# Nexus Industrial REIT

Condensed Consolidated Interim Financial Statements

(Unaudited)

For the three months ended March 31, 2023

# Nexus Industrial REIT

Condensed Consolidated Interim Statements of Financial Position
(In thousands of Canadian dollars)
(Unaudited)

| | Note(s) | March 31, 2023 $ | December 31, 2022 $ |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment properties | 3,4 | 1,932,398 | 1,822,639 |
| Equity investment in joint venture | 6 | 11,069 | 10,975 |
| Restricted cash | | 1,419 | 1,473 |
| Derivative financial instruments | 18 | 13,243 | 17,073 |
| Right-of-use assets | | 970 | 993 |
| Other investments | 9 | 6,500 | 6,500 |
| Other assets | 8 | 149 | 167 |
| | | 1,965,748 | 1,859,820 |
| **Current assets** | | | |
| Cash | | 10,636 | 11,533 |
| Tenant and other receivables | 7 | 5,860 | 5,944 |
| Deposits | | 6,550 | 8,300 |
| Prepaid expenses | | 3,508 | 2,186 |
| Other assets | 8 | 9,464 | 8,833 |
| Assets held for sale | 5 | 81,913 | 70,885 |
| | | 117,931 | 107,681 |
| **Total assets** | | 2,083,679 | 1,967,501 |
| **Non-current liabilities** | | | |
| Mortgages payable | 3,10 | 618,688 | 633,624 |
| Credit Facilities | 11 | 243,615 | 112,532 |
| Lease liabilities | | 10,492 | 10,495 |
| Class B LP Units | 12 | 193,651 | 195,857 |
| Unit-based compensation liabilities | 13 | 21 | 351 |
| Other liabilities | 14b | 8,959 | 9,224 |
| | | 1,075,426 | 962,083 |
| **Current liabilities** | | | |
| Mortgages payable | 3,10 | 80,676 | 70,410 |
| Lease liabilities | | 38 | 46 |
| Distributions payable | | 3,624 | 3,590 |
| Accounts payable and other liabilities | 14a,18 | 19,395 | 25,941 |
| Liabilities associated with assets held for sale | 5,10 | 32,627 | 32,891 |
| | | 136,360 | 132,878 |
| **Total liabilities** | | 1,211,786 | 1,094,961 |
| **Equity** | | | |
| Unitholders' equity | 15 | 643,276 | 636,776 |
| Retained earnings | | 228,617 | 235,764 |
| **Total unitholders' equity** | | 871,893 | 872,540 |
| **Total liabilities and unitholders' equity** | | 2,083,679 | 1,967,501 |

| | | | |
|---|---|---|---|
| Commitments | 19 | | |
| Subsequent events | 22 | | |

On behalf of the Board:

"Benjamin Rodney" Trustee "Floriana Cipollone" Trustee

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

# Nexus Industrial REIT

Condensed Consolidated Interim Statements of Income and Comprehensive Income
(In thousands of Canadian dollars)
(Unaudited)

| | Note(s) | For the three months ended March 31, 2023 $ | March 31, 2022 $ |
|---|---|---|---|
| **Net rental income** | | | |
| Property revenues | 17 | 37,476 | 31,699 |
| Property expenses | | (11,748) | (9,675) |
| Net rental income | | 25,728 | 22,024 |
| | | | |
| General and administrative expense | | (2,405) | (2,029) |
| Fair value adjustment of investment properties | 4,5 | (2,715) | 1,925 |
| Fair value adjustment of Class B LP Units | 12 | (2,608) | (3,692) |
| Fair value adjustment of unit options | | - | (142) |
| Fair value adjustment of restricted share units | 13 | (9) | (42) |
| Fair value adjustment of derivative financial instruments | 18 | (3,829) | 8,467 |
| Income from equity accounted investment in joint venture | 6 | 94 | 460 |
| Unrealized foreign exchange loss | | 19 | 148 |
| Other income | 8 | 649 | 444 |
| | | 14,924 | 27,563 |
| | | | |
| **Finance expense** | | | |
| Net interest expense | 10,11 | (8,029) | (6,294) |
| Distributions on Class B LP Units | 12 | (3,178) | (3,205) |
| | | (11,207) | (9,499) |
| **Net income and comprehensive income** | | 3,717 | 18,064 |

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

# Nexus Industrial REIT

Condensed Consolidated Interim Statements of Changes in Unitholders' Equity
(In thousands of Canadian dollars)
(Unaudited)

| | Note | Units | Unitholders' Equity $ | Retained Earnings $ | Total $ |
|---|---|---|---|---|---|
| **Balance – January 1, 2023** | | 67,322,644 | 636,776 | 235,764 | 872,540 |
| Net income and comprehensive income | | - | - | 3,717 | 3,717 |
| Distributions | | - | - | (10,864) | (10,864) |
| Units issued under distribution reinvestment plan | 16 | 107,706 | 1,075 | - | 1,075 |
| Units issued under Incentive Plan | 13 | 61,107 | 607 | - | 607 |
| Units issued under Employee Purchase Plan | 13 | 422 | 4 | - | 4 |
| Units cancelled | | (375) | - | - | - |
| Class B LP Units exchanged for REIT Units | 12 | 455,481 | 4,814 | - | 4,814 |
| **Balance – March 31, 2023** | | 67,946,985 | 643,276 | 228,617 | 871,893 |

| | Note | Units | Unitholders' Equity $ | Retained Earnings $ | Total $ |
|---|---|---|---|---|---|
| **Balance – January 1, 2022** | | 57,302,629 | 536,883 | 152,601 | 689,484 |
| Net income and comprehensive income | | - | - | 18,064 | 18,064 |
| Distributions | | - | - | (9,207) | (9,207) |
| Units issued under distribution reinvestment plan | 16 | 67,008 | 777 | - | 777 |
| Units issued under Option Plan | | 58,922 | 760 | - | 760 |
| Units issued under Incentive Plan | 13 | 35,755 | 461 | - | 461 |
| Units issued under Employee Purchase Plan | 13 | 15,251 | 176 | - | 176 |
| Class B LP Units exchanged for REIT Units | 12 | 455,481 | 5,940 | - | 5,940 |
| **Balance – March 31, 2022** | | 57,935,046 | 544,997 | 161,458 | 706,455 |

