NEXUS INDUSTRIAL REIT

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended March 31, 2023

May 12, 2023

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BASIS OF PRESENTATION

The following management's discussion and analysis ("**MD&A**") of Nexus Industrial REIT ("the **REIT**") for the three months ended March 31, 2023 should be read in conjunction with the REIT's audited consolidated financial statements for the years ended December 31, 2022 and 2021 and the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023.

The information contained in this MD&A reflects events up to May 12, 2023, the date on which this MD&A was approved by the REIT's Board of Trustees. Financial data included in the tables of this MD&A is presented in thousands of Canadian dollars, except per unit amounts, 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.

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, including but not limited to: real property ownership and tenant risk, competition, fixed costs and increased expenses, general uninsured risks, environment and litigation risk, credit risk, liquidity risk, interest rate risk, and the impact of the coronavirus disease 2019 ("**COVID-19**"). These risks are more fully discussed under *Financial Instruments and Risks and Uncertainties* in this MD&A. 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 financial 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 financial measure to be an important measure of the REIT's operating performance. Management considers adjusted funds from operations ("**AFFO**"), a non-IFRS financial measure, to be an important performance measure of recurring economic earnings. **Debt to total assets** is a capital management measure. The REIT's calculation of **Debt** includes mortgages payable, Credit Facilities and lease liabilities at their carrying values in the REIT's consolidated statement of financial position. The measure is calculated as Debt divided by the REIT's total assets. The REIT believes the measure is useful in evaluating its degree of financial leverage, borrowing capacity and the relative strength of its balance sheet. Net asset value ("**NAV**") represents the REIT's total assets less its total liabilities, excluding Class B LP Units, which are accounted for as a liability but are considered as equity by the REIT. NAV per unit represents NAV divided by the number of REIT Units and Class B LP Units outstanding. Management considers NAV per unit, a non-IFRS financial measure, to be an important measure of the REIT's operating performance.

NOI, Same Property NOI, FFO, Normalized FFO, AFFO, Normalized AFFO, Debt to total assets 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 REIT calculates FFO and AFFO in accordance with the whitepaper issued by the Real Property Association of Canada dated January 2022.

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, 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, and restricted share units, assuming that unit options and 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.

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.

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 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. The REIT owns and operates commercial real estate properties across Canada.

The strategy of the REIT is to grow by acquiring industrial real estate assets located in primary and secondary markets in Canada 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, or where there are opportunities to purchase high-quality, well-located assets that will enhance the overall quality of the REIT's portfolio of properties. 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 management of the assets being acquired or development opportunities.

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

- On April 26, 2023, the REIT sold a retail property located in Victoriaville, Quebec for $40.8 million.
- On April 21, 2023, the REIT acquired a 264,600 square foot industrial property located in London, Ontario for $36.0 million.
- On March 7, 2023, the REIT acquired a newly constructed 532,000 square foot distribution centre located in Casselman, Ontario for $116.8 million.
- On March 1, 2023, the REIT entered into senior unsecured credit facilities totalling $375 million with three-year terms (the "Unsecured Facilities"). The Unsecured Facilities are comprised of a $190 million revolving credit facility, a $175 million term loan facility and a $10 million swingline facility.
- Occupancy of 97% at March 31, 2023 was consistent with 97% at December 31, 2022 and at March 31, 2022
- Q1 2023 net operating income of $25.7 million increased by $3.7 million or 16.8% as compared to Q1 2022 net operating income of $22.0 million and by $0.8 million or 3.1% as compared to Q4 2022 net operating income of $24.9 million.
- Q1 2023 Same Property NOI(1) of $20.4 million increased by $0.9 million or 4.4% as compared to Q1 2022. The increase is primarily driven by rental steps, CPI increases and new and renewal lease lift at certain of the REIT's industrial properties.
- Q1 2023 general and administrative expense was approximately $0.4 million higher than Q1 2022 and $0.9 million higher than Q4 2022. Q1 2023 general and administrative expense was higher than Q4 2022 primarily due to the timing of vesting of restricted share unit grants and severance costs and higher than Q1 2022 primarily due to severance costs.
- Q1 2023 Normalized FFO(1) per unit of $0.187 as compared to $0.203 for Q4 2022 and $0.192 for Q1 2022.
- Q1 2023 Normalized AFFO(1) per unit of $0.159 as compared to $0.177 for Q4 2022 and $0.165 for Q1 2022.
- Q1 2023 Normalized AFFO payout ratio(1) of 100.7%, as compared to 91.3% for Q4 2022 and 96.7% for Q1 2022.
- NAV(1) per unit of $12.13 at March 31, 2023 as compared to $12.19 at December 31, 2022 and $12.35 at March 31, 2022.
- Debt to Total Assets of 47.3% at March 31, 2023. $200.2 million undrawn on the REIT's lines of credit and a $455.1 million unencumbered asset pool.

(1) See Non-IFRS Financial Measures

ACQUISITIONS, DISPOSITIONS AND ASSETS HELD FOR SALE

ACQUISITION OF INCOME-PRODUCING PROPERTIES

On March 7, 2023, the REIT acquired a single-tenant industrial property with a GLA of 531,057 square feet located in Casselman, Ontario for a contractual purchase price of $117 million. The REIT received a vendor rent obligation payment from the vendor of $0.3 million to subsidize the lower base rent until March 7, 2025.

ASSETS HELD FOR SALE

As part of its capital-recycling program, the REIT intends to sell six investment properties with a carrying value of $81.9 million, as at March 31, 2023. All properties are being marketed for sale.

DEVELOPMENT AND EXPANSION

The following table provides details on our projects that are either currently underway or in the planning stage as at March 31, 2023:

Property Location	Type of Project	Additional GLA (Square Feet)	Total Estimated Costs	Estimated Yield	Estimated Substantial Completion
Underway					
Glover Rd. Hamilton, ON [1]	New Development	115,000	30,000,000	5.8%	H1 2024
Hubrey Rd. London, ON	Intensification	96,000	14,104,472	10.0%	H1 2024
Park Ave. Regina, SK	Intensification	312,000	42,942,970	8.6%	H1 2024
Total underway		523,000	87,047,443	7.9%	
Planning					
St. Thomas, ON [2]	Hybrid	70,000			
Richard Ruston Dr. Windsor, ON	Intensification	60,000			
Cuddy Blvd. London, ON	Intensification	40,000			
Exeter Rd. London, ON	Intensification	210,000			
Clarke Rd. London, ON	Intensification	300,000			
South Service Rd. Hamilton, ON [3]	New Development	243,000			
102 Ave. SE Calgary, AB	Intensification	up to 160,000			
Total planning		1,083,000			
Total underway and planning		1,606,000			

(1) The REIT has an 80% interest in this development. Additional GLA represents 100% of the project and estimated costs include the REIT's acquisition of the other 20%.
(2) St. Thomas, ON is in the advanced stages of planning and the REIT expects this to be underway by Q3 2023. The REIT will acquire additional land to facilitate the project.
(3) The REIT has an 80% interest in this development. Additional GLA represents 100% of the project.

