent to the CBCA which sets out the rights and entitlements of shareholders of corporations in various circumstances.

Neither the Units nor the Class B LP Units are or will be “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act*, nor will they be insured under the provisions of that Act or any other legislation. Furthermore, Nexus REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Tax-Related Risks

If the SIFT Rules were to apply to Nexus REIT or any Partnership then such rules could impact the level of cash distributions that would otherwise be made by Nexus REIT and the taxation of such distributions to Unitholders. The SIFT Rules will not apply to Nexus REIT provided that it qualifies as a “real estate investment trust” (as defined in the Tax Act) for the year (the “**REIT Exception**”) or to any Partnership provided that it qualifies as an “excluded subsidiary entity” (as defined in the Tax Act). Although, as of the date hereof, management of Nexus REIT believes that Nexus REIT will be able to meet the requirements of the REIT Exception throughout 2021 and subsequent taxation years, and that each Partnership will qualify as an “excluded subsidiary entity” at all relevant times, there can be no assurance that Nexus REIT and the Partnerships will be able to qualify for the REIT Exception or as “excluded subsidiary entities”, as applicable, in order for the Partnerships, Nexus REIT and the Unitholders not to be subject to the SIFT Rules in future years.

In the event the SIFT Rules were to apply to Nexus REIT or a Partnership, the impact to a Unitholder would depend, among other factors, on the particular circumstances of the holder, on the amount of the “non-portfolio earnings” (as defined in the Tax Act) of Nexus REIT or such Partnership, as applicable, and, in the case of Nexus REIT, on the amount of income distributed which would not be deductible by Nexus REIT in computing its income in a particular year and what portions of Nexus REIT’s distributions constitute “non-portfolio earnings” (as defined in the Tax Act), other income and returns of capital.

If the SIFT Rules were to apply to Nexus REIT or a Partnership, the SIFT Rules may have an adverse impact on Nexus REIT and the Unitholders, on the value of the Units, and on the ability of Nexus REIT to undertake financings and acquisitions; and the distributable cash of Nexus REIT may be materially reduced. The effect of the SIFT Rules on the market for the Units is uncertain.

Nexus REIT intends to comply with the requirements under the Tax Act at all relevant times such that it will qualify at all times as a “unit trust” and a “mutual fund trust” for purposes of the Tax Act. Under current law, a trust may lose its status under the Tax Act as a mutual fund trust if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of Non-Residents of Canada for purposes of the Tax Act, except in limited circumstances. There is no way of rectifying such a loss of mutual fund trust status such that if, at any time, Nexus REIT were to lose mutual fund trust status in this manner, Nexus REIT would permanently cease to be a mutual fund trust. Accordingly, the Declaration of Trust includes restrictions on the ownership of Units intended to limit the number of Units held by Non-Residents, such that Non-Residents, partnerships that are not “Canadian partnerships” (as defined in the Tax Act) or any combination of the foregoing may not own Units representing more than 49% of the fair market value of all Units. Should Nexus REIT cease to qualify as a mutual fund trust under the Tax Act, there would be material adverse consequences for Nexus REIT and/or its Unitholders.

There can be no assurance that income tax laws and the treatment of mutual fund trusts will not be changed in a manner which adversely affects Nexus REIT and its security holders. Management of Nexus REIT will attempt to ensure that the Units continue to be qualified investments for Plans. Units will cease to be qualified investments for Plans if Nexus REIT is no longer qualified as a mutual fund trust and the Units cease to be listed on a designated stock exchange. Adverse tax consequences may apply to a Plan, or an annuitant or holder thereof, if the Plan acquires or holds property that is not a qualified investment for the Plan.

In certain circumstances, the deductibility of interest on money borrowed to invest in an income trust may be reduced on a *pro rata* basis in respect of distributions from the income trust that are a return of capital and that are not reinvested for an income earning purpose. Accordingly, part of the interest payable by a Unitholder on borrowed money previously used to invest in Units could be non-deductible where such returns of capital have occurred.

There can be no assurance that Canadian federal income tax laws, the judicial interpretation thereof, or the administrative policies and assessing practices of the CRA will not be changed in a manner that adversely affects Nexus REIT or Unitholders. Any such change could increase the amount of tax payable by Nexus REIT or its affiliates or could otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to Unitholders in respect of distributions.