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

# Nexus Industrial REIT

Condensed Consolidated Interim Statements of Cash Flows
(In thousands of Canadian dollars)
(Unaudited)

| | Note(s) | For the three months ended 2023 $ | 2022 $ |
|---|---|---|---|
| **Operating activities** | | | |
| Net income for the period | | 3,717 | 18,064 |
| Adjustment for items not involving cash: | | | |
| Restricted share unit expense | 13 | 699 | 581 |
| Share of net income from equity accounted investment in joint venture | 6 | (94) | (460) |
| Amortization of deferred financing costs | 10,11 | 255 | 138 |
| Amortization of mortgage fair value adjustments | 10 | (29) | (55) |
| Amortization of right-of-use assets | | 23 | 23 |
| Amortization of tenant incentives and leasing costs | 4 | 296 | 265 |
| Straight-line adjustments of rent | | (1,017) | (776) |
| Fair value adjustment of investment properties | 4,5 | 2,715 | (1,925) |
| Fair value adjustment of Class B LP Units | 12 | 2,608 | 3,692 |
| Fair value adjustment of unit options | | - | 142 |
| Fair value adjustment of restricted share units | 13 | 9 | 42 |
| Fair value adjustment of derivative financial instruments | 18 | 3,829 | (8,467) |
| Unrealized foreign exchange loss | | (19) | (148) |
| Changes in non-cash working capital | 21 | (5,984) | (5,938) |
| Changes in other non-current assets | | 18 | (12) |
| Changes in restricted cash | | 54 | 37 |
| Changes in other non-current liabilities | | (265) | (1,165) |
| Total cash generated by operating activities | | 6,815 | 4,038 |
| **Investing activities** | | | |
| Acquisition of income-producing investment properties | 3,4 | (119,329) | (218,952) |
| Additions to investment properties under development | 4 | (2,070) | - |
| Capital expenditures, tenant incentives and leasing costs | 4 | (2,470) | (592) |
| Total cash used in investing activities | | (123,869) | (219,544) |
| **Financing activities** | | | |
| Proceeds from new mortgage financing | 10 | - | 156,300 |
| Financing costs | 10,11 | (1,286) | (835) |
| Lease principal repayments | | (15) | (13) |
| Mortgage principal repayments | 10 | (5,056) | (21,330) |
| Net borrowing on the Credit Facilities | 11 | 132,269 | 14,066 |
| Distributions to unitholders | | (9,755) | (8,396) |
| Total cash generated by financing activities | | 116,157 | 139,792 |
| **Change in cash during the period** | | (897) | (75,714) |
| **Cash - beginning of period** | | 11,533 | 82,279 |
| **Cash - end of period** | | 10,636 | 6,565 |
| Supplemental cash flow and non-cash information | 21 | | |

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

## 1 Organization

Nexus Industrial REIT 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 March 7, 2022. Nexus Industrial REIT and its subsidiaries, (together, “the REIT”) own and operate commercial real estate properties across Canada. The registered office of the REIT is located at 211-1540 Cornwall Road, Oakville, ON, L6J 7W5.

## 2 Summary of significant accounting policies

**Statement of compliance**

The condensed consolidated interim financial statements of the REIT have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting, and do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements as at and for the year ended December 31, 2022.

**Basis of presentation**

The condensed consolidated interim financial statements have been prepared on a going concern basis and under the historical cost convention, except for the revaluation of investment properties, unit options, restricted share units and financial instruments classified as fair value through profit or loss (“FVTPL”), which are presented at fair value. These condensed consolidated interim financial statements are presented in thousands of Canadian dollars, which is the functional currency of the REIT. The condensed consolidated interim financial statements were authorized for issue by the board of trustees of the REIT on May 12, 2023.

**Significant accounting judgments, estimates and assumptions**

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. Estimates and assumptions used in these condensed consolidated interim financial statements are based on information available to the REIT as at the end of the reporting period.

**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 and Non-current Liabilities with Covenants*

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. In October 2022, the IASB issued “Amendments to IAS 1 - Non-current Liabilities with Covenants”. These further amendments clarify how to address the effects on classification and disclosure of covenants currently applicable and covenants that will apply in future periods. These amendments are effective January 1, 2024, with earlier application permitted and are to be applied retrospectively. The REIT is currently evaluating the impact of these amendments on its consolidated financial statements.

(In thousands of Canadian dollars)

## 3 Acquisitions and dispositions

### Acquisition of income-producing properties

The impact of the acquisition of income-producing properties completed during the three-months ended March 31, 2023 is as follows:

| Property location | Note | Acquisition date | Contractual purchase price $ | Fair value adjustment (1) $ | Transaction costs $ | Income-producing properties acquired $ | Working capital acquired $ | Mortgages assumed (2) $ | Net assets acquired $ |
|---|---|---|---|---|---|---|---|---|---|
| Casselman, ON | a | March 7th | 116,516 | - | 2,599 | 119,115 | 214 | - | 119,329 |

(1) Fair value adjustment for Class B LP units issued and mortgage assumed on acquisition.
(2) Fair value of mortgages assumed

| Consideration: | |
|---|---|
| Cash | 119,329 |
| | 119,329 |

a) On March 7, 2023, the REIT acquired an industrial property (the "Casselman Property") located in Casselman, Ontario for a contractual purchase price of $116,800. The REIT received a vendor rent obligation payment from the vendor of $284 to subsidize the lower base rent until March 7, 2025, which reduced the carrying value of the property of $116,516.