PORTFOLIO OVERVIEW

REIT PROPERTIES BY ASSET CLASS AS AT MARCH 31, 2023

	Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership Interest	Occupancy
	INDUSTRIAL			
	British Columbia			
1	988 Great St, Prince George	53,126	53,126	100%
2	965 McMaster Way, Kamloops	13,706	13,706	100%
3	9929 Swanson St, Fort St. John	26,477	26,477	100%
4	1771 Savage Rd, Richmond (2) (4)	60,836	60,836	0% (3)
		154,145	154,145	61%
	Alberta			
5	4700 & 4750 – 102 Ave, SE, Calgary	29,471	29,471	100%
6	3780 & 4020 – 76th Ave, SE, Calgary	58,937	58,937	100%
7	41 Royal Vista Dr, NW, Calgary	36,915	36,915	62%
8	8001 – 99 St, Clairmont	26,638	26,638	100%
9	12104 & 12110 – 17th St, NE, Edmonton	116,582	116,582	100%
10	14801 – 97th St, Grande Prairie	42,120	42,120	100%
11	3501 Giffen Rd North & 3711 – 36 St North, Lethbridge	229,000	229,000	100%
12	5406 – 59th Ave, Lloydminster	12,425	12,425	100%
13	4301 – 45 Ave, Rycroft	22,110	22,110	100%
14	2301 – 8 St, Nisku	21,506	21,506	100%
15	2303A – 8 St, Nisku	39,649	39,649	100%
16	1010 Brier Park Dr, Medicine Hat	14,354	14,354	100%
17	27323 – 144 Township Rd 394, Blackfalds	25,000	25,000	100%
18	261177-261185 Wagon Wheel Way, Balzac	95,180	95,180	100%
19	9110 – 23 Ave NW, Edmonton	72,356	72,356	100%
20	11510 – 168 St NW, Edmonton	35,800	35,800	56%
21	6777 Edgar Industrial Dr, Red Deer	153,052	153,052	100%
22	10774 – 42 St E, Calgary	165,418	165,418	100%
23	12745 – 149 St NW, Edmonton	104,727	104,727	100%
24	14504-14598 – 121A Ave NW, Edmonton	210,750	210,750	100%
25	7740 – 40 Ave, Red Deer	189,625	189,625	100%
26	502-25 Ave, Nisku	141,930	141,930	100%
27	2039 Airport Perimeter Road, Edmonton	210,249	210,249	100%
28	18403 – 18439 104 Ave NW, Edmonton	72,420	72,420	100%
29	14711 128 Ave, Edmonton	54,510	54,510	100%
30	11250 189 Street NW, Edmonton	501,279	501,279	100%
		2,682,003	2,682,003	99%
	Northwest Territories			
31	348-352 Old Airport Rd, Yellowknife	53,212	53,212	100%

	Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership Interest	Occupancy
	Saskatchewan			
32	110 – 71st St, Saskatoon	74,796	74,796	100%
33	15 Peters Ave, Saskatoon	38,160	38,160	100%
34	1414 Fletcher Rd, Saskatoon	86,000	86,000	100%
35	850 Manitoba St E & 15 – 9th Ave, NE, Moose Jaw	18,800	18,800	100%
36	4271 – 5 Ave E, Prince Albert	24,600	24,600	100%
37	1117 -1135 Pettigrew Ave, Regina	39,922	39,922	49%
38	320 Industrial Dr, Regina	60,000	60,000	100%
39	332 Industrial Dr, Regina	85,260	85,260	100%
40	101 Jahn St, Estevan	11,846	11,846	100%
41	2101 Fleming Rd, Regina	1,029,675	1,029,675	100%
42	855 Park St, Regina	179,291	179,291	100%
		1,648,350	1,648,350	99%
	Manitoba			
43	97 Nicola Dr, Headingley	40,050	40,050	100%
	Ontario			
44	455 Welham Rd, Barrie	109,366	109,366	100%
45	200 Sheldon Dr, Cambridge	150,000	150,000	100%
46	241-377 Fairall St, 332-360 Frankcom St & 97-121 McMaster Ave, Ajax (1)	483,359	241,680	100%
47	1000 Clarke Rd, London	223,190	223,190	100%
48	1020 Adelaide St S, London	265,786	265,786	99%
49	1036 Green Valley Rd, London	136,237	136,237	100%
50	1285 Hubrey Rd, London	199,766	199,766	100%
51	375 Exeter Rd, London	220,339	220,339	100%
52	5 Cuddy Blvd, London	146,945	146,945	100%
53	70 Dennis Rd, St. Thomas	130,500	130,500	100%
54	446 Jutras Dr S, Windsor	120,000	120,000	100%
55	490 Richard Ruston Dr, Windsor	101,073	101,073	100%
56	1040 Wilton Grove Rd, London	383,289	383,289	100%
57	1950 Oxford St E, London	99,367	99,367	100%
58	650 Riverview Dr, Chatham	293,146	293,146	98%
59	980 Green Valley Rd, London	38,000	38,000	100%
60	1005 Adelaide St South, London	18,380	18,380	100%
61	1540 South Service Rd, Hamilton (5)	-	-	0% (5)
62	190 Glover Rd, Hamilton (5)	-	-	0% (5)
63	605 Boundary Rd, Hamilton	34,800	34,800	100%
64	5250 Outer Dr, Windsor	132,976	132,976	100%
65	5245 Burke St, Windsor	125,701	125,701	100%
66	418 Silvercreek Industrial Dr, Windsor	97,185	97,185	100%
67	24 Industrial Park Rd, Tilbury	79,846	79,846	100%

	Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership Interest	Occupancy
68	626 Principale St, Casselman	532,415	532,415	100%
		4,121,666	3,879,987	100%
	Québec			
69	935-965 rue Reverchon, Saint-Laurent	113,892	113,892	100%
70	1901 rue Dickson / 5780 rue Ontario Est, Montréal	91,068	91,068	100%
71	6810 boul. Des Grandes Prairies, Montréal	60,786	60,786	100%
72	3330 2e rue, Saint-Hubert	60,441	60,441	100%
73	3550 1ère rue, Saint-Hubert	22,428	22,428	100%
74	3600 1ère rue, Saint-Hubert	38,629	38,629	100%
75	3490-3504 rue Griffith, Saint-Laurent	40,665	40,665	100%
76	425 rue Guy, Montréal (1)	37,153	18,577	89%
77	2400 Trans-Canada Highway, Pointe-Claire	309,000	154,500	100%
78	1251 rue Louis-Bleriot, Mascouche	101,315	101,315	100%
79	50 rue de Lisbonne, St-Augustin-de-Desmaures	94,000	94,000	100%
80	21800 Clark-Graham, Baie-D'Urfé	74,681	74,681	100%
		1,044,058	870,982	100%
	New Brunswick			
81	675 St-George Blvd, Moncton	93,443	93,443	100%
82	10 Deware Dr, Moncton	226,135	226,135	100%
83	775 Frenette, Ave, Moncton	124,655	124,655	100%
		444,233	444,233	100%
	Total Industrial	**10,187,717**	**9,772,962**	**99%**
	RETAIL			
	British Columbia			
	1751 Savage Rd, Richmond (2) (4)	111,274	111,274	100%
	Québec			
84	1094-1100 boul. Des Chutes, Beauport (1)	32,406	16,203	94%
85	1700 rue Sherbrooke, Magog (1)	133,751	66,875	83%
86	1971 rue Bilodeau, Plessisville (1)	99,706	49,853	92%
87	14000 boul. Henri-Bourassa, Québec City (1)	44,619	22,310	100%
88	6700 rue St-Georges, Lévis (1)	43,023	21,512	69%
89	10516 boul. Sainte-Anne, Ste-Anne-de-Beaupré (1)	88,978	44,489	84%
90	9550 boul. L'Ormière, Québec (1)	114,625	57,312	94%
91	333 Côte Joyeuse, St-Raymond (1)	64,511	32,256	85%
92	161 Route 230 Ouest, La Pocatière (1)	205,615	102,808	73%
93	25 Route 138, Forestville (1)	55,962	27,981	87%
94	2000 boul. Louis-Fréchette, Nicolet (1)	88,383	44,192	93%
95	3856 boul. Taschereau, Greenfield Park (1)	213,982	106,991	99%

	Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership Interest	Occupancy
96	250 boul. Fiset, Sorel (1)	116,348	58,174	100%
97	8245 boul. Taschereau, Brossard (1)	43,234	21,617	100%
98	340 rue Belvédère Sud, Sherbrooke (1)	172,964	86,482	90%
99	401-571 boul. Jutras Est, Victoriaville	382,587	382,587	94%
100	7500 boul. Les Galeries d'Anjou, Anjou (1)	105,816	52,908	91%
		2,006,510	1,194,550	91%
	Total Retail	**2,117,784**	**1,305,824**	**91%**
	OFFICE			
	Québec			
101	2045 rue Stanley, Montréal (1) (6)	112,493	56,247	95%
102	72 rue Laval, Gatineau (1)	68,358	34,179	100%
103	10500 Ave Ryan, Dorval	52,372	52,372	100%
104	955 boul. Michèle-Bohec, Blainville	33,461	33,461	100%
105	1600 rue Montgolfier, Laval	27,097	27,097	100%
106	353 rue St-Nicolas, Montréal (1)	34,577	17,289	69%
107	410 rue St-Nicolas, Montréal (1)	154,752	77,376	67%
108	360 rue Notre-Dame Ouest, Montréal (1)	29,362	14,681	86%
109	321 rue de la Commune, Montréal (1)	11,502	5,751	100%
110	329 rue de la Commune, Montréal (1)	21,026	10,513	88%
111	127, 137 & 145 rue St-Pierre, Montréal (1)	35,772	17,886	93%
112	63 rue des Brésoles, Montréal (1)	39,317	19,659	100%
		620,089	366,511	89%
	New Brunswick			
113	400 Main St, St. John	159,989	159,989	65%
	Total Office	**780,078**	**526,500**	**82%**
	Total Portfolio (7)	**13,085,579**	**11,605,286**	**97%**

(1) The REIT owns a 50% interest in these properties.
(2) Property is currently being redeveloped to higher yielding uses.
(3) As at March 31, 2023, 1771 Savage Road has a total committed occupancy of 100%.
(4) This is a mixed-use property with two buildings.
(5) As at March 31, 2023, 1540 South Service Road and 190 Glover Road are held for development. The REIT owns an 80% interest in these properties.
(6) Property is accounted for as an equity investment in joint venture.
(7) The REIT also holds a 22% interest in a development property (844 Glancaster Rd, Hamilton) that is accounted for as an investment in a financial asset.

RENTAL RATES

The following table summarizes in-place rental rates and estimated market rental rates for the REIT's industrial portfolio. Estimated market rental rates are based upon management's best estimates as at March 31, 2023.

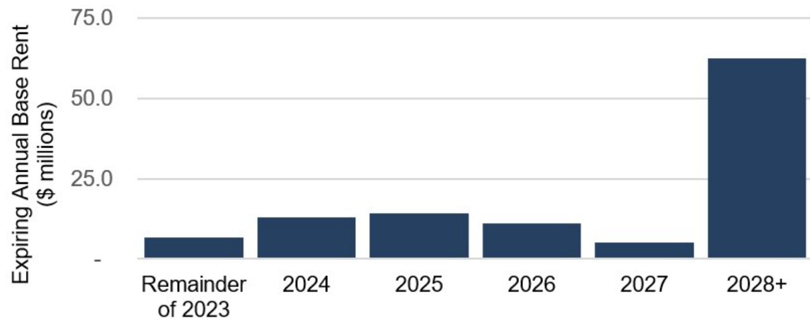
	GLA	GLA as a % of Total GLA	Weighted average in-place rental rate (sq. ft.)	Estimated weighted average market rental rate (sq. ft.)	Spread between estimated market rental rates and in-place rental rates	WALT (years)
ALBERTA	2,652,082	27.4%	11.22	11.19	(0.3%)	6.24
SASKATCHEWAN	1,628,068	16.9%	9.29	10.42	12.1%	6.95
ONTARIO	3,871,552	40.1%	7.12	10.68	50.1%	6.85
QUEBEC	879,518	9.1%	12.10	16.29	34.6%	11.72
OTHER	630,804	6.5%	10.83	11.45	5.7%	6.75
TOTAL	9,662,024	100.0%	9.31	11.34	21.8%	7.14

In addition to the estimated spread between market rents and in-place rents in the REIT's industrial portfolio shown above, many of the REIT's industrial leases contain contractual rent increases throughout their terms.

LEASE EXPIRIES

INDUSTRIAL	Remainder of 2023	2024	2025	2026	2027	2028+	Total
ALBERTA							
Occupied GLA	25,339	246,772	549,798	219,267	129,762	1,481,144	2,652,082
Net rent - $ per square foot	13.72	19.58	12.64	17.25	7.93	8.66	11.22
% of GLA	1%	9%	21%	8%	5%	56%	100%
SASKATCHEWAN							
Occupied GLA	-	84,928	205,495	-	76,710	1,260,935	1,628,068
Net rent - $ per square foot	-	10.16	9.62	-	7.08	9.30	9.29
% of GLA	0%	5%	13%	0%	5%	77%	100%
ONTARIO							
Occupied GLA	284,030	434,938	189,481	570,675	20,700	2,371,728	3,871,552
Net rent - $ per square foot	6.60	6.74	7.25	7.23	10.64	7.04	7.03
% of GLA	7%	11%	5%	15%	1%	61%	100%
QUEBEC							
Occupied GLA	19,042	49,980	106,390	12,496	129,848	551,174	868,928
Net rent - $ per square foot	6.37	5.99	7.10	8.19	11.57	14.11	12.15
% of GLA	2%	6%	12%	1%	15%	64%	100%
OTHER							
Occupied GLA	40,003	39,600	160,361	40,050	-	350,790	630,804
Net rent - $ per square foot	30.20	11.93	9.28	21.00	-	8.05	10.83
% of GLA	6%	6%	25%	6%	0%	56%	99%
TOTAL INDUSTRIAL							
Occupied GLA	**368,414**	**856,218**	**1,211,525**	**842,488**	**357,020**	**6,015,771**	**9,651,434**
Net rent - $ per square foot	**9.70**	**10.98**	**10.35**	**10.51**	**9.23**	**8.62**	**9.47**
% of GLA	**4%**	**9%**	**13%**	**9%**	**4%**	**61%**	**100%**
Weighted Average Lease Term - 7.2 years							
TOTAL RETAIL							
Occupied GLA	**71,020**	**178,732**	**167,075**	**157,860**	**106,570**	**499,755**	**1,181,012**
% of GLA	**6%**	**15%**	**14%**	**13%**	**9%**	**43%**	**100%**
Weighted Average Lease Term - 5 years							
TOTAL OFFICE							
Occupied GLA	**89,255**	**42,225**	**45,509**	**47,938**	**41,248**	**164,980**	**431,154**
% of GLA	**21%**	**10%**	**11%**	**11%**	**10%**	**37%**	**100%**
Weighted Average Lease Term - 4.3 years							
TOTAL PORTFOLIO							
Occupied GLA	**528,689**	**1,077,174**	**1,424,108**	**1,048,285**	**504,838**	**6,680,506**	**11,263,600**
% of GLA	**5%**	**10%**	**13%**	**9%**	**4%**	**59%**	**100%**
Weighted Average Lease Term - 6.8 years							