The Tax Act may impose additional withholding or other taxes on distributions made by Nexus REIT to, or on dispositions of Units by, Unitholders who are Non-Residents. Such taxes and any reduction thereof under a tax treaty between Canada and another country may change from time to time. Unitholders who are Non-Residents should consult their own tax advisors.

Class B LP Units

No opinion has been obtained by Nexus REIT as to the tax consequences of acquiring or holding Class B LP Units and Nexus REIT has provided no representation as to the tax consequences of acquiring or holding Class B LP Units. Holders of Class B LP Units should consult their own legal and tax advisors with respect to the tax consequences associated with the holding of Class B LP Units. Moreover, Class B LP Units are subject to additional restrictions and limitations including: (i) restrictions on transferability; and (ii) restrictions on the exercise of the right to exchange Class B LP Units into Units. The Class B LP Units are not listed on the TSXV or any other stock exchange or quotation system.

Availability of Cash Flow

Distributions made to holders of Units and holders of Class B LP Units may exceed actual cash available to Nexus REIT from time to time because of items such as principal repayments, capital expenditures, seasonal fluctuations in operating results and redemption of Units, if any. Nexus REIT may be required to borrow funds or reduce distributions in order to accommodate such items. Nexus REIT may temporarily fund such items, if necessary, through an operating credit facility, to the extent that it is available.

Restrictions on Ownership of Units

The Declaration of Trust imposes various restrictions on Unitholders. Non-Resident Unitholders are prohibited from beneficially owning more than 49% of the Units (on a non-diluted and a fully-diluted basis). These restrictions may limit (or inhibit the exercise of) the rights of certain Unitholders, including certain United States persons and other Non-Residents to acquire Units, to exercise their rights as Unitholders and to initiate and complete take-over bids in respect of the Units. As a result, these restrictions may limit the demand for Units from certain Unitholders and thereby adversely affect the liquidity and market value of the Units.

Risks Related to the Units

Volatile Market Price for the Units

The market price for the Units may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond Nexus REIT's control, including the following: (i) actual or anticipated fluctuations in Nexus REIT's quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to Nexus REIT; (iv) addition or departure of Nexus REIT's executive officers and other key personnel; (v) release or expiration of lockup or other transfer restrictions on outstanding Units; (vi) sales or perceived sales of additional Units; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving Nexus REIT or its competitors; and (viii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in Nexus REIT's industry or target markets.

Financial markets have, in recent months, experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of issuers and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such issuers. Accordingly, the market price of Nexus REIT's securities may decline even if Nexus REIT's operating results, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of Nexus REIT's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in Nexus REIT's securities by those institutions, which could adversely affect the trading price of Nexus REIT's securities. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil exist for a protracted period of time, Nexus REIT's operations could be adversely impacted and the trading price of Nexus REIT's securities may be adversely affected.

Return on Investment Not Guaranteed

The Units are equity securities of Nexus REIT and are not traditional fixed income securities. A fundamental characteristic that distinguishes the Units from traditional fixed income securities is that Nexus REIT does not have a fixed obligation to make payments to holders of Units and does not promise to return the initial purchase price of a Unit on a certain date in the future. Nexus REIT has the ability to reduce or suspend distributions if circumstances warrant. The ability of Nexus REIT to make cash distributions, and the actual amount distributed, is entirely dependent on the operations and assets of Nexus REIT and its subsidiaries, and is subject to various factors including financial performance, obligations under applicable credit facilities, fluctuations in working capital and capital expenditure requirements. There can be no assurance regarding the amount of income to be generated by Nexus REIT's Properties. The market value of the Units will deteriorate if Nexus REIT is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, unlike interest payments or an interest-bearing debt security, Nexus REIT's cash distributions are composed of different types of payments (portions of which may be fully or partially taxable or may constitute non-taxable returns of capital). The composition for tax purposes of those distributions may change over time, thus affecting the after-tax returns to holders of Units. Therefore, the rate of return over a defined period for a holder of Units may not be comparable to the rate of return on a fixed income security that provides a "return on capital" over the same period.