The impact of the acquisitions completed during the year ended December 31, 2022 is as follows:

| Property location | Note | Acquisition date | Contractual purchase price $ | Fair value adjustment (1) $ | Transaction costs $ | Income-producing properties acquired $ | Working capital acquired $ | Mortgages assumed (2) $ | Net assets acquired $ |
|---|---|---|---|---|---|---|---|---|---|
| Windsor, ON and Tilbury, ON | b | November 1st | 38,875 | - | 939 | 39,814 | (3) | - | 39,811 |
| Cornwall, ON | | September 30th | 4,850 | - | 127 | 4,977 | (20) | - | 4,957 |
| Baie-D'Urfé, QC | | September 8th | 17,800 | - | 485 | 18,285 | (468) | - | 17,817 |
| St-Augustin-de-Desmaures, QC | | July 11th | 18,875 | (460) | 529 | 18,944 | (616) | (9,080) | 9,248 |
| Edmonton, AB | | March 1st | 14,600 | - | 51 | 14,651 | (141) | - | 14,510 |
| London and Chatham, ON | c | March 1st | 35,694 | 1,736 | 1,052 | 38,482 | (256) | (2,664) | 35,562 |
| Edmonton, AB | d | February 22nd | 91,000 | - | 192 | 91,192 | (59) | - | 91,133 |
| Edmonton, AB | e | February 8th | 38,161 | - | 154 | 38,315 | (119) | - | 38,196 |
| Mascouche, QC | f | February 2nd | 28,914 | - | 976 | 29,890 | (1,355) | - | 28,535 |
| Regina, SK | | January 12th | 28,000 | - | 147 | 28,147 | (290) | - | 27,857 |
| Post-closing adjustments | g | | - | - | 2,524 | 2,524 | - | - | 2,524 |
| | | | 316,769 | 1,276 | 7,176 | 325,221 | (3,327) | (11,744) | 310,150 |

(1) Fair value adjustment for Class B LP units issued and mortgage assumed on acquisition.
(2) Fair value of mortgages assumed

| Consideration: | |
|---|---|
| Cash | 290,786 |
| Class B LP Units issued | 19,364 |
| | 310,150 |

b) On November 1, 2022, the REIT acquired a portfolio of four industrial properties for $38,875 ($28,500 USD). Three of the properties are located in Windsor, Ontario and one is located in Tilbury, Ontario.

c) On March 1, 2022, the REIT acquired three industrial properties, two of which are located in London, Ontario and one of which is located in Chatham, Ontario, for a contractual purchase price of $35,694. The purchase price was partially satisfied through the issuance of 1,565,394 Class B LP Units at a deemed value of $11.30 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 fair value of the units issued as purchase consideration, on the date of issuance, was measured at the closing price of the REIT's units on March 1, 2022 of $12.37 per unit. The property was initially recorded at $37,369, the fair value of the consideration paid. The carrying amount of the property was subsequently adjusted to the acquisition date fair value of the property of $35,694.

(In thousands of Canadian dollars)

d) On February 22, 2022, the REIT acquired two industrial properties located in Edmonton, Alberta for a contractual purchase price of $91,000.

e) On February 8, 2022, the REIT acquired an industrial warehouse located in Edmonton, Alberta for a contractual purchase price of $38,161. Pursuant to the acquisition the REIT acquired a ground lease asset of $9,175 and an associated lease liability of $9,175.

f) On February 2, 2022, the REIT acquired a distribution centre located in the Montreal, Quebec area for a contractual purchase price of $28,914.

g) Post-closing adjustments relate to transaction costs for an industrial property acquired in December 2021.

## 4 Investment properties

| | March 31, 2023 $ | December 31, 2022 $ |
|---|---|---|
| Income-producing properties | 1,904,798 | 1,797,109 |
| Properties held for development | 27,600 | 25,530 |
| Balance, end of period | 1,932,398 | 1,822,639 |

| | Note | Income-producing properties $ | Properties held for development $ | Investment properties $ |
|---|---|---|---|---|
| Balance – January 1, 2023 | | 1,797,109 | 25,530 | 1,822,639 |
| Acquisitions | 3 | 119,115 | - | 119,115 |
| Additions – capital expenditures | | 1,082 | - | 1,082 |
| Additions – tenant incentives and leasing costs | | 1,388 | - | 1,388 |
| Additions – development | | - | 2,070 | 2,070 |
| Amortization of tenant incentives and leasing costs | | (296) | - | (296) |
| Investment properties reclassified as assets held for sale | 5 | (10,885) | - | (10,885) |
| Fair value adjustment | | (2,715) | - | (2,715) |
| Balance – March 31, 2023 | | 1,904,798 | 27,600 | 1,932,398 |

(In thousands of Canadian dollars)

| | Note | Income-producing properties $ | Properties held for development $ | Investment properties $ |
|---|---|---|---|---|
| Balance – January 1, 2022 | | 1,545,866 | - | 1,545,866 |
| Acquisitions | 3 | 325,221 | 23,716 | 348,937 |
| Additions – capital expenditures | | 5,908 | - | 5,908 |
| Additions – tenant incentives and leasing costs | | 5,305 | - | 5,305 |
| Additions – development | | - | 1,814 | 1,814 |
| Amortization of tenant incentives and leasing costs | | (988) | - | (988) |
| Reclassified from prepaid development costs | | 198 | - | 198 |
| Investment properties reclassified as assets held for sale | 5 | (95,039) | - | (95,039) |
| Disposal of investment property | 3 | (955) | - | (955) |
| Fair value adjustment | | 3,304 | - | 3,304 |
| Ground lease addition | 3e | 9,175 | - | 9,175 |
| Ground lease disposition | 3 | (886) | - | (886) |
| Balance – December 31, 2022 | | 1,797,109 | 25,530 | 1,822,639 |

Acquisitions of income-producing properties include $2,599 of transaction costs (December 31, 2022 - $7,176) and acquisitions of properties held for development includes transaction costs of $nil (December 31, 2022 - $1,110).

