NEXUS REAL ESTATE INVESTMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and nine months ended September 30, 2021

November 12, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of Nexus Real Estate Investment Trust ("the REIT") for the three and nine months ended September 30, 2021 should be read in conjunction with the REIT's audited consolidated financial statements for the years ended December 31, 2020 and 2019 and the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2021.

The information contained in this MD&A reflects events up to November 12, 2021, the date on which this MD&A was approved by the REIT's Board of Trustees. Financial data included in this MD&A is presented in Canadian dollars, which is the functional currency of the REIT, and has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information about the REIT can be accessed at www.sedar.com.

On February 1, 2021, the REIT commenced trading on the Toronto Stock Exchange ("TSX") under the symbol "NXR.UN" and was delisted from the TSX Venture Exchange upon commencement of trading on the TSX. On January 29, 2021, the REIT's trust units ("REIT Units"), Class B LP Units of subsidiary limited partnerships of the REIT ("Class B LP Units") and associated special voting units were consolidated on the basis of one post-consolidation unit per four pre-consolidation units (the "Consolidation").

The number of REIT Units, Class B LP Units, restricted share units and unit options, the exercise price of outstanding unit options and per unit amounts have been proportionately adjusted within this MD&A for all periods presented to reflect the Consolidation effected on January 29, 2021.

FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements which reflect the REIT's current expectations and projections about future results. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the 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 MD&A. Such forward-looking statements are based on a number of assumptions that may prove to be incorrect.

While the REIT anticipates that subsequent events and developments may cause its views to change, the REIT specifically disclaims any obligation to update these forward-looking statements except as required by applicable law. These forward-looking statements should not be relied upon as representing the REIT's views as of any date subsequent to the date of this MD&A. 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.

NON-IFRS FINANCIAL MEASURES

Net operating income ("NOI") and same property NOI ("Same Property NOI") are measures of operating performance based on income generated from the properties of the REIT. Management considers these non-IFRS measures to be important measures of the REIT's operating performance. Funds from operations ("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 adjusted funds from operations ("AFFO"), a non-IFRS measure, to be an important performance measure of recurring economic earnings. Net asset value ("NAV") represents the proportionate share of the REIT's total assets less proportionate share of its total liabilities. Management considers NAV, a non-IFRS measure, to be an important measure of the REIT's operating performance.

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.

NOI, Same Property NOI, FFO, Normalized FFO, AFFO, Normalized AFFO and NAV 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. NOI, Same Property NOI, FFO, Normalized FFO, AFFO, Normalized AFFO and NAV as computed by the REIT may differ from similar measures as reported by other trusts or companies in similar or different industries.

NOI is used by industry analysts, investors and management to measure operating performance of Canadian real estate investment trusts. NOI represents property revenues less property operating expenses as presented in the consolidated statements of income and comprehensive income prepared in accordance with IFRS. Accordingly, NOI is equivalent to net rental income as presented in the consolidated statements of income and comprehensive income. NOI excludes certain expenses included in the determination of net income such as general and administrative expense, fair value adjustments, income (loss) from equity accounted investment in joint venture, loss on disposal of investment properties, other income, net interest expense and distributions on Class B LP Units.

Same Property NOI is defined as NOI generated from properties which were owned by the REIT throughout an entire reporting period in both the current and comparative periods. Same Property NOI excludes amortization of straight-line rent, tenant incentives and leasing costs, and termination fees and other non-recurring items. Same Property NOI includes vendor rent obligation amounts which are payable from vendors of properties until the buildout of the properties is complete and all tenants are occupying and paying rent. Management considers Same Property NOI to be an important measure of operating performance of the REIT’s properties.

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 of investment properties, warrants, unit options, restricted share units and derivative financial instruments, fair value adjustments and other effects of redeemable units classified as liabilities and the Class B LP Units, if any, amortization of right-of-use assets, lease principal payments, deferred income taxes, and amortization of tenant incentives and leasing costs. 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.

The diluted weighted average number of units used to calculate diluted FFO per unit and diluted AFFO per unit reflects conversion of all dilutive potential units, represented by unit options, warrants and restricted share units, assuming that unit options and warrants are exercised with the assumed proceeds (comprised of exercise price and any related unrecognized compensation cost) used to purchase units at the average market price during the period.

AFFO payout ratio, and Normalized AFFO payout ratio are calculated as total distributions declared during the period (including distributions declared on Class B LP Units) divided by AFFO, and Normalized AFFO, respectively.

BUSINESS OVERVIEW AND STRATEGY

Nexus Real Estate Investment Trust is an unincorporated, open-ended real estate investment trust governed by the laws of the Province of Ontario pursuant to an amended and restated declaration of trust dated August 13, 2020. The REIT owns and operates commercial real estate properties across Canada.

The strategy of the REIT is to grow by acquiring industrial 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 Partners Inc. ("RFA"), through which the REIT expects to have unique access to properties identified through RFA's expansive network of favourable industry relationships developed through over 25 years of successfully investing in the Canadian real estate industry.

HIGHLIGHTS

- Occupancy of 95% at September 30, 2021, stable compared to June 30, 2021 and increased from 93% at September 30, 2020.
- Completed a total of $95.5MM of industrial property acquisitions during Q3 2021.
- Completed a total of $285.9MM of industrial acquisitions in October and November to date and completed due diligence and waived conditions to acquire a Class A distribution centre in Alberta for $15.25MM USD. The REIT's acquisition pipeline continues to be very strong.
- Q3 2021 net operating income of $14,095,270 increased by $4,145,908 or 41.7% as compared to Q3 2020 net operating income of $9,949,362 and by $1,875,365 or 15.4% as compared to Q2 2021 net operating income of $12,219,905.
- Q3 2021 same property NOI of $9,554,551 decreased by $206,940 or 2.1% as compared Q3 2020. Q3 2021 YTD same property NOI decreased by $394,811 or 1.3% as compared Q3 2020 YTD. The decrease is primarily attributable to an approximately 25,000 square foot industrial vacancy in Calgary, combined with an approximately 26,000 square foot office space that came back to the REIT on April 30th . The REIT continues to make progress on these vacancies with new leases which commenced July 1, 2021 entered into for approximately 6,500 square feet of the office space.
- Successfully completed a $112MM bought deal financing on August 23, 2021. Commenced deployment of funds to acquire industrial properties in October 2021.
- Q3 2021 normalized FFO per unit of $0.191, as compared to $0.185 for Q2 2021 and $0.218 for Q3 2020.
- Q3 2021 normalized AFFO per unit of $0.174, as compared to $0.166 for Q2 2021 and $0.192 for Q3 2020.
- Q3 2021 normalized AFFO payout ratio of 95.9%, as compared to 96.2% for Q2 2021 and 82.4% for Q3 2020.
- Ended Q3 2021 with $63MM of cash and full availability of $45MM of credit facilities.
- Book NAV per unit, including Class B LP Units, of $11.55 at September 30, 2021 as compared to $11.21 at June 30, 2021 and $9.83 at September 30, 2020.
- Management of the REIT will host a conference call on Monday November 15th at 1PM EST to review results and operations.

ACQUISITIONS AND DISPOSALS

Acquisitions

On September 9, 2021, the REIT acquired a single-tenant industrial property located in Red Deer, Alberta (the "Peavey Property"), for a contractual purchase price of $19,750,000. The purchase price was satisfied in cash. The property is tenanted by Peavey industries and serves as their western Canada distribution centre and Canadian head office. The property has 190,000 square feet of gross leasable area ("GLA").

On July 23, 2021, the REIT acquired an industrial property located in Edmonton, Alberta (the "Dominion Centre Property"), for a contractual purchase price of $19,700,000. The purchase price was satisfied in cash. The property is multi-tenanted with 211,000 square feet of GLA. Iron Mountain, a global leader in storage and information management services, is a significant tenant.

On July 16, 2021, the REIT acquired a single-tenant industrial property located in Edmonton, Alberta (the "Bonaventure Property"), for a contractual purchase price of $12,050,000. The purchase price was satisfied in cash. The property is occupied by Complete Shipping Solutions a provider of outsourced logistics services. The property has 105,000 square feet of GLA.

On July 2, 2021, the REIT acquired two single-tenanted industrial properties located in Calgary, Alberta and Headingley, Manitoba (the "Valard Properties"), for a contractual purchase price of $44,000,000. The purchase price was partially satisfied through the issuance of 1,821,925 Class B LP Units at a deemed value of $8.45 per unit which are convertible to REIT Units on a one-to-one basis with the balance, net of closing adjustments, satisfied in cash. The properties are tenanted by Valard Construction, a large utility contractor. The properties have 205,000 square feet of GLA.

On June 14, 2021, the REIT acquired a single-tenant industrial property located in Windsor, Ontario (the "Windsor Property"), for a contractual purchase price of $14,665,000. The purchase price was satisfied in cash. Can Art Aluminium Extrusion LP is the tenant. The property is a newly constructed 120,000 square foot Class A manufacturing and warehousing facility.

On June 11, 2021, the REIT acquired a newly constructed 130,500 square foot single-tenant industrial property located in St. Thomas, Ontario (the "St. Thomas Property") for a contractual purchase price of $13,800,000. The purchase price was satisfied in cash.

On June 10, 2021, the REIT acquired a single-tenant industrial property located in Red Deer, Alberta (the "Red Deer Property") with 153,000 square feet of GLA, for a contractual purchase price of $16,300,000. The purchase price was satisfied in cash. FCA Canada Inc. (formerly Chrysler Canada) is the tenant, and this serves as their only western Canada distribution centre.

On April 1, 2021, the REIT acquired six industrial properties located in London, Ontario (the "London Properties"), with 1,194,000 square feet of GLA, for a contractual purchase price of $103,500,000. The purchase price was partially satisfied through the issuance of 8,586,407 Class B LP Units at a deemed value of $7.64 per unit which are convertible to REIT Units on a one-to-one basis with the balance, net of closing adjustments, satisfied in cash.