Dilution

The number of Units Nexus REIT is authorized to issue is unlimited. Nexus REIT may, in its sole discretion, issue additional Units from time to time subject to the rules of any applicable stock exchange on which the Units are then listed. The issuance of any additional Units may have a dilutive effect on the interests of holders of Units.

Additional Risks Related to Nexus REIT and its Business

Financing Risk

Nexus REIT is subject to the risks associated with debt financing, including the risk that Nexus REIT's cash flows will be insufficient to meet required payments of principal and interest, that the mortgages and banking facilities secured by Nexus REIT's Properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness, which may reduce AFFO per Unit, force the disposition of one or more properties on disadvantageous terms or result in foreclosure on one or more properties.

In addition, certain loan documents relating to secured debt of Nexus REIT contain restrictions concerning and covenants and events of default relating to Nexus REIT, the Partnerships and the properties subject to such secured debt. Failure to comply with any such restriction or covenant, or the occurrence of any such events, could result in an event of default under the applicable loan document. Upon the occurrence of an event of default, the secured debt could be accelerated, which in turn could adversely impact Nexus REIT's business operations, financial condition and results of operations and may decrease the amount of cash available for distribution.

Corporate Entity Property Ownership

Nexus REIT may from time to time own properties through corporate entities, which will generally be subject to entity-level taxation under the Tax Act. The application of entity-level tax to the income generated by such properties could impact Nexus REIT's ability to distribute the cash flow generated thereby to Unitholders in the future. Nexus REIT does not currently expect any material amount of entity-level income tax to be payable by corporate entities, but no assurances can be given in this regard.

Assumption of Liabilities

Nexus REIT may indirectly assume liabilities arising out of or related to Nexus REIT's business, operations or assets, and may from time to time indemnify those persons who sell properties to Nexus REIT for, among other matters, such liabilities. Further, Nexus REIT may assume unknown liabilities that could be significant.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no proposed transactions, nor have there been any transactions within the last three fiscal years, which in either case have materially affected or will materially affect the REIT in which any of the REIT Trustees or officers of the REIT or their affiliates had or has any material interest, direct or indirect.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

Nexus REIT is not, and during its most recently completed financial year was not, a party to any material legal proceedings, and none of its properties is, and during its most recently completed financial year was, the subject of any material legal proceedings. Further, Nexus REIT is not aware of any such proceedings being contemplated.

Regulatory Actions

Nexus REIT is not, and at any time within the three most recently completed financial years was not, subject to any penalties or sanctions imposed by a court or regulatory body, and no settlement agreement was entered into by Nexus REIT at any time within the three most recently completed financial years.

MATERIAL CONTRACTS

The following are the only material contracts relating to Nexus REIT and its Subsidiaries as at the date hereof:

1. the Declaration of Trust;
2. the Nobel LP Agreement;
3. the Nobel Exchange Agreement; and
4. the RFA Post-Closing Agreement.

EXPERTS

The REIT's auditors are PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, located at 1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Québec. PricewaterhouseCoopers LLP has confirmed that it is independent with respect to the REIT within the meaning of the Code of ethics of chartered professional accountants (Québec).

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and registrar for the Units and the Class B LP Units is TSX Trust Company at its principal office in Toronto, Ontario.

ADDITIONAL INFORMATION

Additional information relating to Nexus REIT may be found on SEDAR at www.sedar.com. Additional information, including with respect to Trustees' and officers' remuneration and indebtedness, principal holders of Units of Nexus REIT and securities authorized for issuance under equity compensation plans, as applicable, is contained in Nexus REIT's management information circular dated April 15, 2020, prepared in connection with Nexus REIT's annual general meeting of Unitholders.

Additional financial information is provided in Nexus REIT's audited consolidated financial statements and management's discussion and analysis of the financial condition of Nexus REIT for the year ended December 31, 2020. A copy of such documents can be found on SEDAR at www.sedar.com.

APPENDIX A

NEXUS REAL ESTATE INVESTMENT TRUST AUDIT COMMITTEE CHARTER

1. Introduction

The Audit Committee (the “**Committee**” or the “**Audit Committee**”) of Nexus Real Estate Investment Trust (“**Nexus**” or the “**REIT**”) is a committee of the Board of Trustees (the “**Board**”). The Committee shall oversee the accounting and financial reporting practices of the REIT and the audits of the REIT’s financial statements and exercise the responsibilities and duties set out in this Mandate.