During the three-month ended March 31, 2023, the REIT capitalized $66 of borrowing cost (December 31, 2022 - $94) to a qualifying development property.

The fair value of the investment properties as at March 31, 2023 was determined primarily through the application of the direct capitalization method, with certain adjustments for the present value of rents determined to be above or below market rents.

The fair value of the investment properties as at March 31, 2023 represents the REIT's best estimate based on available information as at the end of the reporting period.

The key valuation metrics used in determining the fair value of the investment properties are as detailed below:

| | March 31, 2023 | December 31, 2022 |
|---|---|---|
| Weighted average capitalization rate | 5.62% | 5.72% |
| Range of capitalization rates | 4.25% - 9.75% | 4.25% - 9.75% |
| Stabilized net operating income | $106,783 | $102,480 |

The fair value of the investment properties is most sensitive to changes in capitalization rates. As at March 31, 2023, a 0.25% increase in the weighted average capitalization rate would result in a decrease of approximately $80,890 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 $88,420 in the determination of the fair value of the investment properties.

The calculation of the fair value of investment properties using the direct income capitalization method results in the measurement being classified as Level 3 in the fair value hierarchy. Significant unobservable inputs used in the Level 3 valuation of the investment properties are the capitalization rate and the stabilized net operating income applied in the valuations. Generally, an increase in stabilized net operating income or a decrease in capitalization rates will result in an increase in the fair value of investment properties. Conversely, a decrease in stabilized net operating income or an increase in capitalization rates will generally result in a decrease in the fair value of investment properties.

(In thousands of Canadian dollars)

## 5 Assets held for sale

As at March 31, 2023, six investment properties with a combined fair value of $81,913 are classified as assets held for sale. The mortgages and a lease liability associated with these properties are classified as liabilities associated with assets held for sale.

The following table summarizes the fair value changes in properties classified as assets held for sale:

| | Note | March 31, 2023 $ | December 31, 2022 $ |
|---|---|---|---|
| Balance, beginning of period | | 70,885 | - |
| Investment properties classified as assets held for sale | 4 | 10,994 | 95,670 |
| Fair value adjustment | | - | (4,635) |
| Disposal of an investment property | | - | (20,150) |
| Other adjustments | | 34 | - |
| Balance, end of period | | 81,913 | 70,885 |

## 6 Equity investment in joint venture

The REIT has a 50% interest in Société en Commandite 2045 Stanley, the limited partnership that owns the office building located at 2039-2047 rue Stanley in Montreal.

The following table summarizes the equity investment in the joint venture:

| | March 31, 2023 $ | December 31, 2022 $ |
|---|---|---|
| Balance, beginning of period | 10,975 | 9,178 |
| Share of net income from investment in joint venture | 94 | 1,797 |
| Balance, end of period | 11,069 | 10,975 |

The following table summarizes the cumulative financial information of the joint venture:

| | March 31, 2023 $ | December 31, 2022 $ |
|---|---|---|
| Investment property | 34,436 | 34,400 |
| Other non-current assets | 1,753 | 1,915 |
| Current assets | 875 | 813 |
| Non-current liabilities | (13,538) | (13,766) |
| Current liabilities | (1,388) | (1,413) |
| Net assets | 22,138 | 21,949 |
| 50% investment in joint venture | 11,069 | 10,975 |

(In thousands of Canadian dollars)

| | For the period ended March 31, 2023 $ | 2022 $ |
|---|---|---|
| **Net rental income** | | |
| Property revenues | 978 | 979 |
| Property expenses | (460) | (488) |
| Net rental income | 518 | 491 |
| General and administrative expense | (37) | (57) |
| Fair value adjustment of derivative financial instruments | (175) | 608 |
| Net interest expense | (119) | (122) |
| Net income and comprehensive income | 187 | 920 |
| Share of net income and comprehensive income from 50% investment in joint venture | 94 | 460 |

## 7 Tenant and other receivables

The REIT leases industrial, office and retail properties to tenants under operating leases. Minimum rental commitments on non-cancellable tenant operating leases over their remaining terms are as follows:

| | March 31, 2023 $ |
|---|---|
| Remainder of 2023 | 78,786 |
| 2024 | 100,111 |
| 2025 | 88,471 |
| 2026 | 75,036 |
| 2027 | 64,567 |
| Thereafter | 417,161 |
| Balance as at March 31, 2023 | 824,132 |

## 8 Other assets

Other assets are comprised as follows:

| | March 31, 2023 $ | December 31, 2022 $ |
|---|---|---|
| Vendor rent obligations | 801 | 801 |
| Property tax reserves held by mortgage lenders | 425 | 534 |
| Cumulative straight-line rent adjustments | 6,632 | 5,758 |
| Restricted cash | 658 | 653 |
| Prepaid acquisition costs | 382 | 396 |
| Other | 715 | 858 |
| Balance, end of period | 9,613 | 9,000 |
| Less: Current portion | (9,464) | (8,833) |
| Non-current balance, end of period | 149 | 167 |

As at March 31, 2023, the vendor rent obligation related to the REIT's Richmond, BC property was $801 (December 31, 2022 - $801). This amount is an estimate of the total expected to be due to the REIT during the completion of the buildout and prior to commencement of tenant leases.