On March 1, 2021, the REIT acquired two industrial properties located in Edmonton, Alberta (the "Edmonton Properties"), with 108,000 square feet of GLA, 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 at a deemed value of $8.20 per unit, which are convertible to REIT Units on a one-to-one basis with the balance, net of closing adjustments, satisfied in cash. The two buildings comprise approximately 108,000 square feet of GLA and are fully leased to non-oil and gas tenants.

Disposal

On March 16, 2021, the REIT sold a property located in Lachine, Quebec, for a selling price of $2,900,000. Net of selling costs of $108,471, the REIT received cash proceeds of $2,791,529. The sale of the property generated a loss on disposal of $95,350.

REIT PROPERTIES BY ASSET CLASS AS AT SEPTEMBER 30, 2021

Property Address	Property Use	Rentable Area (Square Feet)	Rentable Area (Square Feet) At REIT Ownership Interest	Occupancy
INDUSTRIAL				
British Columbia				
988 Great St Prince George, BC	Industrial	53,126	53,126	100%
965 McMaster Way, Kamloops, BC	Industrial	13,706	13,706	100%
9929 Swanson St., Fort St. John, BC	Industrial	26,477	26,477	100%
1771 Savage Road, Richmond, BC (2) (4)	Industrial	60,000	60,000	0% (2)(4)
Alberta				
4700 & 4750 – 102 Ave., SE, Calgary, AB	Industrial	29,471	29,471	100%
3780 & 4020 - 76th Ave., SE, Calgary, AB	Industrial	58,937	58,937	100%
41 Royal Vista Drive, NW, Calgary, AB	Industrial	36,915	36,915	31%
8001 - 99 St., Clairmont, AB	Warehouse and Office	26,638	26,638	100%
12104 & 12110 - 17th St., NE, Edmonton, AB	Industrial and Headquarters	116,582	116,582	100%
14801 - 97th St., Grande Prairie, AB	Industrial	42,120	42,120	100%
3501 Giffen Rd. North 3711 – 36 St. North, Lethbridge, AB	Industrial	229,000	229,000	100%
5406 – 59th Ave., Lloydminster, AB	Industrial	12,425	12,425	100%
4301 – 45 Ave., Rycroft, AB	Industrial	22,110	22,110	100%
2301 – 8 St., Nisku, AB	Industrial	21,506	21,506	100%
2303A – 8 St., Nisku, AB	Industrial	39,649	39,649	100%
1010 Brier Park Dr., Medicine Hat, AB	Industrial	14,354	14,354	100%
27323 – 144 Township Rd. 394, Blackfalds, AB	Industrial	25,000	25,000	100%
261177-261185 Wagon Wheel Way, Balzac, AB	Industrial	95,180	95,180	100%
9110 – 23 Avenue NW, Edmonton, AB	Industrial	72,356	72,356	100%
11510 – 168 Street NW, Edmonton, AB	Industrial	35,800	35,800	100%
6777 Edgar Industrial Drive, Red Deer, AB	Industrial	153,052	153,052	100%

Property Address	Property Use	Rentable Area (Square Feet)	Rentable Area (Square Feet) At REIT Ownership Interest	Occupancy
10774 – 42 St E, Calgary, AB	Industrial	165,418	165,418	100%
12745 – 149 Street NW, Edmonton, AB	Industrial	104,727	104,727	100%
14504-14598 – 121A Ave NW, Edmonton, AB	Industrial	210,750	210,750	92%
7740 – 40 Ave, Red Deer, AB	Industrial	189,625	189,625	100%
Northwest Territories				
348-352 Old Airport Rd., Yellowknife, NWT	Industrial	53,212	53,212	100%
Saskatchewan				
110 - 71st St., Saskatoon, SK	Industrial	74,796	74,796	100%
15 Peters Ave., Saskatoon, SK	Industrial	38,160	38,160	100%
1414 Fletcher Road, Saskatoon, SK	Industrial	86,000	86,000	100%
850 Manitoba St. East & 15 - 9th Ave., NE, Moose Jaw, SK	Industrial	18,800	18,800	100%
4271 – 5 Ave. East, Prince Albert, SK	Industrial	24,600	24,600	100%
1117 -1135 Pettigrew Ave., Regina, SK	Industrial	38,690	38,690	90%
320 Industrial Drive, Regina, SK	Industrial	60,000	60,000	100%
332 Industrial Drive, Regina, SK	Industrial	85,660	85,660	100%
101 Jahn St., Estevan, SK	Industrial	11,846	11,846	100%
Manitoba				
97 Nicola Drive, Headingley, MB	Industrial	40,050	40,050	100%
Ontario				
455 Welham Rd., Barrie, ON	Industrial	109,366	109,366	100%
200 Sheldon Drive, Cambridge, ON	Industrial	150,000	150,000	100%
241-377 Fairall Steet 332-360 Frankcom Street 97-121 McMaster Avenue Ajax, ON (1)	Industrial	479,496	239,748	100%
1000 Clarke Road, London, ON	Industrial	223,190	223,190	100%

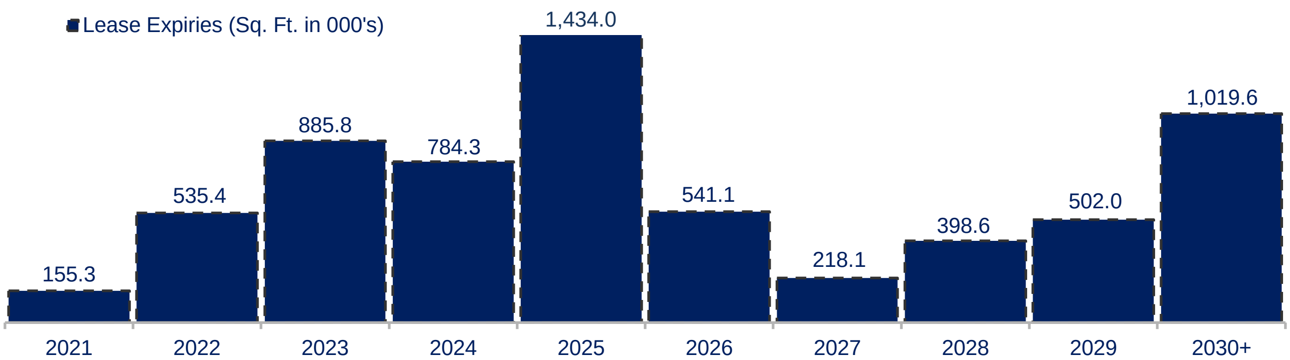
Property Address	Property Use	Rentable Area (Square Feet)	Rentable Area (Square Feet) At REIT Ownership Interest	Occupancy
1020 Adelaide St S, London, ON	Industrial	268,128	268,128	93%
1036 Green Valley Road, London, ON	Industrial	136,237	136,237	100%
1285 Hubrey Road, London, ON	Industrial	199,505	199,505	100%
375 Exeter Road, London, ON	Industrial	220,339	220,339	100%
5 Cuddy Boulevard, London, ON	Industrial	146,945	146,945	100%
70 Dennis Road, St Thomas, ON	Industrial	130,500	130,500	100%
446 Jutras Dr South, Windsor, ON	Industrial	120,000	120,000	100%
<u>Québec</u>				
935-965 rue Reverchon, Saint-Laurent, QC	Multi-tenant Industrial	114,857	114,857	100%
1901 Dickson / 5780 Ontario Est, Montréal, QC	Industrial	91,068	91,068	100%
6810 boul. Des Grandes Prairies, Montréal, QC	Industrial	60,786	60,786	100%
3330 2^{e} rue, Saint-Hubert, QC	Multi-tenant Industrial	60,441	60,441	100%
3600 1ère rue, Saint-Hubert, QC	Multi-tenant Industrial	37,554	37,554	100%
3550 1ère rue, Saint-Hubert, QC	Industrial	22,428	22,428	100%
3490-3504 rue Griffith, Saint-Laurent, QC	Multi-tenant Industrial	40,665	40,665	100%
425 rue Guy, Montréal, QC (1)	Multi-tenant Industrial	37,196	18,598	88%
<u>New Brunswick</u>				
675 St-George Boulevard, Moncton, NB	Industrial	93,443	93,443	100%
<u>RETAIL</u>				
<u>British Columbia</u>				
1751 Savage Road, Richmond, BC (2)	Retail	111,274	111,274	100%

Property Address	Property Use	Rentable Area (Square Feet)	Rentable Area (Square Feet) At REIT Ownership Interest	Occupancy
Ontario				
5005 South Service Road, Beamsville, ON	Retail	8,125	8,125	100%
Québec				
1185-1195 Chemin du Tremblay, Longueuil, QC	Retail	53,924	53,924	97%
41 boulevard Saint-Jean-Baptiste, Châteauguay, QC	Retail	53,151	53,151	100%
1094-1100 boulevard Des Chutes, Beauport, QC (1)	Retail	32,411	16,206	94%
1700 rue Sherbrooke, Magog, QC (1)	Retail	132,584	66,292	81%
1971 rue Bilodeau, Plessisville, QC (1)	Retail	99,611	49,806	92%
14000 boulevard Henri-Bourassa, Québec City, QC (1)	Retail	44,619	22,310	100%
6700 rue St-Georges, Lévis, QC (1)	Retail	43,203	21,602	69%
10516 boulevard Sainte-Anne, Ste-Anne-de-Beaupré, QC (1)	Retail	88,625	44,313	87%
9550 boulevard L'Ormière, Québec, QC (1)	Retail	114,331	57,166	97%
333 Côte Joyeuse, St-Raymond, QC (1)	Retail	64,481	32,241	80%
161 Route 230 Ouest, La Pocatière, QC (1)	Retail	208,799	104,400	75%
25 Route 138, Forestville, QC (1)	Retail	55,962	27,981	87%
2000 boulevard Louis-Fréchette, Nicolet, QC (1)	Retail	88,383	44,192	93%
3856 boulevard Taschereau, Greenfield Park, QC (1)	Retail	213,982	106,991	86%
250 boulevard Fiset, Sorel, QC (1)	Retail	116,348	58,174	100%
8245 boulevard Taschereau, Brossard, QC (1)	Retail	43,335	21,668	96%
340 rue Belvédère Sud, Sherbrooke, QC (1)	Retail	171,265	85,633	90%
401-571 boulevard Jutras Est, Victoriaville, QC	Retail	379,254	379,254	91%
7500 boulevard Les Galeries d'Anjou, Anjou, QC (1)	Retail	104,691	52,346	92%