Expiring Annual Base Rent		
	$ millions	
Remainder of 2023	6.6	5.9%
2024	13.0	11.6%
2025	14.2	12.6%
2026	11.0	9.8%
2027	5.2	4.6%
2028+	62.3	55.5%
	112.3	100.0%



LEASING ACTIVITY DURING THE QUARTER

INDUSTRIAL

CURRENT AND FUTURE EXPIRIES	GLA	Rental rate growth (%)
SASKATCHEWAN	36,499	7%
ONTARIO	157,882	95%
TOTAL	194,381	65%

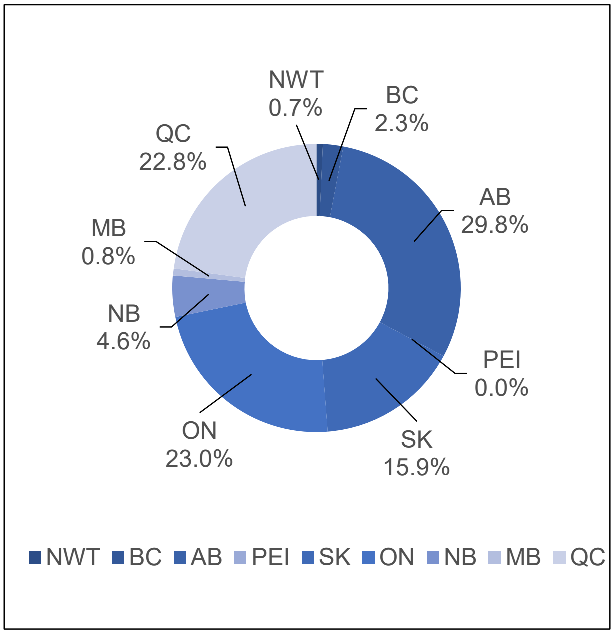
VACANT SPACE	GLA	Rental rate growth (%)
SASKATCHEWAN	9,805	N/A

During the quarter, the REIT saw solid rental rate growth from leasing activity in its Ontario industrial portfolio, driven by a 5-year renewal of a tenant occupying 115,470 square feet. The weighted average lease term for leasing activity in the Ontario industrial portfolio during the quarter was 5.0 years. All the renewed leases include rental steps during the lease terms.

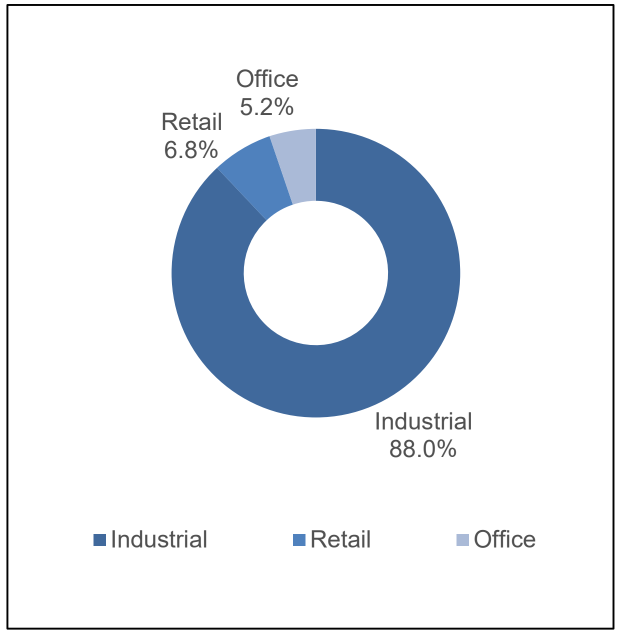
The REIT leased 9,805 square feet of vacant space in Saskatchewan with a five-year term and one rental step during the term.

PROPERTY COMPOSITION DIVERSITY

GEOGRAPHIC MIX (Q1 NOI)



ASSET CLASS MIX (Q1 NOI)



TOP TEN TENANTS

	Tenant	**% of Annualized Base Rent**
1	Loblaws	11.8%
2	Westcan Bulk Transport	5.4%
3	Ford Motor Company of Canada	4.1%
4	Sobeys	3.6%
5	MTE Logistix	3.5%
6	Valard Construction	2.6%
7	Mastec Canada	2.5%
8	AP Plasman	2.4%
9	Peavey Industries	2.4%
10	Triple M Housing	2.0%
		40.3%

SUMMARY OF RESULTS

FINANCIAL HIGHLIGHTS

(In thousands of Canadian dollars, except per unit amounts)

	Three months ended March 31, 2023 $	Three months ended March 31, 2022 $	Change $
Property revenues	37,476	31,699	5,777
Net operating income (NOI)	25,728	22,024	3,704
Funds from operations (FFO) (1)	16,448	14,724	1,724
Normalized FFO (1) (2)	16,451	14,879	1,572
Adjusted funds from operations (AFFO) (1)	13,948	12,678	1,270
Normalized AFFO (1) (2)	13,951	12,833	1,118
Same Property NOI (1)	20,368	19,517	851
Distributions declared (3)	14,042	12,412	1,630
Weighted average units outstanding (000s):			
Basic (4)	87,741	77,560	10,181
Diluted (4)	87,843	77,720	10,123
Per unit amounts:			
Distributions per unit – basic (3) (4)	0.160	0.160	-
Distributions per unit – diluted (3) (4)	0.160	0.160	-
FFO per unit – basic (1) (4)	0.187	0.190	(0.003)
FFO per unit – diluted (1) (4)	0.187	0.189	(0.002)
Normalized FFO per unit – basic (1) (2) (4)	0.187	0.192	(0.005)
Normalized FFO per unit – diluted (1) (2) (4)	0.187	0.191	(0.004)
AFFO per unit – basic (1) (4)	0.159	0.163	(0.004)
AFFO per unit – diluted (1) (4)	0.159	0.163	(0.004)
Normalized AFFO per unit – basic (1) (2) (4)	0.159	0.165	(0.006)
Normalized AFFO per unit – diluted (1) (2) (4)	0.159	0.165	(0.006)
NAV per unit (1)	12.13	12.35	(0.22)
AFFO payout ratio – basic (1) (3)	100.7%	97.9%	2.8%
Normalized AFFO payout ratio – basic (1) (2) (3)	100.7%	96.7%	4.0%
Debt to total assets ratio	47.3%	45.4%	1.9%
Estimated spread between industrial portfolio market and in-place rents as at March 31, 2023	21.8%	N/A	N/A

(1) See Non-IFRS Financial Measures.

(2) Normalized FFO and Normalized AFFO include adjustments for vendor rent obligation amounts related to the REIT's Richmond, BC property, which are payable from the vendor of the property until the buildout of the property 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.