(In thousands of Canadian dollars)

During the period ended March 31, 2023, a total of $601 (December 31, 2022 - $2,403) of vendor rent obligation was accrued and recorded in other income in the condensed consolidated interim statement of income and comprehensive income in respect of the REIT's Richmond, BC property.

## 9 Other investments

On November 16, 2021, the REIT acquired an interest in a limited partnership for $3,000. The limited partnership owns development land. The REIT has accounted for the interest in the limited partnership as a FVTPL financial asset. The fair value of the investment was $6,500 as at March 31, 2023 (December 31, 2022 - $6,500).

The REIT also indirectly, through one of its subsidiaries, guaranteed a $17,500 debt of the limited partnership and is entitled to an annual guarantee fee of $175. During the period ended March 31, 2023, the REIT recorded other income of $34 (2022 - $34) with respect to the annual guarantee fee.

## 10 Mortgages payable

As at March 31, 2023, the mortgages payable are secured by charges against 78 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 3.20% (December 31, 2022 – 3.21%) and the weighted average term to maturity is 5.84 years (December 31, 2022 – 6.08 years). The breakdown of future principal repayments, including mortgage maturity, is presented in the following table:

| | Scheduled repayments $ | Principal maturities $ | Total $ |
|---|---|---|---|
| Remainder of 2023 | 14,387 | 52,082 | 66,469 |
| 2024 | 17,882 | 46,783 | 64,665 |
| 2025 | 16,857 | 64,690 | 81,547 |
| 2026 | 14,207 | 89,123 | 103,330 |
| 2027 | 11,799 | 51,727 | 63,526 |
| Thereafter | 85,288 | 268,478 | 353,766 |
| Total | 160,420 | 572,883 | 733,303 |

(In thousands of Canadian dollars)

The following table summarizes the changes in mortgages payable for the three months ended March 31, 2023 and year ended December 31, 2022:

| | Note | March 31, 2023 $ | December 31, 2022 $ |
|---|---|---|---|
| Mortgages payable, beginning of period | | 738,359 | 612,764 |
| New mortgage financing | | - | 183,880 |
| Mortgages refinanced/repaid | | - | (37,996) |
| Principal assumed/repaid on disposal of investment properties | 3 | - | (12,674) |
| Mortgages assumed | 3 | - | 12,143 |
| Principal repayments | | (5,056) | (19,758) |
| Mortgages payable, end of period | | 733,303 | 738,359 |
| Less: Deferred financing costs, beginning of period | | (2,664) | (2,121) |
| Less: Additions to deferred financing costs | | - | (1,100) |
| Plus: Amortization of deferred financing costs | | 155 | 557 |
| Plus: Fair value adjustment of mortgages, beginning of period | | (57) | 520 |
| Plus: Additions to fair value adjustment of mortgages | 3 | - | (399) |
| Less: Amortization of fair value adjustments | | (29) | (178) |
| Balance, end of period | | 730,708 | 735,638 |
| Less: Current portion | | (80,676) | (70,410) |
| Less: Mortgage payable associated with an asset held for sale | | (31,344) | (31,604) |
| Non-current balance, end of period | | 618,688 | 633,624 |

## 11 Credit Facilities

As at March 31, 2023, the REIT had the following credit facilities (the “Credit Facilities”):

| Facility | Interest Rate | Maturity Date | Security | Facility Limit $ | Amount Drawn $ |
|---|---|---|---|---|---|
| **Credit Facility 1:** | | | | | |
| Fixed-term facility (1) | 30-day bankers' acceptance rate + 1.50% | September 13, 2024 | 13 investment properties | 65,000 | 65,000 |
| Revolving facility | Prime rate + 1.00% or floating bankers' acceptance rate +2.00% | September 13, 2024 | | 5,000 | 1,971 |
| **Credit Facility 2:** | | | | | |
| Revolving facility | Prime rate + 1.00% | - | 4 investment properties | 500 | Undrawn |
| **Unsecured Facilities (2) :** | | | | | |
| Revolving facility | Prime rate + 0.70% or floating bankers' acceptance rate +1.70% (1) | March 1, 2026 | Unsecured | 190,000 | 177,100 |
| Term loan facility | Prime rate + 0.70% or floating bankers' acceptance rate +1.70% (1) | March 1, 2026 | Unsecured | 175,000 | Undrawn |
| Swingline facility | Prime rate + 0.70% or floating bankers' acceptance rate +1.70% (1) | March 1, 2026 | Unsecured | 10,000 | 1,198 |
| | | | | 445,500 | 245,269 |

(Credit Facility 1, Credit Facility 2 and Unsecured Facilities, collectively “the Credit Facilities”)

(1) Represents the spreads in effect as at March 31, 2023. The applicable spread is set based on the REIT's total debt to total assets, unless the REIT receives an external credit rating, at which time the applicable spread will be based on the REIT's external credit rating.

(In thousands of Canadian dollars)

Funds drawn against the Credit Facilities are as follows:

| | March 31, 2023 $ | December 31, 2022 $ |
|---|---|---|
| Bankers' acceptance borrowings | 242,100 | 65,000 |
| Prime rate borrowings | 3,169 | 48,000 |
| Total drawn against the Credit Facilities | 245,269 | 113,000 |
| Less: Deferred financing costs | (1,654) | (468) |
| Balance, end of period | 243,615 | 112,532 |

Details of the amounts drawn under the Credit Facilities on March 31, 2023 are as follows:

| | Total Principal amount $ | Weighted Average Interest rate | Repricing date |
|---|---|---|---|
| Bankers' acceptance borrowings | 242,100 | 6.59% (1) | Variable (2) |
| Prime rate borrowings | 3,169 | 7.59 % | Variable |

(1) In September 2019, the REIT entered into interest rate swap agreements totalling $65,000 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% until September 13, 2024.