Property Address	Property Use	Rentable Area (Square Feet)	Rentable Area (Square Feet) At REIT Ownership Interest	Occupancy
Prince Edward Island				
695 University Ave., Charlottetown, PEI	Retail	4,501	4,501	100%
OFFICE				
Québec				
2045 rue Stanley, Montréal, QC (1)	Office	112,406	56,203	95%
72 rue Laval, Gatineau, QC (1)	Office	68,473	34,237	100%
10500 avenue Ryan, Dorval, QC	Office	52,372	52,372	100%
955 boulevard Michèle-Bohec, Blainville, QC	Office	33,461	33,461	100%
1600 rue Montgolfier, Laval, QC	Office	27,097	27,097	100%
353 St-Nicolas, Montréal, QC (1)	Office	34,425	17,213	57%
410 St-Nicolas, Montréal, QC (1)	Office	154,862	77,431	82%
360 Notre-Dame Ouest, Montréal, QC (1)	Office	29,442	14,721	75%
321 de la Commune, Montréal, QC (1)	Office	11,502	5,751	66%
329 de la Commune, Montréal, QC (1)	Office	21,022	10,511	93%
127, 137 & 145 St-Pierre, Montréal, QC (1)	Office	36,837	18,419	77%
63 rue des Brésoles, Montréal, QC (1)	Office	38,253	19,127	100%
New Brunswick				
400 Main Street, St. John, NB	Office	160,071	160,071	71%
Total		8,141,964	6,818,700	95% (3)

(1) The REIT owns a 50% interest in these properties.
(2) Property is currently being redeveloped to higher yielding uses.
(3) Excluding 1771 Savage Road, which is currently being redeveloped, the occupancy rate is 96%.
(4) As at September 30, 2021, 1771 Savage Road has a total committed occupancy of 100%.

LEASE EXPIRIES

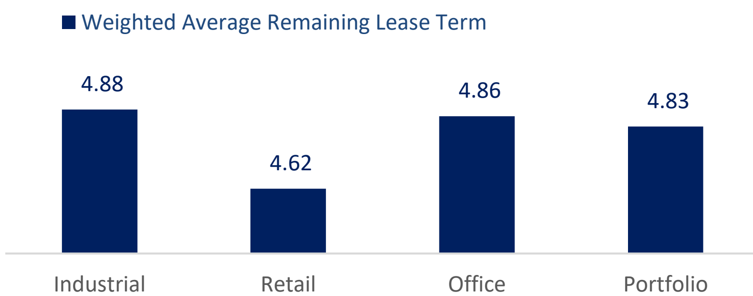


Expiring Annual Base Revenue ($Ms)

1.7	5.1	8.1	10.3	14.0	7.1	2.0	3.2	5.4	8.1

% of Total Leased GLA Expiring

2.3%	8.3%	13.7%	12.1%	22.1%	8.4%	3.4%	6.2%	7.8%	15.7%

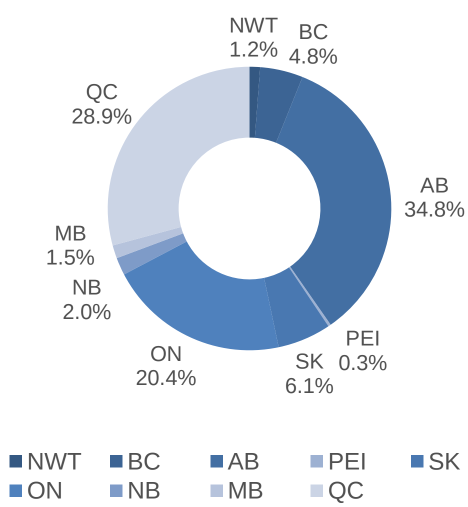


Square footage (000's)

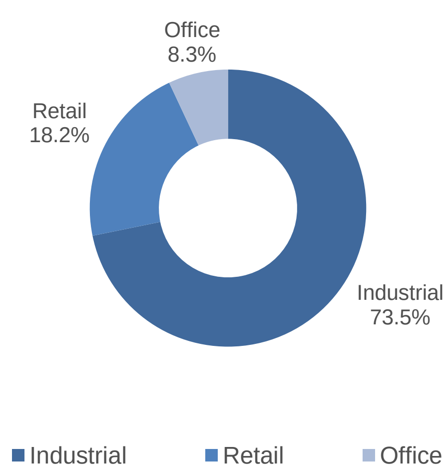
4,870	1,422	527	6,819

PROPERTY COMPOSITION DIVERSITY

GEOGRAPHIC MIX (BY NOI)



ASSET CLASS MIX (BY NOI)



SUMMARY OF RESULTS

	Three months ended September 30, 2021 $	Three months ended September 30, 2020 $	Nine months ended September 30, 2021 $	Nine months ended September 30, 2020 $
Financial highlights				
Property revenues	20,719,260	15,103,549	56,022,131	45,737,297
Net rental income (NOI)	14,095,270	9,949,362	36,880,888	29,527,794
Funds from operations (FFO) (1)	9,976,986	6,897,687	25,578,512	20,845,438
Normalized FFO (1) (2)	10,391,741	7,214,380	26,666,476	21,270,232
Adjusted funds from operations (AFFO) (1)	9,072,671	6,026,556	23,026,874	18,612,954
Normalized AFFO (1) (2)	9,487,426	6,343,249	24,114,838	19,037,748
Same Property NOI (1)	9,554,551	9,761,490	28,941,351	29,336,162
Distributions declared (3)	9,098,153	5,229,610	22,605,823	15,450,925
Weighted average units outstanding – basic (4)	54,428,423	33,031,819	46,321,800	32,470,109
Weighted average units outstanding – diluted (4)	54,600,375	33,053,882	46,529,958	32,492,172
Distributions per unit, basic (3) (4)	0.167	0.158	0.488	0.476
Distributions per unit, diluted (3) (4)	0.167	0.158	0.486	0.476
FFO per unit, basic (1) (4)	0.183	0.209	0.552	0.642
FFO per unit, diluted (1) (4)	0.183	0.209	0.550	0.642
Normalized FFO per unit, basic (1) (2) (4)	0.191	0.218	0.576	0.655
Normalized FFO per unit, diluted (1) (2) (4)	0.190	0.218	0.573	0.655
AFFO per unit, basic (1) (4)	0.167	0.182	0.497	0.573
AFFO per unit, diluted (1) (4)	0.166	0.182	0.495	0.573
Normalized AFFO per unit, basic (1) (2) (4)	0.174	0.192	0.521	0.586
Normalized AFFO per unit, diluted (1) (2) (4)	0.174	0.192	0.518	0.586
AFFO payout ratio, basic (1) (3)	100.3%	86.8%	98.2%	83.0%
Normalized AFFO payout ratio, basic (1) (2) (3)	95.9%	82.4%	93.7%	81.2%
Debt to total assets ratio	36.6%	47.7%	36.6%	47.7%
NAV per unit (1)	11.55	9.83	11.55	9.83

(1) See Non-IFRS Measures.

(2) Normalized FFO and Normalized AFFO include adjustments for vendor rent obligation amounts related to the REIT's Richmond, BC and Ajax properties, which are payable from the vendors of the properties until buildout of the properties is complete and all tenants are occupying and paying rent. The vendor rent obligation amount is not included in NOI for IFRS accounting purposes. Normalized FFO and Normalized AFFO exclude amounts recorded in other income related to estimated future vendor rent obligation amounts. For the nine months ended September 30, 2021, normalized FFO and AFFO are also adjusted to exclude $207,355 of one-time TSX listing fees related to graduation to the TSX, which are included in general and administrative expense in that period.

(3) Includes distributions payable to holders of Class B LP Units which are accounted for as finance expense in the condensed consolidated interim financial statements.

(4) Weighted average number of units includes Class B LP Units.

	Three months ended September 30, 2021 $	2020 $	Nine months ended September 30, 2021 $	2020 $
Financial results				
Property revenues	20,719,260	15,103,549	56,022,131	45,737,297
Property expenses	(6,623,990)	(5,154,187)	(19,141,243)	(16,209,503)
Net operating income (NOI)	14,095,270	9,949,362	36,880,888	29,527,794
General and administrative expense	(978,431)	(877,186)	(3,412,967)	(2,700,438)
Fair value adjustment of investment properties	26,286,620	(356,096)	100,370,117	(2,608,372)
Fair value adjustment of Class B LP Units	(45,203,653)	(767,831)	(73,103,772)	16,245,519
Fair value adjustment of warrants	-	-	-	1,210
Fair value adjustment of unit options	(897,000)	3,000	(1,798,472)	497,000
Fair value adjustment of restricted share units	(170,188)	(5,653)	(318,374)	18,466
Fair value adjustment of derivative financial instruments	704,678	105,978	4,386,190	(6,017,585)
Income (loss) from equity accounted investment in joint venture	189,106	194,148	777,537	(114,819)
Loss on disposal of investment property	-	-	(95,350)	-
Other income	200,255	271,468	981,738	1,365,612
	(5,773,343)	8,517,190	64,667,535	36,214,387
Net interest expense	(3,679,422)	(2,781,281)	(9,915,988)	(8,189,375)
Distributions on Class B LP Units	(2,624,049)	(887,459)	(5,973,629)	(2,621,766)
Net income (loss) and comprehensive income (loss) for the period	(12,076,814)	4,848,450	48,777,918	25,403,246

For the three months ended September 30, 2021, NOI of $14,095,270 was $4,145,908 higher than Q3 2020 NOI of $9,949,362. Properties acquired in 2020 and 2021 generated incremental NOI of approximately $4,605,000 in Q3 2021 as compared to Q3 2020. Partially offsetting, same property NOI was lower by $206,000 in Q3 2021 as compared to Q3 2020, primarily due to the impact of an approximately 25,000 square foot vacancy at a REIT industrial property in Calgary, Alberta and an approximately 18,500 square foot vacancy throughout the quarter at one of the REIT's office properties. Termination fees were $125,000 higher in Q3 2020 as compared to Q3 2021, and straight-line rents were approximately $125,000 lower in Q3 2021 as compared to Q3 2020.