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

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

FINANCIAL RESULTS

	Three months ended March 31, 2023 $	2022 $	Change $
Property revenues	37,476	31,699	5,777
Property expenses	(11,748)	(9,675)	(2,073)
Net operating income (NOI)	25,728	22,024	3,704
General and administrative expense	(2,405)	(2,029)	(376)
Fair value adjustments:			
Investment properties	(2,715)	1,925	(4,640)
Class B LP Units	(2,608)	(3,692)	1,084
Unit options	-	(142)	142
Restricted share units	(9)	(42)	33
Derivative financial instruments	(3,829)	8,467	(12,296)
Income from equity accounted investment in joint venture	94	460	(366)
Unrealized foreign exchange loss	19	148	(129)
Other income	649	444	205
	14,924	27,563	(12,639)
Finance expense			
Net interest expense	(8,029)	(6,294)	(1,735)
Distributions on Class B LP Units	(3,178)	(3,205)	27
	(11,207)	(9,499)	(1,708)
Net income	3,717	18,064	(14,347)

Q1 2023 NOI of $25.7 million was $3.7 million higher than Q1 2022 NOI of $22.0 million. Acquisitions completed subsequent to January 1, 2022 generated $3.1 million of incremental NOI in Q1 2023 as compared to Q1 2022. Q1 2023 Same Property NOI increased $0.9 million as compared to Q1 2022, primarily driven by rental steps and CPI increases at certain of the REIT's industrial properties as well as new and renewal lease lift. Higher straight-line rents also contributed $0.2 million to the increase over Q1 2022, driven primarily by newly acquired properties with steps in rent. The disposal of three retail properties in 2022 and an early surrender payment made to a tenant of the REIT's Richmond, BC property reduced NOI by $0.5 million.

General and administrative expense of $2.4 million for Q1 2023 increased by $0.3 million over Q1 2022 primarily due to a severance expense incurred in Q1 2023.

The fair value adjustment of investment properties of $2.7 million for Q1 2023 reflects $2.6 million of fair value losses related to transaction costs and $1.0 million of capital expenditures fair valued to zero. Partially offsetting was $0.9 million of fair value gains recognized for changes in stabilized NOI assumptions.

Fair value adjustments of Class B LP Units are driven by changes in the trading price of REIT Units into which the Class B LP Units are exchangeable. The trading price of the REIT's units as at March 31, 2023 was $9.75 as compared to $9.64 as at December 31, 2022 and $12.77 per unit as at March 31, 2022. As at March 31, 2023, 19,861,609 Class B LP Units were outstanding.

Fair value loss on derivative financial instruments of $3.8 million was recorded for Q1 2023. The fair value loss is due to decreases in interest rates from December 31, 2022 to March 31, 2023, which impacted the fair value of interest rate swaps that the REIT is a party to. The interest rate swaps effectively fix interest rates on $115 million drawn on the REIT's Credit Facilities and $184.1 million of floating rate mortgages.

Unrealized foreign exchange gain of $0.02 million on other liabilities denominated in US dollars for Q1 2023 decreased by $0.13 million over Q1 2022 primarily due to foreign exchange rate fluctuations.

Income from equity accounted investment in joint venture of $0.1 million for Q1 2023 is comprised primarily of the REIT's share of $0.5 million of NOI from the joint venture investment property, a fair value loss of $0.2 million related to the mark to market interest rate swaps in place at the joint venture, and $0.2 million of interest and general and administrative expense.

Other income of $0.65 million for Q1 2023 consists of vendor rent obligation of $0.6 million and debt guarantee fees of $0.05 million. During the period, the estimated vendor rent obligation related to the REIT's Richmond, BC property was reassessed, and an accrual was made for three additional months of vendor rent obligation (May, June and July). $0.05 million of debt guarantee fees were earned in the period relating to a guarantee provided by a subsidiary of the REIT for debt secured by land that the REIT shares an interest in.

Net interest expense of $8.0 million for Q1 2023 increased by $1.7 million over Q1 2022 primarily due to higher debt levels associated with funding acquisitions and higher interest rates.

Distributions on Class B LP Units for Q1 2023 of $3.2 million decreased by $0.03 million as compared to Q1 2022. The decrease is due to a lower number of Class B LP Units outstanding resulting from Class B LP Units being converted to REIT units.

SELECT BALANCE SHEET DATA

(In thousands of Canadian dollars)	March 31, 2023 $	December 31, 2022 $
Investment properties	1,932,398	1,822,639
Cash	10,636	11,533
Total assets	**2,083,679**	**1,967,501**
Non-current:		
Mortgages payable	618,688	633,624
Credit Facilities	243,615	112,532
Lease liabilities	10,492	10,495
Class B LP Units	193,651	195,857
Total non-current liabilities	**1,075,426**	**962,083**
Current:		
Mortgages payable	80,676	70,410
Lease liabilities	38	46
Liabilities associated with assets held for sale	32,627	32,891
Total current liabilities	**136,360**	**132,878**
Total liabilities	**1,211,786**	**1,094,961**
Total unitholders' equity	**871,893**	**872,540**

NAV per unit

(In thousands of Canadian dollars, except per unit amounts) **NAV per unit** (1)	March 31, 2023 $	December 31, 2022 $
Total assets	**2,083,679**	**1,967,501**
Less: Total liabilities	(1,211,786)	(1,094,961)
	871,893	872,540
Add: Class B LP Units	193,651	195,857
Net asset value (NAV)	**1,065,544**	**1,068,397**
Units outstanding (000s) – basic:		
REIT Units	67,947	67,323
Class B LP Units	19,862	20,317
	87,809	87,640
NAV per unit – basic	**12.13**	**12.19**

(1) See Non-IFRS Financial Measures.

The REIT's NAV per unit as at March 31, 2023 was $12.13 as compared to $12.19 as at December 31, 2022. The decrease is primarily attributable to transaction costs incurred in connection with acquisitions and a slightly higher number of REIT Units outstanding due to issuances under the REIT's DRIP and unit compensation programs.

Debt to total assets

(In thousands of Canadian dollars)	March 31, 2023	December 31, 2022
Debt to total asset ratio [1]	**$**	**$**
Current and non-current:		
Mortgages payable	699,364	704,034
Credit Facilities	243,615	112,532
Lease liabilities	10,530	10,541
Liabilities associated with assets held for sale	32,627	32,891
Debt	**986,136**	**859,998**
Total assets	**2,083,679**	**1,967,501**
Debt to total asset ratio	**47.3%**	**43.7%**

(1) See Non-IFRS Financial Measures.

The REIT's debt to total assets as at March 31, 2023 was 47.3% as compared to 43.7% as at December 31, 2022. The increase is primarily related to borrowings to complete capital expenditures and acquisitions funded entirely with debt.

SUMMARY OF QUARTERLY RESULTS

(In thousands of Canadian dollars)	Q1 2023 $	Q4 2022 $	Q3 2022 $	Q2 2022 $
Property revenues	37,476	36,856	34,424	34,142
Property expenses	(11,748)	(11,907)	(9,551)	(10,180)
Net operating income (NOI)	25,728	24,949	24,873	23,962
Net income (loss)	3,717	(16,891)	40,055	79,640
Weighted average number of units (000s) - basic [1]	87,741	81,494	79,208	78,842
Weighted average number of units (000s) - diluted [1]	87,843	81,596	79,336	79,001
	Q1 2022 $	**Q4 2021 $**	**Q3 2021 $**	**Q2 2021 $**
Property revenues	31,699	27,537	20,719	18,715
Property expenses	(9,675)	(8,466)	(6,624)	(6,495)
Net operating income (NOI)	22,024	19,071	14,095	12,220
Net income (loss)	18,064	44,760	(12,075)	50,647
Weighted average number of units (000s) - basic [1]	77,560	68,508	54,428	48,293
Weighted average number of units (000s) - diluted [1]	77,720	68,695	54,600	48,389

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

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, unit options, restricted share units and derivative financial instruments.