2. Membership

Number of Members

The Committee shall be composed of three or more members of the Board, or such lesser number as may be permitted by Canadian securities laws.

Independence of Members

Each member of the Committee must be independent. “Independent” shall have the meaning, as the context requires, given to it in National Instrument 52-110 – *Audit Committees*, as may be amended from time to time.

Chair

At the time of the annual appointment of the members of the Audit Committee, the Board shall appoint a Chair of the Audit Committee. The Chair shall be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee’s compliance with this Mandate, work with management to develop the Audit Committee’s annual work-plan and provide reports of the Audit Committee to the Board.

Financial Literacy of Members

At the time of his or her appointment to the Committee, each member of the Committee (unless a lesser number is permitted by Canadian securities laws) shall have, or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the REIT’s financial statements.

Term of Members

The members of the Committee shall be appointed by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board. Unless a Chair is elected by the Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

3. Meetings

Number of Meetings

The Committee may meet as many times per year as necessary to carry out its responsibilities.

Quorum

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee shall constitute a quorum.

Calling of Meetings

The Chair, any member of the Audit Committee, the external auditors, the Chairman of the Board, or the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Audit Committee by notifying the REIT's Corporate Secretary who will notify the members of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a chair from their number for a meeting.

Minutes; Reporting to the Board

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.

Attendance of Non-Members

The external auditors are entitled to attend and be heard at each Audit Committee meeting. In addition, the Committee may invite to a meeting any officers or employees of the REIT, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities. At least once per year, the Committee shall meet with the internal auditor and management in separate sessions to discuss any matters that the Committee or such individuals consider appropriate.

Meetings without Management

The Committee shall hold unscheduled or regularly scheduled meetings, or portions of meetings, at which management is not present.

Procedure

The procedures for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those applicable to meetings of the Board.

Access to Management

The Committee shall have unrestricted access to the REIT's management and employees and the books and records of the REIT.

4. Duties and Responsibilities

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by any exchange upon which securities of the REIT are traded, or any governmental or regulatory body exercising authority over the REIT, as are in effect from time to time (collectively, the "**Applicable Requirements**").

Financial Reports

(a) General

The Audit Committee is responsible for overseeing the REIT's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the REIT's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the REIT. The auditors are responsible for auditing the REIT's annual consolidated financial statements and for reviewing the REIT's unaudited interim financial statements.

(b) Review of Annual Financial Reports

The Audit Committee shall review the annual consolidated audited financial statements of the REIT, the auditors' report thereon and the related management's discussion and analysis of the REIT's financial condition and results of operation ("MD&A"). After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the annual financial statements and the related MD&A.

(c) Review of Interim Financial Reports

The Audit Committee shall review the interim consolidated financial statements of the REIT, the auditors' review report thereon and the related MD&A. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the interim financial statements and the related MD&A.

(d) Review Considerations

In conducting its review of the annual financial statements or the interim financial statements, the Audit Committee shall:

- (i) meet with management and the auditors to discuss the financial statements and MD&A;
- (ii) review the disclosures in the financial statements;
- (iii) review the audit report or review report prepared by the auditors;
- (iv) discuss with management, the auditors and legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;
- (v) review the accounting policies followed and critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;
- (vi) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under IFRS;
- (vii) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;
- (viii) review management's report on the effectiveness of internal controls over financial reporting;
- (ix) review the factors identified by management as factors that may affect future financial results; and
- (x) review any other matters, related to the financial statements, that are brought forward by the auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or Applicable Requirements.

(e) Approval of Other Financial Disclosures

The Audit Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of the REIT, press releases disclosing, or based upon, financial results of the REIT and any other material financial disclosure, including financial guidance provided to analysts, rating agencies or otherwise publicly disseminated.

Auditors

(a) General

The Audit Committee shall be responsible for oversight of the work of the auditors, including the auditors' work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work.

(b) Nomination and Compensation

The Audit Committee shall review and, if advisable, select and recommend for Board approval the external auditors to be nominated and the compensation of such external auditor. The Audit Committee shall have ultimate authority to approve all audit engagement terms and fees, including the auditors' audit plan.