For the nine months ended September 30, 2021, NOI of $36,880,888 was $7,353,094 higher than NOI of $29,527,794 for the same period of 2020. Properties acquired in 2020 and 2021 generated incremental NOI of approximately $8,120,000 in the nine-month period ended September 30, 2021 as compared to the same period of 2020. This was partially offset by the impact of an approximately 25,000 square foot vacancy at a REIT industrial property in Calgary, Alberta throughout the nine months ended September 30, 2021 and a 26,000 square foot office space that came back to the REIT on April 30, 2021, of which approximately 6,500 square feet was re-leased on July 1, 2021, and lower termination fees in the nine months ended September 2021 as compared to the same period of 2020.

For the three months ended September 30, 2021, general and administrative expense of $978,431 was $101,245 higher than Q3 2020 general and administrative expense of $877,186 primarily due to an approximately $130,000 increase in staffing related costs and approximately $60,000 in legal fees. This was partially offset by TSX listing fees that were approximately $25,000 lower in Q3 2021 as compared to Q3 2020.

For the nine months ended September 30, 2021, general and administrative expense of $3,412,967 was $712,529 higher than general and administrative expense in the same period of 2020 of $2,700,438, primarily due to an approximately $455,000 increase in staffing related costs and $207,355 of one-time TSX listing fees relating to TSX graduation in Q1 2021. Legal fees were approximately $55,000 higher for the nine-month period ended September 30, 2021 as compared to the same period of 2020. This was partially offset by professional fees which were approximately $30,000 lower in the nine months ended September 2021 as compared to the same period of the prior year.

Fair value adjustments of Class B LP Units are driven by changes in the trading price of REIT Units. As at September 30, 2021, 16,359,383 Class B LP Units were outstanding. The trading price of REIT's Units as at September 30, 2021 was $12.77 as compared to $10.02 as at June 30, 2021 and $7.72 per unit as at December 31, 2020.

Fair value adjustments of unit options are impacted primarily by changes in the trading price of the REIT Units relative to the strike price of the unit options and by the number of unit options outstanding, as well as by changes in interest rates and the expected remaining life of unit options. The trading price of the REIT Units accounted for the majority of the change in fair value during the quarter.

A fair value gain of $704,678 in respect of derivative financial instruments was recorded for the three-month period ended September 30, 2021 and a fair value gain of $4,386,190 was recorded for the nine-month period then ended. The fair value gain recorded during the three and nine-months ended September 30, 2021 related to an increase in the pricing of interest rate swaps with terms comparable to those that the REIT is a party to. The interest rate swaps effectively fix interest rates on $65,000,000 of the REIT's credit facilities and $95,448,567 of floating rate mortgages.

Fair value adjustments of investment properties of $26,286,620 were recorded in Q3 2021 relating primarily to the revaluation of the REIT's Richmond, BC property, where buildout is nearing completion and tenant leases will soon commence. The carrying value of this property was increased by approximately $11,040,000 in the quarter. The REIT's industrial properties located in Ontario, Western Canada and certain office properties located in Montreal, Quebec were also revalued during Q3 2021, resulting in fair value gains of approximately $10,270,000, $4,620,000 and $3,420,000, respectively. Partially offsetting was approximately $4,015,000 of fair value adjustments relating to transaction costs and acquisition accounting for properties purchased with partial unit consideration, and certain capital expenditures which were fair valued to zero in the quarter.

Fair value adjustments of investment properties of $100,370,117 were recorded for the nine-month period ended September 30, 2021 relating primarily to the revaluation of the REIT's Richmond, BC property, where buildout is nearing completion and tenant leases will soon commence. The carrying value of this property was increased by approximately $56,340,000 in the period, partially offset by an approximately $32,275,000 estimated value enhancement payment due to the vendor of the Richmond, BC property (see the section "Commitments" further below). The REIT's industrial properties located in Ontario, Quebec and Western Canada were also revalued during the nine-month period ended September 30, 2021 to reflect a compression of capitalization rates, resulting in fair value gains of approximately $43,375,000, $19,480,000, and $13,755,000, respectively. Additionally, the REIT recorded fair value adjustments in respect of a retail property for which a firm offer to purchase was received from a buyer and in respect of a Montreal area retail property for which an offer to purchase excess land was received in the approximate amounts of $1,750,000 and $10,000,000, respectively. Certain of the REIT's office properties in Montreal, Quebec were also revalued during Q3 2021, resulting in fair value gains of approximately $3,420,000. Partially offsetting were an approximately $3,300,000 fair value adjustment in respect of a REIT office property located in New Brunswick, and approximately $14,455,000 of fair value adjustments relating to transaction costs and acquisition accounting for properties purchased with partial unit consideration, and certain capital expenditures which were fair valued to zero during the period.

Net income from equity accounted investment in joint venture for the three months ended September 30, 2021 of $189,106 is comprised of $230,052 of NOI and a fair value gain of $44,429 to mark to market an interest rate swap in place at the joint venture, partially offset by $66,019 interest expense and $19,355 of general and administrative expense. For the nine months ended September 30, 2021, net income from equity accounted investment in joint venture of $777,537 is comprised of $742,032 of NOI and a fair value gain of $301,684 to mark to market interest rate swaps in place at the joint venture, offset by $199,903 of interest expense and $66,276 of general and administrative expense.

During the nine-month period ended September 30, 2021, the estimated vendor rent obligation related to the REIT's Richmond, BC property was reassessed. $200,255 for the three-month period ended September 30, 2021 and $981,738 for the nine-month period then ended was recorded in other income. This reflects an increase in the total amount expected to be collected from the vendor through to full occupancy of tenants. The buildout is nearing completion and tenant leases will soon commence.

Net interest expense for the three months ended September 30, 2021 of $3,679,422 was $898,141 higher than net interest expense of $2,781,281 for Q3 2020 primarily due to increased mortgage interest expense relating to new mortgage financing secured against the properties acquired subsequent to Q2 2020. Net interest expense for the nine months ended September 30, 2021 of $9,915,988 was $1,726,613 higher than net interest expense of $8,189,375 for the same period of the prior year primarily for the same reason.

Distributions on Class B LP Units for the three and nine months ended September 30, 2021, increased $1,736,590 and $3,351,863, respectively, over the comparable prior year period. The increase was due to partial settlement of purchase consideration on certain acquisitions with Class B LP Units.

	As at September 30, 2021 $	**As at December 31, 2020 $**
Select balance sheet data		
Investment properties	1,066,826,133	667,600,805
Cash	63,056,815	13,993,230
Total assets	**1,173,916,377**	**710,498,718**
Current portion of mortgages payable	52,613,210	34,368,494
Total current liabilities	**100,662,925**	**47,954,912**
Non-current portion of mortgages payable	306,926,177	239,413,077
Non-current portion of credit facilities	64,663,386	64,903,002
Class B LP Units	208,916,233	49,186,994
Total non-current liabilities	**587,034,024**	**362,964,311**
Total unitholders' equity	**486,219,428**	**299,579,495**
Debt to total assets ratio	36.6%	48.2%

Debt to total assets

The REIT's debt to total assets as at September 30, 2021 was 36.6% as compared to 48.2% as at December 31, 2020. The decrease is primarily related to i) $139,776,245 of net proceeds raised through two bought deal equity financings completed in March and August 2021, ii) the issuance of $97,529,922 of Class B LP Units as partial purchase price consideration for certain acquisitions and iii) an increase in the fair value of the REIT's investment properties in 2021. The REIT's calculation of debt includes mortgages payable, credit facilities and lease liabilities balances at the amounts carried in the REIT's condensed consolidated interim statement of financial position.

SUMMARY OF QUARTERLY RESULTS [1]

	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Property revenues	$ 20,719,260	$ 18,715,147	$ 16,587,724	$ 15,648,288
Property expenses	$ (6,623,990)	$ (6,495,242)	$ (6,022,011)	$ (5,949,987)
Net operating income (NOI)	$ 14,095,270	$ 12,219,905	$ 10,565,713	$ 9,698,301
Net income (loss)	$ (12,076,814)	$ 50,646,959	$ 10,207,773	$ 9,831,115
Weighted average number of units, basic [2]	54,428,423	48,293,473	36,041,448	34,014,593
Weighted average number of units, diluted [2]	54,600,375	48,389,294	36,124,359	34,036,656

	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Property revenues	$ 15,103,549	$ 15,040,989	$ 15,592,759	$ 15,583,030
Property expenses	$ (5,154,187)	$ (5,236,192)	$ (5,819,124)	$ (5,925,756)
Net operating income (NOI)	$ 9,949,362	$ 9,804,797	$ 9,773,635	$ 9,657,274
Net income	$ 4,848,450	$ 6,883,796	$ 13,671,000	$ 27,332,940
Weighted average number of units, basic [2]	33,031,819	32,936,436	31,435,903	30,051,476
Weighted average number of units, diluted [2]	33,053,882	32,958,499	31,465,380	30,079,262

(1) The quarterly results fluctuate based on timing related to pursuing and completing acquisitions and corporate activities, other income and fair value adjustments of investment properties, Class B LP Units, warrants, unit options, restricted share units and derivative financial instruments.

(2) Weighted average number of units includes Class B LP Units.