SAME PROPERTY RESULTS

(In thousands of Canadian dollars)

	Three months ended March 31, 2023 $	2022 $	Change $
Property revenues	37,476	31,699	5,777
Property expenses	(11,748)	(9,675)	(2,073)
NOI	25,728	22,024	3,704
Add/(Deduct):			
Amortization of tenant incentives and leasing costs	296	265	31
Straight-line adjustments of rent	(1,017)	(779)	(238)
Acquisitions	(4,713)	(1,618)	(3,095)
Disposals	-	(375)	375
Termination fees and other non-recurring items	74	-	74
Same Property NOI	20,368	19,517	851

Q1 2023 Same Property NOI increased $0.9 million as compared to Q1 2022, primarily driven by rental steps, CPI increases and new and renewal lease lift at certain of the REIT's industrial properties. The disposal of three retail properties in 2022 and an early surrender payment made to a tenant of the REIT's Richmond, BC property reduced NOI by $0.5 million.

FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

(In thousands of Canadian dollars, except per unit amounts)	Three months ended March 31, 2023	2022	Change
FFO	**$**	**$**	**$**
Net income	**3,717**	**18,064**	**(14,347)**
Adjustments:			
Fair value adjustment of investment properties	2,715	(1,925)	4,640
Fair value adjustment of Class B LP Units	2,608	3,692	(1,084)
Fair value adjustment of unit options	-	142	(142)
Fair value adjustment of restricted share units	9	42	(33)
Fair value adjustment of derivative financial instruments	3,829	(8,467)	12,296
Adjustments for equity accounted joint venture (1)	88	(304)	392
Distributions on Class B LP Units expensed	3,178	3,205	(27)
Amortization of tenant incentives and leasing costs	296	265	31
Lease principal payments	(15)	(13)	(2)
Amortization of right-of-use assets	23	23	-
Funds from operations (FFO)	**16,448**	**14,724**	**1,724**
Weighted average units outstanding (000s) Basic (4)	87,741	77,560	10,181
FFO per unit – basic	**0.187**	**0.190**	**(0.003)**
FFO	**16,448**	**14,724**	**1,724**
Add: Vendor rent obligation (2)	604	555	49
Less: Other income (2)	(601)	(400)	(201)
Normalized FFO	**16,451**	**14,879**	**1,572**
Weighted average units outstanding (000s) Basic (4)	87,741	77,560	10,181
Normalized FFO per unit – basic	**0.187**	**0.192**	**(0.005)**

(In thousands of Canadian dollars, except per unit amounts)	Three months ended March 31, 2023	2022	Change
AFFO	**$**	**$**	**$**
FFO	**16,448**	**14,724**	**1,724**
Adjustments:			
Straight-line adjustments ground lease and rent	(1,100)	(796)	(304)
Capital reserve (3)	(1,400)	(1,250)	(150)
Adjusted funds from operations (AFFO)	**13,948**	**12,678**	**1,270**
Weighted average units outstanding (000s) Basic (4)	87,741	77,560	10,181
AFFO per unit – basic	**0.159**	**0.163**	**(0.004)**
AFFO	**13,948**	**12,678**	**1,270**
Add: Vendor rent obligation (2)	604	555	49
Less: Other income (2)	(601)	(400)	(201)
Normalized AFFO	**13,951**	**12,833**	**1,118**
Weighted average units outstanding (000s) Basic (4)	87,741	77,560	10,181
Normalized AFFO per unit – basic	**0.159**	**0.165**	**(0.006)**

(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 property, which are payable from the vendor of the property until the buildout of the property is complete and all 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 consolidated statements of income and comprehensive income and include the scheduled quarterly rents receivable in the form of vendor rent obligation.

(3) 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.

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

AFFO CAPITAL RESERVE

(In thousands of Canadian dollars, except per square foot amounts)	Three months ended March 31, 2023 $	2022 $	Change $
Capital reserve	1,400	1,250	150
Average square feet of GLA	11,217,483	9,814,295	1,403,188
Annualized capital reserve per square foot of GLA	$0.50	$0.51	$(0.01)
Actual tenant incentives and leasing costs [1]	563	402	161
Actual maintenance capital expenditures [2]	1,041	157	884
Total spending funded by the REIT	1,604	559	1,045
Average square feet of GLA	11,217,483	9,814,295	1,403,188
Annualized capital spent per square foot of GLA unadjusted for capital reserve	$0.57	$0.23	$0.34

[1] Excludes tenant incentives costs in the amount of $0.8 million (2022 – $nil) incurred during Q1 2023 for the repurposing of a previous industrial space into significantly higher yielding uses.

[2] Excludes capital expenditures in the amount of $0.04 million (2022 – $0.03 million) incurred during Q1 2023 for the repurposing of a previous industrial space into significantly higher yielding uses.

Actual capital spending and tenant incentive and leasing costs for Q1 2023 of $1.6 million is $0.2 million higher than the $1.4 million capital reserve included in AFFO. During Q1 2023, the REIT incurred $0.8 million of major capital expenditures, which are recoverable from the tenants over the expected useful life of the capital expenditures.

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

(In thousands of Canadian dollars, except per unit amounts)	Three months ended March 31, 2023 $	2022 $	Change $
Cash flows generated by operating activities	**6,815**	**4,038**	**2,777**
Adjustments:			
Changes in non-cash working capital	5,984	5,938	46
Changes in other non-current assets	(18)	12	(30)
Changes in restricted cash	(54)	(37)	(17)
Changes in other non-current liabilities	265	1,165	(900)
Distributions on Class B LP Units expensed	3,178	3,205	(27)
Adjustments for equity accounted joint venture	88	(304)	392
Share of net income from equity accounted investment in joint venture	94	460	(366)
Straight-line rent adjustments of equity accounted joint venture	(83)	(20)	(63)
Restricted share unit expense	(699)	(581)	(118)
Amortization of deferred financing fees	(255)	(138)	(117)
Amortization of mortgage fair value adjustments	29	55	(26)
Lease principal repayments	(15)	(13)	(2)
Capital reserve	(1,400)	(1,250)	(150)
Unrealized foreign exchange loss	19	148	(129)
AFFO	**13,948**	**12,678**	**1,270**

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 March 31, 2023, the REIT had cash of $10.6 million (December 31, 2022 - $11.5 million) and a working capital deficit of $18.4 million (December 31, 2022 - $25.2 million). Excluding the current portion of mortgages payable of $80.7 million, liabilities associated with assets held for sale of $32.6 million and assets held for sale of $81.9 million, working capital would be a surplus of $13.0 million. The REIT expects that it will be able to refinance the 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 the 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:

(In thousands of Canadian dollars)	Three months ended March 31, 2023 $	2022 $	Change $
Cash generated by (used in)			
Operating activities	6,815	4,038	2,777
Investing activities	(123,869)	(219,544)	95,675
Financing activities	116,157	139,792	(23,635)
Change in cash	(897)	(75,714)	74,817
Cash – beginning of period	11,533	82,279	(70,746)
Cash – end of period	10,636	6,565	4,071

Cash generated from operating activities for Q1 2023 of $6.8 million is comprised of net income of $3.7 million, cash from changes in non-cash working capital, other non-current assets, other non-current liabilities and restricted cash of $6.2 million, and non-cash items of $9.3 million.