On March 15, 2023, the REIT entered into an interest rate swap agreement for $50,000 to swap floating 30-day bankers' acceptance rates for a fixed rate of 3.26%, until February 29, 2028 (see note 18) such that the interest rate on the borrowings, including the current 170 basis point spread is fixed at 4.96%.

(2) Dates between April 1, 2023 and May 1, 2023.

The following table summarizes the changes in the Credit Facilities for the three months ended March 31, 2023 and year ended December 31, 2022:

| | March 31, 2023 $ | December 31, 2022 $ |
|---|---|---|
| Drawn against Credit Facilities, beginning of period | 113,000 | 65,000 |
| Net borrowings | 132,269 | 48,000 |
| Drawn against Credit Facilities, end of period | 245,269 | 113,000 |
| Less: Deferred financing costs, beginning of period | (468) | (287) |
| Less: Deferred financing costs incurred | (1,286) | (355) |
| Plus: Amortization of deferred financing costs | 100 | 174 |
| Balance, end of period | 243,615 | 112,532 |

## 12 Class B LP Units

The following table summarizes the changes in Class B LP Units for the three months ended March 31, 2023:

| | Class B LP Units | Amount $ |
|---|---|---|
| Balance – January 1, 2023 | 20,317,090 | 195,857 |
| Class B LP Units exchanged for REIT Units | (455,481) | (4,814) |
| Fair value adjustment | - | 2,608 |
| Balance – March 31, 2023 | 19,861,609 | 193,651 |

Distributions in the amount of $3,178 (2022 - $3,205) were declared payable to holders of Class B LP Units for the period ended March 31, 2023. These amounts have been recognized as finance expense in the condensed consolidated interim statement of income and comprehensive income. Distributions payable in the amount of $1,059 were accrued as at March 31, 2023 (December 31, 2022 - $1,084).

## 13 Unit-based compensation

Unit-based compensation liabilities are comprised of restricted share units.

### *1) Restricted share units*

The REIT adopted an incentive unit plan (the "Incentive Plan") effective June 22, 2018. Under the Incentive Plan, the Board of Trustees may grant restricted share units ("RSUs") of the REIT to trustees, officers and employees of the REIT and consultants. The REIT is authorized to issue up to 1,112,176 units under the Incentive Plan. The maximum number of restricted share units and options that may be reserved under the Incentive Plan and the Option Plan is 10% of the outstanding units of the REIT.

On January 13, 2023, the REIT granted an aggregate of 99,164 RSUs to employees with a fair value at the grant date of $9.93. These RSUs vest one-third on the date of issuance, one-third on January 13, 2024 and one-third on January 13, 2025. On January 13, 2023, the REIT also granted an aggregate of 20,138 RSUs to trustees with a fair value at the grant date of $9.93. These RSUs vested on the date of issuance.

On March 25, 2022, the REIT granted an aggregate of 107,009 RSUs to employees with a fair value at the grant date of $12.38. These RSUs vest one-third on the date of issuance, one-third on February 28, 2023 and one-third on February 28, 2024.

The initial fair value of each RSU granted is determined based on the volume-weighted average trading price of units of the REIT for the five trading days prior to the valuation date. The RSUs are remeasured to fair value at each reporting date with gains and losses reported within the condensed consolidated interim statement of income and comprehensive income.

During the three months ended March 31, 2023, a total of $699 (2022 - $581) of expense for restricted share units granted under the plan was recognized in general and administrative expense.

### *2) Employee unit purchase plan*

The REIT adopted an employee unit purchase plan (the "Employee Purchase Plan") effective August 30, 2021. Under the Employee Purchase Plan, employees of the REIT may contribute up to $7.5 per calendar year to the plan ("Employee Contributions"), and Employee Contributions will be matched by a contribution from the REIT equivalent to 100% of the Employee Contributions ("REIT Contributions"). REIT Contributions will vest one year following each purchase date. All contributions received in respect of each participant in the Employee Purchase Plan shall be paid in full on behalf of such participant to purchase REIT Units from treasury or, at the election of the REIT, through market purchases carried out by an independent broker through the facilities of the TSX. REIT Units issued from treasury will be issued at the volume weighted average trading price of REIT Units for the five trading days prior to each respective purchase date.

During the three months ended March 31, 2023, 422 REIT Units (2022 – 15,251 REIT Units) were issued from treasury at a weighted average price of $9.59 per unit in respect of $2 of Employee Contributions and $2 of REIT Contributions.

13,366 REIT Units issued in respect of REIT Contributions remain in the Employee Purchase Plan at March 31, 2023 (2022 – 11,071 REIT Units), of which, 2,505 REIT Units are unvested.

Included in other current assets as at March 31, 2023, related to REIT Contributions, is unamortized compensation expense of $13 (December 31, 2022 - $19). During the period ended March 31, 2023, a total of $6 (2022 - $32) of expense for REIT Contributions was recognized in general and administrative expense.

(In thousands of Canadian dollars)

## 14 Accounts payable and other liabilities

a) Accounts payable and other liabilities are comprised as follows:

| | March 31, 2023 $ | December 31, 2022 $ |
|---|---|---|
| Prepaid rent | 5,179 | 4,448 |
| Security deposits | 3,064 | 3,064 |
| Accrued interest expense | 2,511 | 2,644 |
| Sales and other taxes payable | 1,664 | 1,808 |
| Trade payables and accrued liabilities | 5,957 | 12,961 |
| Other liabilities | 1,020 | 1,016 |
| Current balance, end of period | 19,395 | 25,941 |

b) Other liabilities – non-current as at March 31, 2023 of $8,959 ($6,620 USD) (December 31, 2022 - $9,224 ($6,810 USD)) represents deferred consideration related to the acquisition of an investment property. The deferred consideration is denominated in US dollars and payable in quarterly instalments amortized over a 10-year period which commenced October 1, 2021.