SAME PROPERTY RESULTS

The following is a reconciliation of the REIT's NOI to Same Property NOI, including all properties owned by the REIT for the entire current and comparative reporting period:

	Three months ended September 30, 2021 $	2020 $	Variance $
Property revenues	20,719,260	15,103,549	5,615,711
Property expenses	(6,623,990)	(5,154,187)	(1,469,803)
NOI	14,095,270	9,949,362	4,145,908
Add:			
Amortization of tenant incentives and leasing costs	189,738	181,380	8,358
Straight-line adjustments of rent	(132,851)	(255,248)	122,397
Acquisitions/Disposals	(4,596,606)	9,937	(4,606,543)
Termination fees and non-recurring items	(1,000)	(123,940)	122,940
Same Property NOI	9,554,551	9,761,491	(206,940)

	Nine months ended September 30, 2021 $	2020 $	Variance $
Property revenues	56,022,131	45,737,297	10,284,834
Property expenses	(19,141,243)	(16,209,503)	(2,931,740)
NOI	36,880,888	29,527,794	7,353,094
Add:			
Amortization of tenant incentives and leasing costs	534,610	454,891	79,719
Straight-line adjustments of rent	(363,089)	(441,597)	78,508
Acquisitions/Disposals	(8,097,770)	24,969	(8,122,739)
Termination fees and non-recurring items (1)	(13,288)	(229,895)	216,607
Same Property NOI	28,941,351	29,336,162	(394,811)

(1) Termination fees and lump sum rental income totalling $13,288 were received during the nine months ending September 30, 2021 (2020 - $229,895).

The $206,940 decrease in Same Property NOI for Q3 2021 as compared to Q3 2020 relates primarily to a vacancy at a REIT industrial property in Calgary, Alberta and an approximately 18,500 square foot office vacancy throughout Q3 2021.

The $394,811 decrease in Same Property NOI for the nine months ended September 30, 2021 as compared to the same period of 2020 relates primarily to a vacancy at a REIT industrial property in Calgary, Alberta and a 26,000 square foot office space that came back to the REIT on April 30th, of which approximately 6,500 square feet was re-leased on July 1, 2021.

FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

	Three months ended September 30, 2021 $	2020 $	Nine months ended September 30, 2021 $	2020 $
FFO				
Net income (loss)	(12,076,814)	4,848,450	48,777,918	25,403,246
Adjustments:				
Loss on disposal of investment property	-	-	95,350	-
Fair value adjustment of investment properties	(26,286,620)	356,096	(100,370,117)	2,608,372
Fair value adjustment of Class B LP Units	45,203,653	767,831	73,103,772	(16,245,519)
Fair value adjustment of warrants	-	-	-	(1,210)
Fair value adjustment of unit options	897,000	(3,000)	1,798,472	(497,000)
Fair value adjustment of RSU	170,188	5,653	318,374	(18,466)
Fair value adjustment of derivative financial instruments	(704,678)	(105,978)	(4,386,190)	6,017,585
Adjustments for equity accounted joint venture (1)	(44,429)	(25,303)	(301,684)	535,179
Attribution of grant date fair value of unit options	-	(31,224)	-	(93,672)
Distributions on Class B LP Units expensed	2,624,049	887,459	5,973,629	2,621,766
Amortization of tenant incentives and leasing costs	188,132	169,072	508,734	470,039
Lease principal payments	(16,769)	(15,369)	(49,567)	(45,429)
Amortization of right-of-use assets	23,274	23,274	69,821	69,821
Deferred income taxes	-	20,726	40,000	20,726
Funds from operations (FFO)	9,976,986	6,897,687	25,578,512	20,845,438
Add: Vendor rent obligation (2)	615,010	588,161	1,862,347	1,790,406
Less: Other income (2)	(200,255)	(271,468)	(981,738)	(1,365,612)
Add: TSX graduation listing fees (3)	-	-	207,355	-
Normalized FFO	10,391,741	7,214,380	26,666,476	21,270,232

AFFO

FFO	9,976,986	6,897,687	25,578,512	20,845,438
Adjustments:				
Straight-line adjustments ground lease and rent	(154,315)	(296,131)	(426,638)	(507,484)
Capital reserve [4]	(750,000)	(575,000)	(2,125,000)	(1,725,000)
Adjusted funds from operations (AFFO)	9,072,671	6,026,556	23,026,874	18,612,954
Add: Vendor rent obligation [2]	615,010	588,161	1,862,347	1,790,406
Less: Other income [2]	(200,255)	(271,468)	(981,738)	(1,365,612)
Add: TSX graduation listing fees [3]	-	-	207,355	-
Normalized AFFO	9,487,426	6,343,249	24,114,838	19,037,748

(1) Adjustment for equity accounted joint venture relates to a fair value adjustment of swaps in place at the joint venture to swap floating rate bankers' acceptance rates to a fixed rate and fair value adjustment of the joint venture investment property.

(2) Normalized FFO and Normalized AFFO include adjustments for vendor rent obligation amounts related to the REIT's Richmond, BC and Ajax properties, which are payable from the vendors of the properties until buildout of the properties is complete and tenants are occupying and paying rent. The vendor rent obligation amount is not included in NOI for accounting, but the estimated total amount of vendor rent obligation is recorded in other income. Normalized FFO and Normalized AFFO exclude estimated future vendor rent obligation amounts included in other income in the condensed consolidated interim statements of income and comprehensive income and include the scheduled quarterly rents receivable in the form of vendor rent obligation.

(3) Normalized FFO and Normalized AFFO include adjustments for $207,355 of one-time TSX listing fees related to graduation to the TSX, which are included in general and administrative expense in the nine-month period ended September 30, 2021.

(4) Capital reserve includes maintenance capital expenditures, tenant incentives and leasing costs. Reserve amounts are established with reference to building condition reports, appraisals, and internal estimates of tenant renewal, tenant incentives and leasing costs. The REIT believes that a reserve is more appropriate given the fluctuating nature of these expenditures.

AFFO Capital Reserve

	Three months ended September 30,		Nine months ended September 30,	
	2021 $	2020 $	2021 $	2020 $
Capital reserve	750,000	575,000	2,125,000	1,725,000
Average square feet of Gross Leasable Area (GLA)	6,668,610	3,999,988	5,936,733	3,970,338
Annualized capital reserve per square foot of GLA	$0.45	$0.58	$0.48	$0.58

	Three months ended September 30,		Nine months ended September 30,	
	2021 $	2020 $	2021 $	2020 $
Actual tenant incentives and leasing costs [1]	331,576	101,583	1,033,381	641,946
Actual maintenance capital expenditures [2]	23,185	356,096	545,537	776,262
Total	354,761	457,679	1,578,918	1,418,208
Less expenditures funded from mortgage escrow	(134,478)	-	(189,152)	(195,286)
Total spending funded by the REIT	220,283	457,679	1,389,766	1,222,922
Average square feet of GLA	6,668,610	3,999,988	5,936,733	3,970,338
Annualized capital spent per square foot of GLA unadjusted for capital reserve	$0.13	$0.46	$0.31	$0.41

(1) Excludes leasing costs in the amount of $nil (2020 – $nil) and nil$ (2020 – $907,182) incurred during the three and nine months ended September 30, 2021, respectively, for incremental revenue generation relating to the construction of a new pad site and repurposing a REIT property into significantly higher yielding uses.

(2) Excludes capital expenditures in the amount of $766,763 (2020 – $894,535) and $3,778,192 (2020 – $3,088,783) incurred during the three and nine months ended September 30, 2021, respectively, for incremental revenue generation relating to the repurposing of a REIT property into significantly higher yielding uses.

Actual capital spending and tenant incentive and leasing costs for the nine months ended September 30, 2021 of $1,578,918 is $546,082 lower than the $2,125,000 of the capital reserve included in AFFO. Capital spending on a portfolio acquired in July 2017 was anticipated to be higher in the first 2 to 3 years post-acquisition, and to then normalize. A portion of the anticipated spending on this portfolio of properties has been deferred due to COVID-19.

The following is a reconciliation of the REIT's AFFO to cash flows from operating activities:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	$	$	$	$
Cash flows generated by operating activities	3,290,792	4,457,557	12,051,580	14,894,378
Adjustments:				
Changes in non-cash working capital	3,948,509	1,021,534	7,127,924	2,851,373
Changes in other non-current assets	27,135	18,633	74,221	16,286
Changes in restricted cash	(92,693)	211,212	(103,020)	32,634
Distributions on Class B LP Units expensed	2,624,049	887,459	5,973,629	2,621,766
Loss on disposal of investment property	-	-	95,350	-
Adjustments for equity accounted joint venture	(44,429)	(25,303)	(301,684)	535,179
Share of net income (loss) from equity accounted investment in joint venture	189,106	194,148	777,537	(114,819)
Straight-line rent adjustments of equity accounted joint venture	(21,464)	(40,884)	(63,549)	(65,887)
Restricted share unit expense	(66,803)	(48,400)	(382,555)	(244,010)
Attribution of grant date fair value of unit options	-	(31,224)	-	(93,672)
Amortization of deferred financing fees	(91,200)	(86,089)	(258,212)	(244,365)
Amortization of mortgage fair value adjustments	76,438	58,282	210,220	194,520
Lease principal repayments	(16,769)	(15,369)	(49,567)	(45,429)
Capital reserve	(750,000)	(575,000)	(2,125,000)	(1,725,000)
AFFO	9,072,671	6,026,556	23,026,874	18,612,954

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The REIT's principal source of liquidity is cash on hand and the undrawn borrowing capacity on its credit facilities. As at September 30, 2021, the REIT had cash of $63,056,815 (December 31, 2020 - $13,993,230) and a working capital deficit of $5,251,839 (December 31, 2020 – $16,097,240). Excluding the current portion of mortgages payable of $52,613,210, working capital would be $47,361,371. The REIT expects that it will be able to refinance mortgages on their maturities. Management of the REIT believes that sufficient cash from operations will be generated to settle the REIT's liabilities as they come due and the REIT has the ability to draw funds on its Credit Facilities if required. The REIT has sufficient liquidity to maintain and expand its business.