Cash used in investing activities for Q1 2023 of $123.9 million is primarily related to $119.3 million of cash used to acquire an income producing investment property, $2.1 million of cash used to develop properties held for development, and the remainder of cash used in investing activities relates to tenant incentives, leasing costs and capital spending in the amount of $2.5 million.

Cash generated from financing activities for Q1 2023 of $116.2 million is primarily related to $132.3 million of net borrowing on the credit facilities, partially offset by cash distributions to unitholders of $9.8 million, mortgage principal repayments of $5.1 million and $1.3 million of financing cost relating to the new unsecured credit facility.

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 March 31, 2023, the mortgages payable are secured by charges against 78 of the REIT's investment properties. The weighted average interest rate of the mortgages payable including deferred financing costs and interest rate swap agreements is 3.26% (December 31, 2022 – 3.27%) 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:

(In thousands of Canadian dollars)	Scheduled repayments $	Principal maturities $	Total $	Weighted average interest rate of maturing mortgages (1)
Remainder of 2023	14,387	52,082	66,469	4.42%
2024	17,882	46,783	64,665	2.46%
2025	16,857	64,690	81,547	3.55%
2026	14,207	89,123	103,330	3.04%
2027	11,799	51,727	63,526	3.67%
Thereafter	85,288	268,478	353,766	3.13%
Total	160,420	572,883	733,303	3.27%

(1) Weighted average interest rate - including deferred financing costs and interest rate swap agreements.

CREDIT FACILITIES

On March 1, 2023, the REIT replaced its existing revolving credit facility of $140,000 ("Credit Facility 3") with a senior unsecured credit facilities totalling $375,000 (the "Unsecured Facilities"). The Unsecured Facilities comprised of a $190,000 revolving credit facility, a $175,000 term loan facility and a $10,000 swingline facility. The Unsecured Facilities matures on February 28, 2026. The REIT is allowed to draw against the revolving credit facility in the form of prime rate advances or bankers' acceptances, draw against the swingline facility in the form of overdraft advances, prime rate advances or letter of credit and draw against the term loan facility in the form of prime rate advances or bankers' acceptances.

Interest margins are based on the Total Indebtedness Ratio as at the last date of the most recently completed financial quarter. For a Total Indebtedness Ratio below 50%, prime rate advances bear interest at 70 basis points per annum over the lender's Canadian prime borrowing rate, bankers' acceptance, and letter of credit advances bear interest at 170 basis points per annum over the floating bankers' acceptance and letter of credit rate respectively. For a Total Indebtedness Ratio from 50% to 55.5%, prime rate advances bear interest at 95 basis points per annum over the lender's Canadian prime borrowing rate, bankers' acceptance and letter of credit advances bear interest at 195 basis points per annum over the floating bankers' acceptance and letter of credit rate respectively. For a Total Indebtedness Ratio above 55.5%, prime rate advances bear interest at 125 basis points per annum over the lender's Canadian prime borrowing rate, bankers' acceptance and letter of credit advances bear interest at 225 basis points per annum over the floating bankers' acceptance and letter of credit rate respectively. The unadvanced portion of the Unsecured Facilities is subject to a predetermined standby fee. As at March 31, 2023, $177.1 million was drawn against the revolving portion of this credit facility, the term loan portion of this facility was undrawn and $1.2 million was drawn against the swingline portion of this facility.

The Unsecured Facility 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 Secured Indebtedness Ratio to exceed 50% at all times through to and including March 31, 2024 and 45% at all times from April 1, 2024 and thereafter, (iii) will not allow the Debt Service Coverage Ratio to be less than 1:40:1, (iv) will not allow Adjusted Unitholders' Equity to be less than $600 million plus 75% of net proceeds in connection with any equity offering by the REIT after March 1, 2023, (v) will not allow Unencumbered Asset Value Ratio to be less than 1.40:1. As at March 1, 2023, the REIT was in compliance with these covenants. The Unsecured Facilities also contains restrictions on, inter alia, change of business, change in year-end, leasing or prepaid rent on non-market terms, sale of assets, limitations on distributions, 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 Unsecured Facilities. Debt to Aggregate Assets Ratio is calculated by dividing the REIT's consolidated indebtedness by the REIT's gross book value.

Secured Indebtedness Ratio is a defined term in Unsecured Facilities. Secured Indebtedness Ratio is calculated by dividing the REIT's consolidated secured indebtedness by the REIT's gross book value.

Debt Service Coverage Ratio is a defined term in Unsecured Facilities. 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 (principal repayments plus interest expense).

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

Unencumbered Asset Value Ratio is a defined term in Unsecured Facilities. Unencumbered Asset Value Ratio is calculated by dividing the REIT's consolidated unencumbered property asset value by the REIT's consolidated unsecured indebtedness.

Debt to Gross Book Value Ratio, Secured Indebtedness Ratio, Debt Service Coverage Ratio, Adjusted Unitholders' Equity and Unencumbered Asset Value Ratio 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 Unsecured Facilities Agreement.

The REIT has a $0.5 million 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 five of the REIT's investment properties and allows the REIT to draw down a yearly average maximum of 75% of the $0.5 million credit limit. As at March 31, 2023, Credit Facility 2 was undrawn (December 31, 2022 - undrawn).

On September 13, 2019, the REIT refinanced its existing credit facility to a fixed-term facility of $65 million and a revolving facility of $5 million (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 million 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 million 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 million 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. As at March 31, 2023, $2 million of the revolving portion of this credit facility was drawn (December 31, 2022 - undrawn).

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 December 31, 2022, 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 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 Unsecured Facilities, collectively "the **Credit Facilities**")

Funds drawn against the Credit Facilities are as follows:

(In thousands of Canadian dollars)	**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

Amounts drawn on the Credit Facilities as at March 31, 2023 are as follows:

(In thousands of Canadian dollars)	**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 million 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 million to swap floating 30-day bankers' acceptance rates for a fixed rate of 3.26%, until February 29, 2028 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.

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 consolidated 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 March 31, 2023, a 0.25% increase in the weighted average capitalization rate would result in a decrease of approximately $80.9 million 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 $88.4 million in the determination of the fair value of the investment properties.

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 consolidated 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.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL 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 Disclosure 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 March 31, 2023:

- 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; and

There were no changes in the REIT's design of internal controls over financial reporting in Q1 2023 that materially affected or are likely to materially affect, the REIT's internal controls over financial reporting.

Internal controls over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of their inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusions or improper management override. A control system, no matter how well conceived and operated, can provide only reasonable assurance that the objectives of the control system are met.

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. 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 estate 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. 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%.

COVID-19

The COVID-19 pandemic has had, and may continue to have, an impact on the REIT's tenants and the REIT's operations. Some tenants experienced a surge in business activities during the pandemic. Others experienced disruption to their operations and in certain cases it impacted the tenant's ability to meet their lease obligations. The REIT continues to assess the effect of economic conditions on the creditworthiness of its tenants, but at this time, it is difficult to predict what continued impact (if any) the COVID-19 pandemic will have on the markets in which the REIT operates.