## 15 Unitholders' equity

The REIT is authorized to issue an unlimited number of units and special voting units. Each unit entitles the holder to a single vote at any meeting of unitholders and entitles the holder to receive a pro rata share of all distributions and in the event of termination or winding up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. The units are redeemable at any time at the demand of the holders to receive a price per unit as determined by the REIT's declaration of trust. Among other conditions for redemption, the total amount payable by the REIT in respect of units surrendered for redemption shall not exceed $50 in any one calendar month.

The declaration of trust provides for the issuance of special voting units which have no economic entitlement in the REIT or in the distribution of assets of the REIT but are used to provide voting rights proportionate to the votes of the units to holders of securities exchangeable into units, including Class B LP Units.

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 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 following table summarizes the changes in unitholders' equity for the period ended March 31, 2023:

| | Note | Units | Amount $ |
|---|---|---|---|
| Balance – January 1, 2023 | | 67,322,644 | 636,776 |
| Units issued under distribution reinvestment plan | 16 | 107,706 | 1,075 |
| Units issued under Incentive Plan | 13 | 61,107 | 607 |
| Units issued under Employee Purchase Plan | 13 | 422 | 4 |
| Units cancelled | | (375) | - |
| Class B LP Units exchanged for REIT Units | 12 | 455,481 | 4,814 |
| Balance – March 31, 2023 | | 67,946,985 | 643,276 |

## 16 Distribution reinvestment plan

The REIT adopted a distribution reinvestment plan ("DRIP)" on February 20, 2014, pursuant to which resident Canadian holders are entitled to elect to have all or some of the cash distributions of the REIT automatically reinvested in additional units at a price per unit calculated by reference to the weighted average of the trading price for the units for the five trading days immediately preceding the relevant distribution date. Eligible unitholders who so elect will receive a bonus distribution of units equal to 4% of each distribution that was reinvested by them under the DRIP. During the period ended March 31, 2023, 107,706 units (2022 – 67,008 units) were issued under the DRIP for a stated value of $1,075 (2022 - $777).

(In thousands of Canadian dollars)

## 17 Property revenues

The following table summarizes the main components of property revenues according to their nature:

| | For the period ended March 31, 2023 $ | 2022 $ |
|---|---|---|
| Rental income | 34,096 | 28,779 |
| Revenue from services | 3,150 | 2,694 |
| Other revenue | 230 | 226 |
| Property revenues | 37,476 | 31,699 |

## 18 Financial instruments

*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 March 31, 2023, the REIT had cash of $10,636 (December 31, 2022 - $11,533), mortgages payable of $733,303 (December 31, 2022 - $738,359), a Credit Facilities balance of $245,269 (December 31, 2022 - $113,000) and accounts payable and other liabilities of $28,354 (December 31, 2022 - $35,165). The REIT had a working capital deficit of $18,622 as at March 31, 2023 (December 31, 2022 – $25,197). Excluding the current portion of mortgages payable of $80,676, liabilities associated with assets held for sale of $32,627 and assets held for sale of $81,720, the working capital would be a surplus of $12,961. The REIT expects that it will be able to refinance the 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 and other liabilities $ | Lease liabilities $ | Credit Facilities principal repayment $ | Interest on fixed-term portion of Credit Facilities $ | Mortgages payable $ | Mortgage interest $ | Total $ |
|---|---|---|---|---|---|---|---|
| Remainder of 2023 | 19,138 | 417 | - | 2,758 | 66,469 | 16,141 | 104,923 |
| 2024 | 1,046 | 529 | 66,971 | 3,166 | 64,665 | 19,630 | 156,007 |
| 2025 | 1,081 | 551 | - | 1,630 | 81,547 | 17,751 | 102,560 |
| 2026 | 1,117 | 551 | 178,298 | 272 | 103,330 | 14,650 | 298,218 |
| 2027 | 1,155 | 551 | - | - | 63,526 | 11,679 | 76,911 |
| Thereafter | 4,817 | 22,889 | - | - | 353,766 | 38,092 | 419,564 |
| | 28,354 | 25,488 | 245,269 | 7,826 | 733,303 | 117,943 | 1,158,183 |

(In thousands of Canadian dollars)

*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 March 31, 2023, there was a total of $435,725 (December 31, 2022 - $300,690) of mortgage and Credit Facilities 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 March 31, 2023, the REIT has interest rate swap agreements totalling $299,117 (2022 - $246,320) 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 the Credit Facility 1. The interest rate swap agreements expire coterminous with the maturity of the corresponding mortgages and Credit Facility 1.

The fair value measurements of the interest rate swap agreements have been classified as Level 2, as they are based mainly on observable market data.