Changes in cash for the periods noted are detailed in the following table:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	$	$	$	$
Cash generated by (used in)				
Operating activities	3,290,792	4,457,557	12,051,580	14,894,378
Investing activities	(81,801,957)	(1,137,929)	(167,875,005)	(4,722,715)
Financing activities	134,418,194	(5,763,041)	204,887,010	(1,687,867)
Change in cash	55,907,029	(2,443,413)	49,063,585	8,483,796
Cash – beginning of period	7,149,786	18,803,027	13,993,230	7,875,818
Cash – end of period	63,056,815	16,359,614	63,056,815	16,359,614

Cash generated from operating activities for the three months ended September 30, 2021 of $3,290,792 is comprised of net loss of $12,076,814, cash from changes in non-cash working capital, other non-current assets and restricted cash of $3,882,951, and non-cash items of $19,250,557. Deposits in respect of potential acquisitions increased by $4,901,473 in the quarter.

Cash generated from operating activities for the nine months ended September 30, 2021 of $12,051,580 is comprised of net income of $48,777,918, cash from changes in non-cash working capital, other non-current assets and restricted cash of $7,059,125, and non-cash items of $29,667,213. Deposits in respect of potential acquisitions increased by $7,651,473 in the nine-month period ended September 30, 2021.

Cash used in investing activities for the three months ended September 30, 2021, of $81,801,957 is primarily related to $80,680,433 used for the acquisition of the Peavey, Dominion Centre, Bonaventure and Valard Properties during the quarter. The remainder of cash used in investing activities relates to tenant incentives, leasing costs and capital spending in the amount of $1,121,524, including $766,763 of capital expenditures as part of the repurposing of a REIT property located in Richmond, BC into significantly higher yielding uses.

Cash used in investing activities for the nine months ended September 30, 2021, of $167,875,005 is primarily related to $166,489,335 used to acquire properties during the period. The remainder of cash used in investing activities relates to tenant incentives, leasing costs and capital spending in the amount of $4,285,670, including $3,778,192 of capital expenditures as part of the repurposing of a REIT property located in Richmond, BC into significantly higher yielding uses. Partially offsetting was $2,900,000 of proceeds generated from the disposal of a property located in Lachine, Quebec on March 16, 2021.

Cash generated from financing activities for the three months ended September 30, 2021 of $134,418,194 is primarily related to a $112,081,875 bought deal equity financing completed in August 2021, which generated $106,852,661 of net proceeds, and $35,750,000 of proceeds from new mortgage financing placed on recently properties acquired properties during the quarter. Partially offsetting were cash distributions to unitholders of $5,266,710 and mortgage principal repayments of $2,694,205.

Cash generated from financing activities for the nine months ended September 30, 2021 of $204,887,010 is primarily related to two bought deal equity financings completed in March and August 2021 which totalled $146,972,875 and generated net proceeds of $139,776,245, and $87,325,000 of proceeds from new mortgage financing placed on the properties acquired during the period. Partially offsetting were cash distributions to unitholders of $13,862,431 and mortgage principal repayments of $7,278,781.

The REIT believes that it has sufficient financial resources and generates sufficient cash from operations to operate its investment properties and to identify, investigate and complete potential acquisitions, and to fund further expenditures as required.

Mortgages payable

As at September 30, 2021, the mortgages payable are secured by charges against 70 of the REIT's investment properties. The weighted average interest rate, including deferred financing costs and interest rate swap agreements, of the mortgages payable is 3.49% and the weighted average term to maturity is 3.95 years (December 31, 2020 – 3.95 years). The breakdown of future principal repayments, including mortgage maturity, is presented in the following table:

	Scheduled Repayments $	**Principal Maturities $**	**Total $**
Remainder of 2021	2,734,595	27,531,488	30,266,083
2022	10,766,645	15,984,322	26,750,967
2023	9,588,934	48,922,042	58,510,976
2024	7,732,383	43,318,733	51,051,116
2025	6,069,806	61,569,595	67,639,401
Thereafter	10,857,590	116,594,548	127,452,138
Total	47,749,953	313,920,728	361,670,681

Credit Facilities

On June 24, 2021, the REIT entered into a new $40,000,000 revolving credit facility agreement ("Credit Facility 3"). Credit Facility 3 matures on June 24, 2024 and is secured against three of the REIT's investment properties. Credit Facility 3 allows the REIT to draw against the facility in the form of prime rate advances or bankers' acceptances. Prime rate advances bear interest at 90 basis points per annum over the lender's Canadian prime borrowing rate. Bankers' acceptance advances bear interest at 190 basis points per annum over the floating bankers' acceptance rate. The unadvanced portion of Credit Facility 3 is subject to a predetermined standby fee. As at September 30, 2021, Credit Facility 3 was undrawn.

Credit Facility 3 includes, inter alia, covenants that the REIT: (i) will not allow the Debt to Gross Book Value Ratio to exceed 60% at any time, (ii) will not allow the Debt Service Coverage Ratio to be less than 1.40:1, (iii) will not allow Adjusted Unitholders' Equity to be less than the aggregate of $200,000,000 plus 75% of net proceeds in connection with any equity offering by the REIT on or after March 4, 2021. As at September 30, 2021, the REIT was in compliance with these covenants. Credit Facility 3, also contains restrictions on, inter alia, change of business, sale of assets, and mergers and acquisitions without the consent of the lender and includes events of default such as failure to pay any amount of principal, interest or other obligations under the credit facility when due, failure to observe covenants and involuntary insolvency.

Debt to Gross Book Value Ratio is a defined term in Credit Facility 3. Debt to Gross Book Value Ratio is calculated by dividing the REIT's consolidated indebtedness by the REIT's gross book value.

Debt Service Coverage Ratio is a defined term in Credit Facility 3. Debt Service Coverage Ratio is calculated by dividing the REIT's consolidated earnings before interest, income taxes, depreciation and amortization by the REIT's debt service.

Adjusted Unitholders' Equity is a defined term in Credit Facility 3. Adjusted Unitholders' Equity is calculated as the sum of the REIT's total unitholders' equity and Class B LP Units.

Debt to Gross Book Value Ratio, Debt Service Coverage Ratio, and Adjusted Unitholders' Equity are not measures defined by IFRS, do not have standardized meanings prescribed by IFRS and should not be construed as alternatives to net income, financial position, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. These covenant calculations are not used by the REIT as a measure of the REIT's future or historical financial performance, financial position or cash flow, but are used solely to determine the REIT's compliance with its covenants set out in the Credit Facility 3 Agreement.

The REIT has a $500,000 revolving line of credit ("Credit Facility 2") bearing interest at 100 basis points per annum over the Canadian prime borrowing rate. Credit Facility 2 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 September 30, 2021, Credit Facility 2 was undrawn (December 31, 2020 - undrawn).

On September 13, 2019, the REIT refinanced its existing credit facility to a fixed-term facility of $65,000,000 and a revolving facility of $5,000,000 (Collectively "Credit Facility 1"). Credit Facility 1 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%, 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. On April 6, 2020, the REIT received working capital relief loans totalling $500,000 under Credit Facility 1 as part of the lender's COVID-19 relief programs. These working capital relief loans were set at an amount that approximates three months' interest payments under Credit Facility 1. The working capital relief loans bear interest of 100 basis points over the lender's prime lending rate, can be early repaid without penalty and must be repaid by July 31, 2021. As at September 30, 2021, $nil (December 31, 2020 - $293,491) relating to these working capital relief loans remained outstanding.

Credit Facility 1 includes, inter alia, covenants that RW Real Estate Holdings Limited Partnership ("RW LP"), a subsidiary of the REIT which is party to the Credit Facility: (i) will not allow the Total Funded Debt to Real Property Ratio to exceed 60% at any time; and (ii) the Interest Coverage Ratio shall not be less than 2.25:1.00.

As at September 30, 2021, RW LP was in compliance with both of these covenants. Credit Facility 1 also contains restrictions on, inter alia, change of business, sale of assets, and mergers and acquisitions without the consent of the lender and includes events of default such as failure to pay any amount of principal, interest or other obligations under the credit facility when due, failure to observe covenants and involuntary insolvency.

Total Funded Debt to Real Property Ratio is a defined term contained in Credit Facility 1. Total Funded Debt to Real Property Ratio is calculated as the total amount drawn against Credit Facility 1 divided by the fair market value of the investment properties of RW LP.

Interest Coverage Ratio is a defined term contained in Credit Facility 1. Interest Coverage Ratio is calculated by dividing the interest expense of RW LP by the result of the following as contained in the RW LP Statement of Income: net income plus interest expense, plus loss on fair value adjustment of investment properties, less gain on fair value adjustment of investment properties, plus depreciation and amortization.

Total Funded Debt to Real Property Ratio and Interest Coverage Ratio are not measures defined by IFRS, do not have standardized meanings prescribed by IFRS and should not be construed as alternatives to net income, financial position, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. These covenant calculations are not used by the REIT as a measure of the REIT's future or historical financial performance, financial position or cash flow, but are used solely to determine RW LP's compliance with its covenants set out in the Credit Facility 1 Agreement.

(Credit Facility 1, Credit Facility 2 and Credit Facility 3, collectively "the Credit Facilities")

Funds drawn against the Credit Facilities are as follows:

	September 30, 2021 $	**December 31, 2020 $**
Fixed-term borrowings	65,000,000	65,000,000
Working capital relief loans	-	293,491
Total drawn against the Credit Facilities	65,000,000	65,293,491
Less: deferred financing costs	(336,614)	(96,998)
	64,663,386	65,196,493

Details of the drawn amounts under the Credit Facilities as at September 30, 2021 are as follows:

	Principal Amount $	**Interest Rate**	**Repricing Date**
Fixed-term borrowings	65,000,000	1.93% (1)	October 13, 2021 (1)

(1) The REIT entered into interest rate swap agreements in September 2019 to swap floating rate interest for a fixed rate of 3.15% over the term of Credit Facility 1.

SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ materially from these estimates. The estimates and judgments used in determining the recorded amount for asset, liabilities and equity in the financial statements include the following:

Valuation of investment properties

Fair value is determined with reference to external valuations and internal valuations based on the direct income capitalization method. The critical assumptions and estimates used by management and external valuations when determining the fair value of investment properties are stabilized net rental income and capitalization rates (see note 4 of the condensed consolidated interim financial statements). Management determines fair value internally utilizing financial information, external market data and capitalization rates determined by reference to third party appraisals and reports published by industry experts including commercial real estate brokerages. The REIT also applies judgment in determining whether the properties it acquires are considered to be asset acquisitions or business combinations. As at September 30, 2021, a 0.25% increase in the weighted average capitalization rate would result in a decrease of approximately $43,973,000 in the determination of the fair value of the investment properties. A 0.25% decrease in the weighted average capitalization rate would result in an increase of approximately $47,916,000 in the determination of the fair value of the investment properties.

Unit options

The estimates used when determining the fair value of unit-based compensation are the average expected unit option holding period, the average expected volatility rate and the average risk-free interest rate. For vested options, the average expected holding period is estimated to be half of the remaining contractual life of the option. For unvested options, the average expected unit option holding period is estimated to be the period until the options vest plus half of the period from vesting to expiry. The average expected volatility rate is estimated based on the historical volatility of comparable companies over a period of time approximating the average expected unit option holding period. The average risk-free interest rate is based on Government of Canada bonds with terms consistent with the average expected unit option holding period.

Coronavirus disease 2019

The duration and full impact of the coronavirus disease 2019 (“COVID-19”) pandemic are unknown. As such, it is not possible to reliably estimate COVID-19 related impacts on the REIT’s financial results and operations. Any estimates are therefore subject to significant uncertainty and may materially and adversely vary from actual outcomes. In particular, there is increased estimation uncertainty in determining the fair value of the REIT’s investment properties and the recoverability of amounts receivable. Estimates and assumptions used in these consolidated financial statements are based on information available to the REIT as at the end of the reporting period.

New accounting standards adopted by the REIT

IFRS 7, 9 and IAS 39, Financial Instruments, IFRS 4, Insurance Contracts and IFRS 16, Leases

On January 1, 2021, the REIT adopted amendments to IFRS 7, 9, IAS 39, IFRS 4 and IFRS 16. The amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments primarily relate to modifications in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities. The adoption of these amendments had no impact on the REIT’s condensed consolidated interim financial statements.

Standards issued but not yet effective

There are pending changes to IFRS which are not yet effective for the current period and have not been applied in the preparation of the REIT’s condensed consolidated interim financial statements:

IAS 1, Classification of Liabilities as Current or Non-Current

On January 23, 2020, the IASB issued "Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)". The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The amendments also clarify the definition of “settlement” and provide situations which would be considered as a settlement of a liability. The amendments are effective January 1, 2023, with earlier application permitted. These amendments are not expected to impact the REIT’s consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The REIT’s Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures (“DC&P”) and internal controls over financial reporting (“ICFR”) as those terms are defined in National Instrument 52-109 *Certification of Disclosers in Issuers’ Annual and Interim Filings*.

The Chief Executive Officer and the Chief Financial Officer of the REIT have evaluated and determined that, as of September 30, 2021:

- the design of DC&P was appropriate to provide reasonable assurance that material information is made known to us by others in a timely manner and that information required to be disclosed by the REIT is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

- the design of ICFR was appropriate to provide reasonable assurance regarding the reliability of the REIT's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There were no changes in the REIT's design of internal controls over financial reporting in the three months and nine months ended September 30, 2021 that materially affected or are likely to materially affect, the REIT's internal controls over financial reporting.

FINANCIAL INSTRUMENTS AND RISKS AND UNCERTAINTIES

Real property ownership and tenant risk

All real property investments are subject to elements of risk. The value of real property and any improvements thereto depends on the credit and financial stability of tenants and upon the vacancy rates of the property. The properties generate revenue through rental payments made by the tenants thereof. The ability to rent vacant property 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.

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 the REIT than those of an existing lease. In the event of default by a tenant, the 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 the REIT.

Competition

The real estate business is competitive. Numerous developers, managers and owners of properties compete with the REIT when seeking tenants. Some of the competing properties may be better located than the REIT's properties. The existence of competition could have an impact on the REIT's ability to lease its properties and could have an impact on the rents that can be charged. The REIT is subject to competition for suitable real property investments and a number of these competitors have greater financial resources than those of the REIT. There is a risk that continuing increased competition for real property acquisitions may increase purchase prices to levels that are not accretive.

Fixed costs and increased expenses

The REIT incurs a number of fixed costs which must be paid throughout its ownership of real property, regardless of whether its properties are producing income. Fixed costs include utilities, property taxes, maintenance costs, mortgage payments, insurance costs, and related costs.

General uninsured risks

The REIT carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with customary policy specifications, limits and deductibles. There can be no assurance, however, that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms.

Environmental and litigation risk

The 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, the 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 REIT's ability to sell or rent such facility or to borrow using such facility as collateral. In order to assess the potential for liabilities arising from the environmental condition at the REIT's properties, the REIT may obtain or examine environmental assessments prepared by environmental consulting firms. The environmental assessments received in respect of the investment properties have not revealed, nor is the REIT aware of, any environmental liability that the REIT believes will have a material adverse effect on it.

In addition, in connection with the ownership, operation and management of real properties, the REIT could potentially be liable for property damage or injuries to persons and property. In the normal course of the 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.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss to another party by failing to settle its obligations. The REIT is subject to credit risk with respect to its cash deposited with financial institutions and tenant and other receivables. The REIT monitors the creditworthiness of its tenants on an ongoing basis. The REIT mitigates credit risk by monitoring the credit ratings of the institutions holding the REIT's deposits. The REIT has examined its tenant receivables for indications of impairment. The tenant receivables default rate of the REIT is less than 0.5%.

COVID-19 has resulted in government mandated shutdowns, and an economic slowdown which are creating financial difficulties for tenants. While government plans have been put in place to support businesses through the COVID-19 pandemic, a deterioration in the economy may impact the ability of tenants to meet their obligations under their leases. The REIT continues to assess the effect of economic conditions on the creditworthiness of its tenants. As part of this assessment, the REIT reviews contractual rent receivables on a regular basis and reduces carrying amounts through the use of an allowance for expected credit losses recognizing the amount of any loss in the condensed consolidated interim statements of income and comprehensive income within property expenses.

Liquidity risk

Liquidity risk is the risk that the REIT will not have the financial resources required to meet its financial obligations as they come due. The REIT manages this risk by ensuring it has sufficient cash 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. As at September 30, 2021, the REIT had cash of $63,056,815 (December 31, 2020 - $13,993,230), mortgages payable of $361,670,681 (December 31, 2020 - $274,230,681), a balance of credit facilities of $65,000,000 (December 31, 2020 - $65,293,491) and accounts payable, accruals and other liabilities of $43,864,151 (December 31, 2020 - $11,734,709). The REIT had a working capital deficit of $5,251,839 as at September 30, 2021 (December 31, 2020 – $16,097,240). Excluding the current portion of mortgages payable of $52,613,210, working capital would be $47,361,371. The REIT expects that it will be able to refinance mortgages on their maturities. The REIT has access to undrawn funds under the Credit Facilities and expects to generate sufficient cash from operations to satisfy its financial liabilities as they come due.

The contractual maturities and repayment obligations of the REIT's financial liabilities are as follows:

	Accounts payable accruals and other liabilities $	Lease liabilities $	Principal repayment of Credit Facilities	Interest on fixed portion of Credit Facility 1 $	Mortgages Payable $	Mortgage interest $	Total $
Remainder of 2021	43,864,151	71,935	-	511,875	30,266,083	2,967,905	77,681,949
2022	-	287,739	-	2,047,500	26,750,967	10,898,163	39,984,369
2023	-	297,039	-	2,047,500	58,510,976	9,176,376	70,031,891
2024	-	269,905	65,000,000	1,535,625	51,051,116	7,196,364	125,053,010
2025	-	269,905	-	-	67,639,401	5,304,189	73,213,495
Thereafter	-	5,921,775	-	-	127,452,138	7,962,367	141,336,280
Total	43,864,151	7,118,298	65,000,000	6,142,500	361,670,681	43,505,364	527,300,994

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. There is a risk that the REIT may not be able to renegotiate its mortgages and Credit Facilities at maturity on terms as favourable as the existing mortgages payable and Credit Facilities. As at September 30, 2021, there was a total of $160,448,567 (December 31, 2020 - $142,677,588) of mortgage and credit facility borrowings which bear interest at floating bankers' acceptance or Canadian prime rates plus a fixed spread. There is a risk that prevailing interest rates could increase, and those increases could be significant. The REIT mitigates interest rate risk by maintaining reasonable levels of debt to investment property value and aims to structure new debt to stagger the maturities to ensure that the majority of debt does not come due for repayment in any one particular year. As at September 30, 2021, the REIT has interest rate swap agreements totalling $160,448,567 (December 31, 2020 - $142,384,097) to mitigate interest rate risk arising from floating rate debt.

The REIT is a party to interest rate swap agreements to swap floating rate interest for fixed rate interest over the terms of certain mortgages and over the term of Credit Facility 1. The interest rate swap agreements expire coterminous with the maturity of the corresponding mortgages and Credit Facility 1.

The following table presents relevant information on interest rate swap agreements:

Transaction date	Effective fixed interest rate	Maturity date	Original principal amount $	Outstanding amount $	Unrealized loss (gain) on change in the fair value $
April 2019	3.67 %	April 24, 2024	12,000,000	11,520,163	269,791
April 2019	3.74 %	April 24, 2026	12,500,000	12,008,160	344,791
April 2019	3.87 %	April 24, 2029	12,500,000	12,022,896	465,502
September 2019	3.15 %	September 13, 2024	65,000,000	65,000,000	893,721
November 2020	2.82 %	November 2, 2027	7,650,000	7,472,729	(241,997)
December 2020	3.61 %	December 1, 2025	18,500,000	18,153,344	(279,611)
December 2020	3.35 %	December 30, 2030	15,000,000	14,741,346	(573,608)
April 2021	3.08 %	April 1, 2026	19,750,000	19,529,929	110,783
			162,900,000	160,448,567	989,372

COMMITMENTS

Development Management Agreement

On March 16, 2020, the REIT entered into a development management agreement (the "DMA") with the vendor of the REIT's Richmond, BC property (the "Developer"). Pursuant to the DMA, the REIT is redeveloping approximately 60,000 square feet previously occupied by an industrial tenant (the "Redevelopment"). The Developer is managing the Redevelopment and has secured new tenants for the space, and the REIT has entered into lease agreements with these tenants. The REIT is responsible for the costs of the Redevelopment, which have been capped at $6,100,000, including leasing costs, tenant incentives, and construction costs (collectively the "Capped Redevelopment Costs").