(c) Resolution of Disagreements

The Audit Committee shall resolve any disagreements between management and the auditors as to financial reporting matters brought to its attention.

(d) Discussions with Auditors

At least annually, the Audit Committee shall discuss with the auditors such matters as are required by applicable auditing standards to be discussed by the auditors with the Audit Committee.

(e) Audit Plan

At least annually, the Audit Committee shall review a summary of the auditors' annual audit plan. The Audit Committee shall consider and review with the auditors any material changes to the scope of the plan.

(f) Quarterly Review Report

The Audit Committee shall review a report prepared by the auditors in respect of each of the interim financial statements of the REIT.

(g) Independence of Auditors

At least annually, and before the auditors issue their report on the annual financial statements, the Audit Committee shall obtain from the auditors a formal written statement describing all relationships between the auditors and the REIT; discuss with the auditors any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which the auditors belong and other Applicable Requirements. The Audit Committee shall take appropriate action to oversee the independence of the auditors.

(h) Evaluation and Rotation of Lead Partner

At least annually, the Audit Committee shall review the qualifications and performance of the lead partner(s) of the auditors and determine whether it is appropriate to adopt or continue a policy of rotating lead partners of the external auditors.

(i) Requirement for Pre-Approval of Non-Audit Services

The Audit Committee shall approve in advance any retainer of the auditors to perform any non-audit service to the REIT that it deems advisable in accordance with Applicable Requirements and Board approved policies and procedures. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

(j) Approval of Hiring Policies

The Audit Committee shall review and approve the REIT's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the REIT.

(k) Communication with Internal Auditor

If an internal auditor has been appointed by the REIT, the internal auditor shall report regularly to the Committee. The Committee shall review with the internal auditor any problem or difficulty the internal auditor may have encountered including, without limitation, any restrictions on the scope of activities or access to required information, and any significant reports to management prepared by the internal auditing department and management's responses thereto.

The Committee shall periodically review and approve the mandate, plan, budget and staffing of the internal audit department. The Committee shall direct management to make changes it deems advisable in respect of the internal audit function.

The Committee shall review the appointment, performance and replacement of the senior internal auditing executive and the activities, organization structure and qualifications of the persons responsible for the internal audit function, as applicable.

(l) Financial Executives

The Committee shall review and discuss with management the appointment of key financial executives and recommend qualified candidates to the Board, as appropriate.

Internal Controls

(a) General

The Audit Committee shall review the REIT's system of internal controls.

(b) Establishment, Review and Approval

The Audit Committee shall require management to implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Audit Committee shall consider and review with management and the auditors:

- (i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the REIT's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;
- (ii) any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the REIT's periodic regulatory filings;
- (iii) any material issues raised by any inquiry or investigation by the REIT's regulators;
- (iv) the REIT's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the REIT to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and

- (v) any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls.

Compliance with Legal and Regulatory Requirements

The Audit Committee shall review reports from the REIT's Corporate Secretary and other management members on: legal or compliance matters that may have a material impact on the REIT; the effectiveness of the REIT's compliance policies; and any material communications received from regulators. The Audit Committee shall review management's evaluation of and representations relating to compliance with specific applicable law and guidance, and management's plans to remediate any deficiencies identified.

Audit Committee Hotline Whistleblower Procedures

The Audit Committee shall establish procedures for (a) the receipt, retention, and treatment of complaints received by the REIT regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the REIT of concerns regarding questionable accounting or auditing matters. Any such complaints or concerns that are received shall be reviewed by the Audit Committee and, if the Audit Committee determines that the matter requires further investigation, it will direct the Chair of the Audit Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the general counsel to reach a satisfactory conclusion.

Audit Committee Disclosure

The Audit Committee shall prepare, review and approve any audit committee disclosures required by Applicable Requirements in the REIT's disclosure documents.

Delegation

The Audit Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this mandate as the Audit Committee deems appropriate.

5. No Rights Created

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Audit Committee functions. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the REIT's Declaration of Trust, it is not intended to establish any legally binding obligations.

6. Mandate Review

The Committee shall review and update this Mandate annually and present it to the Board for approval.

Approved by the Trustees on May 14, 2018.