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 $10.6 million (December 31, 2022 - $11.5 million), mortgages payable of $733.3 million (December 31, 2022 - $738.4 million), a balance of $245.3 million drawn against the Credit Facilities (December 31, 2022 - $113 million) and accounts payable and other liabilities of $28.4 million (December 31, 2022 - $35.2 million). The REIT had a working capital deficit of $18.4 million as at March 31, 2023 (December 31, 2022 - $25.2 million deficit). Excluding the current portion of mortgages payable of $80.7 million, liabilities associated with assets held for sale of $32.6 million, and assets held for sale of $81.9 million, working capital would be a surplus of $13.0 million. 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:

(In thousands of Canadian dollars)	**Accounts payable and other liabilities** **$**	**Lease liabilities** **$**	**Credit Facilities principal repayment** **$**	**Interest on fixed portion of Credit Facilities** **$**	**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

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 $435.7 million (December 31, 2022 - $300.7 million) 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 $299.1 million (2022 - $250.1 million) 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:

(In thousands of Canadian dollars)

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)

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 $6.1 million, 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 million 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 million of value enhancement is for the benefit of the REIT. The next $20 million of value enhancement will be for the benefit of the Developer. Any value enhancement in excess of $40 million 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 $32.3 million 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 ($11.3 million), 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

The REIT has guaranteed the borrowings of a limited partnership in which the REIT has an investment. The debt guaranteed has a principal amount of $17.5 million and is secured by development land owned by the limited partnership.

The REIT has guaranteed the borrowings of a co-ownership in which the REIT has an interest. The guaranteed balance of up to $8 million is secured by development land owned by the co-ownership.

As at March 31, 2023, the REIT had contractual commitments to acquire five industrial properties for an aggregate contractual purchase price of $233.8 million. $27.1 million of the aggregate contractual purchase price will be settled by issuing Class B LP Units valued at $11.30 per unit.

OUTSTANDING UNIT DATA

The following table presents the changes in unitholders' equity for the year ended March 31, 2023:

(In thousands of Canadian dollars)	**Units (000s)**	**Amount $**
Balance – January 1, 2022	67,323	636,776
Units issued under distribution reinvestment plan	108	1,075
Units issued under Incentive Plan	61	607
Units issued under Employee Purchase Plan	0.4	4
Class B LP Units exchanged for REIT Units	455	4,814
Balance – March 31, 2023	67,947	643,276

As at May 12, 2023, a total of approximately 68,004,000 REIT Units and 19,862,000 Class B LP Units were issued and outstanding.

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 Q1 2023 amounted to $10.9 million (2022 - $9.2 million).

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

(In thousands of Canadian dollars)	**Three months ended March 31, 2023** $	**Year ended December 31, 2022** $	**Year ended December 31, 2021** $	**Year ended December 31, 2020** $
Cash generated from operating activities	6,815	41,530	24,995	24,349
Net income	3,717	120,868	93,539	35,235
Actual cash distributions paid or payable during the period [(1)]	10,864	37,705	25,082	17,246
Excess (shortfall) of cash flows from operating activities over cash distributions paid	(4,049)	3,825	(87)	7,103
Excess (shortfall) of net income over cash distributions paid	(7,147)	83,163	68,457	17,989

(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 Q1 2023, $1.1 million was settled through the issuance of REIT Units under the distribution reinvestment plan.

Net income for Q1 2023 of $3.7 million was less than actual cash distributions paid or payable for Q1 2023 of $10.9 million by $7.2 million. Net income excluding non-cash fair value adjustments of investment properties, Class B LP Units, unit options, restricted share units, derivative financial instruments and investments totalling $9.2 million and excluding other income of $0.6 million was $12.2 million for Q1 2023, which exceeded actual cash distributions paid or payable by $1.4 million.

For Q1 2023, cash generated from operating activities of $6.8 million was less than actual cash distributions paid or payable for Q1 2023 of $10.9 million by $4.1 million. Excluding changes in non-cash working capital, other non-current assets, restricted cash, and other non-current liabilities of $6.2 million, cash generated from operating activities exceed actual cash distributions paid or payable by $2.1 million.

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 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 Q1 2023, 107,706 units (2022 – 67,008 units) were issued under the DRIP for a stated value of $1.1 million (2022 - $0.8 million).

RELATED PARTY TRANSACTIONS

For Q1 2023, trustee retainer fees in the amount of $0.119 million were expensed (2022 - $0.119 million). Trustee retainer fees in the amount of $0.119 million were accrued as at March 31, 2023 (December 31, 2022 - $0.269 million).

For Q1 2023, key management earned salaries and other short-term employee benefits in the amount of $0.7 million (2022 - $0.7 million).

On July 18, 2022, the REIT acquired an 80% interest in a property held for development in Hamilton, Ontario for $4.8 million ("190 Glover Road"). The REIT also indirectly, through one of its subsidiaries guaranteed up to $8.0 million of debt of the co-ownership. The development is partially owned, and managed, by entities controlled by RFA.

On June 22, 2022, the REIT acquired an 80% interest in a property held for development in Hamilton, Ontario for $17.8 million ("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 $3.0 million ("844 Glancaster Road"). The REIT also indirectly, through one of its subsidiaries, guaranteed a $17.5 million 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 $0.04 million of guarantee fees during Q1 2023 (2022 - $nil).

Fees to RFA related entities in respect of the RFA Development Properties totalled $0.2 million for Q1 2023 (2022 - $nil).

SUBSEQUENT EVENTS

On April 26, 2023, the REIT sold a retail property located in Victoriaville, Quebec for $40.3 million. The property was classified as an asset held for sale as at March 31, 2023.

On April 21, 2023, the REIT acquired a 264,600 square foot industrial property located in London, Ontario for a purchase price of $36 million.

OUTLOOK

The REIT's industrial portfolio continues to perform well. Rental rates continue to increase in many of the markets in which the REIT is present. The increase is driven by limited vacancy, under-supply, and unprecedented demand for warehouse and logistics space - a by-product of the pandemic which accelerated structural changes in the distribution of goods. The REIT's investment property portfolio is industrial real estate focused and the portfolio is 97% occupied. During 2023, the REIT expects to continue to benefit from positive rental fundamentals in the markets in which it has leases expiring.

The REIT intends to be Canada's next pure play industrial REIT. As the REIT grows, it will continue to upgrade the quality of its industrial portfolio with opportunities that meet its investment criteria, while also re-deploying capital from strategic dispositions of properties in its retail and office portfolio.

There continues to be interest rate and general economic uncertainty. For the remainder of 2023, the REIT has $52.1 million of mortgages with a weighted average interest rate of 4.35% that will mature, and in 2024, $46.8 million of mortgages with a weighted average interest rate of 2.46% will mature. The REIT will have to increase debt as it completes further acquisitions and undergoes development in 2023 and continues to monitor debt markets.

The interest rate environment has slowed real estate investment activity, impacting the REIT's ability to sell some of its office and retail properties on favourable terms. The REIT's office and retail properties perform well and the REIT will seek to more actively dispose of them when market conditions are more conducive to sales.

The bond yield curve remains inverted, with 2-year Government of Canada benchmark bond yields at approximately 3.8% and 10-year bond yields at approximately 3.0%. While there is a risk of recession, there does not seem to be a consensus amongst experts on whether there will be any recession nor the timing or severity of a potential recession.