The DMA also contemplates that the REIT will construct an approximately 70,000 square foot addition at the property (the "Addition"). The REIT will be responsible for costs of the construction. The Developer will secure tenants and manage the construction.

Pursuant to the DMA, the REIT will split the value enhancement of the property, measured as the difference between the fair value of the property following completion of each of the Redevelopment and the Addition, less the REIT's total cost of the property. The REIT's total cost of the property will be measured as the REIT's original acquisition cost plus the Capped Redevelopment Costs and costs of the Addition (inclusive of construction costs, tenant incentives, leasing costs, and development management fees). The first $20,000,000 of value enhancement will be for the benefit of the REIT. The next $20,000,000 of value enhancement will be for the benefit of the Developer. Any value enhancement in excess of $40,000,000 will be split equally between the REIT and the Developer.

Based on external appraisals for the property and the settlement mechanism per the DMA, and subject to certain adjustments, the Developer's share of value enhancement through to completion of the Redevelopment is estimated at $32,275,000. $5,000,000 was previously settled through the issuance of Class B LP Units to the Developer, resulting in an estimated value enhancement payable to the Developer of $27,275,000, not including any value enhancement related to the Addition. Provided certain conditions are met, the REIT may satisfy its obligation to split the value enhancement with the Developer by issuing Class B LP Units valued at the greater of $9.20 per unit and a price per unit that is no less than the maximum allowable discounted price in accordance with Toronto Stock Exchange rules.

A development management fee related to the Addition was estimated at $3,000,000 and this estimated amount has been settled through the issuance of a total of 326,087 Class B LP Units to the Developer, valued at $9.20 per unit and exchangeable on a one-to-one basis for REIT Units.

OUTSTANDING UNIT DATA

The following table presents the changes in unitholders' equity for the period ended September 30, 2021:

	Units	**Amount $**
Unitholders' equity as at December 31, 2020	27,975,110	215,434,594
Units issued under distribution reinvestment plan	211,454	1,923,659
Units issued under Option Plan	54,226	559,471
Units issued under Incentive Plan	24,067	200,961
Units issued under Employee Purchase Plan, net of $17,037 of issuance costs	6,255	57,978
Units issued for cash, net of $7,196,630 of issuance costs	14,173,750	139,776,245
Class B LP Units exchanged for REIT Units	1,390,441	11,975,895
Unitholders' equity as at September 30, 2021	43,835,303	369,928,803

As at November 12, 2021, a total of approximately 45,721,000 REIT Units and 19,663,000 Class B LP Units were issued and outstanding.

On September 24, 2021, the REIT established an at-the-market equity program ("ATM Program") allowing the REIT to issue, at its discretion, up to $50,000,000 worth of REIT Units to the public from time to time at prevailing market prices at the time of sale. The ATM Program will be effective until August 17, 2023, unless previously terminated. The REIT intends to use the net proceeds from REIT Units sold under the ATM Program, if any, to fund acquisitions, repay indebtedness, to fund development investments and for general working capital purposes.

DISTRIBUTIONS

The REIT currently pays a monthly distribution of $0.05333 per unit, representing $0.64 per unit on an annualized basis. Total distributions declared with respect to REIT Units in the three and nine months ended September 30, 2021 amounted to $6,474,104 (2020 - $4,342,152) and $16,632,194 (2020 - $12,829,157), respectively.

In accordance with National Policy 41-201, "Income Trusts and Other Offerings", the REIT is required to provide the following information:

	Three months ended September 30, 2021	**Nine months ended September 30, 2021**	**Year ended December 31, 2020**	**Year ended December 31, 2019**
	$	**$**	**$**	**$**
Cash generated from operating activities	3,290,792	12,051,580	24,348,165	23,347,175
Net income (loss)	(12,076,814)	48,777,918	35,234,361	42,387,970
Actual cash distributions paid or payable during the period [1]	6,474,104	16,632,194	17,245,638	16,006,631
Excess (shortfall) of cash flows from operating activities over cash distributions paid	(3,183,312)	(4,580,614)	7,102,527	7,340,544
Excess (shortfall) of net income (loss) over cash distributions paid	(18,550,918)	32,145,724	17,988,723	26,381,339

(1) Actual cash distributions paid or payable includes all distributions declared payable to holders of REIT Units and excludes distributions declared payable to holders of Class B LP Units during the period. Actual cash distributions paid or payable is unadjusted for distributions settled through the issuance of REIT Units under the distribution reinvestment plan. Of distributions declared in the three and nine months ended September 30, 2021, $668,317 and $1,923,659, respectively, were settled through the issuance of REIT Units under the distribution reinvestment program.

There was a shortfall of net income (loss) over cash distribution paid or payable during the period of $18,550,918 for the three months ended September 30, 2021. Excluding non-cash fair value adjustments of investment properties, Class B LP Units, unit options, restricted share units and derivative financial instruments totalling $19,279,543 and excluding other income of $200,255 there is net income of $7,002,474 for the three months ended September 30, 2021, which exceeds actual cash distributions paid or payable by $528,370.

Net income for the nine months ended September 30, 2021 of $48,777,918 was $32,145,724 higher than actual cash distributions paid or payable for the nine months ended September 30, 2021 of $16,632,194. Net income excluding non-cash fair value adjustments of investment properties, Class B LP Units, unit options, restricted share units and derivative financial instruments totalling $29,535,689 and excluding other income of $981,738 was $18,260,491 for the nine months ended September 30, 2021, which exceeded actual cash distributions paid or payable by $1,628,297.

For the three months ended September 30, 2021, actual cash distributions paid or payable exceeded cash generated from operating activities by $3,183,312. Excluding changes in non-cash working capital, other non-current assets and restricted cash of $3,882,951, cash generated from operating activities exceeded actual cash distributions paid or payable by $699,639.

For the nine months ended September 30, 2021, actual cash distributions paid or payable exceeded cash generated from operating activities by $4,580,614. Excluding changes in non-cash working capital, other non-current assets and restricted cash of $7,059,125, cash generated from operating activities exceeded actual cash distributions paid or payable by $2,478,511.

DISTRIBUTION REINVESTMENT PLAN

The REIT adopted a distribution reinvestment plan (“DRIP”) on February 20, 2014, pursuant to which resident Canadian unitholders are entitled to elect to have all or some of the cash distributions of the REIT automatically reinvested in additional REIT Units at a price per unit calculated by reference to the weighted average of the trading price for the REIT Units for the five trading days immediately preceding the relevant distribution date. Eligible unitholders who so elect will receive a bonus distribution of REIT Units equal to 4% of each distribution that was reinvested by them under the DRIP. During the three-month period ended September 30, 2021, 60,030 REIT Units (2020 - 97,365 REIT Units) were issued under the DRIP for a stated value of $668,317 (2020 - $585,587) and for the nine-month period then ended, 211,454 REIT Units (2020 – 247,615 REIT Units) were issued under the DRIP for a stated value of $1,923,659 (2020 - $1,611,469).

RELATED PARTY TRANSACTIONS

For the three-month period ended September 30, 2021, trustee retainer fees in the amount of $44,375 were expensed (2020 - $44,375) and for the nine-month period then ended, trustee retainer fees in the amount of $133,125 were expensed (2020 - $133,125). Trustee retainer fees in the amount of $44,375 were accrued as at September 30, 2021 (December 31, 2020 - $44,375).

Trustee meeting fees in the amount of $6,600 were expensed for the period ended September 30, 2021, (2020 - $2,600) and for the nine-month period then ended, trustee meeting fees in the amount of $17,100 were expensed (2020 - $12,200). Trustee meeting fees in the amount of $2,600 were accrued as at September 30, 2021 (December 31, 2020 - $4,600).

For the three-month period ended September 30, 2021, key management earned salaries and other short-term employee benefits in the amount of $401,175 (2020 - $184,250) and $1,203,524 was earned in respect of the nine-month period ended September 30, 2021 (2020 - $552,750).

SUBSEQUENT EVENTS

On November 9, 2021, the REIT issued 1,866,957 Class B LP Units valued at $11.50 per unit as a partial settlement of the Developer’s share of value enhancement. The Class B LP Units were concurrently exchanged for REIT Units on a one-to-one basis.

On November 1, 2021, the REIT acquired an industrial property in London, Ontario, for a contractual purchase price of $44,070,000. The contractual purchase price was partially satisfied through the issuance of 3,302,433 Class B LP Units at a deemed value of $8.63 per unit, which are convertible to REIT Units on a one-to-one basis with the balance, net of closing adjustments, satisfied in cash. As at September 30, 2021, the REIT had paid a deposit of $50,000 with respect to this purchase.

On October 20, 2021, the REIT waived conditions with respect to an agreement to purchase a single-tenant industrial property in Nisku, Alberta, for a contractual purchase price of $15,250,000 USD. The contractual purchase price is expected to be satisfied in cash. As at September 30, 2021, the REIT had paid a deposit of $100,000 USD ($127,410) with respect to this purchase.

On October 13, 2021 the REIT acquired a single-tenant industrial building located in Windsor, Ontario for a contractual purchase price of $11,500,000. The contractual purchase price was satisfied in cash. As at September 30, 2021, the REIT had paid a deposit of $700,000 with respect to this purchase.

On October 1, 2021 the REIT acquired three single-tenant distribution centres located in Moncton, New Brunswick and Regina, Saskatchewan for a contractual purchase price of $230,375,217. The contractual purchase price was satisfied in cash. As at September 30, 2021, the REIT had paid a deposit of $5,000,000 with respect to this purchase.