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

| Transaction date | Effective fixed interest rate | Maturity date | Original notional amount $ | Current notional amount $ | Fair value gain $ |
|---|---|---|---|---|---|
| April 2019 | 3.67% | April 24, 2024 | 12,000 | 11,041 | (295) |
| April 2019 | 3.74% | April 24, 2026 | 12,500 | 11,513 | (512) |
| April 2019 | 3.87% | April 24, 2029 | 12,500 | 11,536 | (550) |
| September 2019 | 3.15% | September 13, 2024 | 65,000 | 65,000 | (2,609) |
| November 2020 | 2.82% | November 2, 2027 | 7,650 | 7,142 | (694) |
| December 2020 | 3.61% | December 1, 2025 | 18,500 | 17,431 | (1,269) |
| December 2020 | 3.35% | December 30, 2030 | 15,000 | 17,125 | (1,914) |
| April 2021 | 3.08% | April 1, 2026 | 19,750 | 18,714 | (1,149) |
| November 2021 | 3.69% | June 1, 2028 | 22,600 | 21,598 | (652) |
| February 2022 | 3.28% | February 23, 2032 | 29,500 | 29,500 | (1,522) |
| February 2022 | 3.28% | February 23, 2032 | 20,000 | 20,000 | (1,032) |
| March 2022 | 3.41% | March 1, 2027 | 17,800 | 17,341 | (849) |
| March 2022 | 3.76% | April 1, 2025 | 1,500 | 1,176 | (47) |
| March 2023 | 3.26% | February 29, 2028 | 50,000 | 50,000 | (149) |
| | | | 304,300 | 299,117 | (13,243) |

*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. As at March 31, 2023, one tenant accounted for approximately 13% of the REIT's base rental income, resulting in a concentration of credit risk. 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%. 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 using 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. As at March 31, 2023, the REIT had an allowance for expected credit losses of $87 (December 31, 2022 – $87).

## 19 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 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, 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 and has paid a development management fee in the amount of $3,000 in respect of the Addition. 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 is 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 of value enhancement is for the benefit of the REIT. The next $20,000 of value enhancement will be for the benefit of the Developer. Any value enhancement in excess of $40,000 is to 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 was estimated at $32,275 as at June 30, 2022, not including any value enhancement related to the Addition. This amount was settled as at June 30, 2022.

In September 2022, the terms of certain tenant leases in respect of the REIT’s Richmond, BC property were amended with increases to rents per square foot. The REIT agreed to make a payment to the Developer ($11,277), calculated as one half of the increase in net rental income resulting from the amendments, subject to certain adjustments, divided by the capitalization rates applied in the previously prepared external appraisals.

The DMA provides that upon completion of the Addition, final external appraisals will be commissioned by each of the REIT and the Developer. The average of the two appraisals will be used to determine the final amount of value enhancement, if any, due to the Developer, at which time, any further amount due to the Developer will be payable.

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.

*Other*

As at March 31, 2023, the REIT had contractual commitments to acquire five industrial properties for an aggregate contractual purchase price of $233,843. $27,061 of the aggregate contractual purchase price is to be settled by issuing Class B LP Units valued at $11.30 per unit.

## 20 Related party transactions

For the period ended March 31, 2023, trustee retainer fees in the amount of $119 were expensed (2022 - $119). Trustee retainer fees in the amount of $119 were accrued as at March 31, 2023 (December 31, 2022 - $269).

For the period ended March 31, 2023, key management earned salaries and other short-term employee benefits in the amount of $705 (2022 - $678).

On July 18, 2022, the REIT acquired an 80% interest in a property held for development in Hamilton, Ontario for $4,846 (“190 Glover Road”). The REIT also indirectly, through one of its subsidiaries guaranteed up to $8,000 of debt of the co-ownership. The development is partially owned, and managed, by entities controlled by RFA Capital Partners Inc. (“RFA”), an entity related to a trustee of the REIT.

On June 22, 2022, the REIT acquired an 80% interest in a property held for development in Hamilton, Ontario for $17,760 (“1540 South Service Road”). The development is partially owned, and managed, by entities controlled by RFA.

On November 16, 2021, the REIT acquired a 22% interest in a limited partnership which holds land in Hamilton, Ontario for development for $3,000 (“844 Glancaster Road”). The fair value of the investment was $6,500 as at March 31, 2023 (December 31, 2022 - $6,500). The REIT also indirectly, through one of its subsidiaries, guaranteed a $17,500 debt of the limited partnership. The limited partnership is controlled by RFA, an entity related to a trustee of the REIT.

The REIT’s investment to acquire its interest in 190 Glover Road, 1540 South Service Road and 844 Glancaster Road (collectively “the RFA Development Properties”) is proportionately the same as the other limited partners and co-owners’ investments.

The REIT is entitled to receive a guarantee fee in respect of debt related to the RFA Development Properties which is guaranteed by the REIT. Acquisition fees, asset management fees and development management fees are payable to entities related to RFA in respect of the RFA Development Properties. If certain return thresholds are met, RFA will also receive a preferential allocation of income related to the RFA Development Properties at the completion of their development. These fees receivable and payable in respect of the RFA Development Properties are consistent with market terms.

The REIT recognized $38 of guarantee fees during the period ended March 31, 2023 (2022 - $nil).

Fees to RFA related entities in respect of the RFA Development Properties totalled $157 for the period ended March 31, 2023 (2022 - $nil).

(In thousands of Canadian dollars)

## 21 Supplemental cash flow and non-cash information

| | For the period ended March 31, 2023 $ | 2022 $ |
|---|---|---|
| Interest paid | 11,120 | 9,111 |
| Income taxes paid | - | (6) |
| Non-cash investing and financing activities: | | |
| REIT Units issued under distribution reinvestment plan | 1,075 | 777 |
| Class B LP Units issued as purchase price consideration | - | 19,364 |
| Changes in non-cash working capital: | | |
| Tenant and other receivables | 367 | (2,073) |
| Prepaid expenses | (1,322) | (447) |
| Deposits | 1,750 | (1,250) |
| Other current assets | 246 | (51) |
| Accounts payable and other liabilities | (7,025) | (2,117) |
| Total changes in non-cash working capital | (5,984) | (5,938) |

## 22 Subsequent events

On April 21, 2023, the REIT acquired an industrial property located in London, Ontario for a purchase price of $36,000.

On April 26, 2023, the REIT sold a retail property located in Victoriaville, Quebec for $40,254. The property was classified as an asset held for sale as at March 31, 2023.