

# Nexus Industrial REIT Investor Presentation

*“Canada’s Pure Play Industrial REIT”*



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All figures in C\$ unless otherwise noted.

# Nexus Industrial REIT Poised For Value Creation

***Nexus Industrial REIT (“Nexus” or the “REIT”) is focused on unitholder value creation through the acquisition and ownership of institutional quality industrial properties across Canada***



1. As of June 30, 2023

# Industrial-Focused Portfolio

## Industrial Portfolio

**89.4% of NOI**

**10.5MM square feet at interest**

**99% occupied<sup>(1)</sup>**

*Stable Cash Flow, Embedded Rent Escalations in Long-Term Leases and a 24% Mark to Market*



- Provides stability to Nexus as cash flows are stable, long-term, and the majority contain embedded yearly rent escalations
- Majority of the industrial portfolio are high quality assets located in major markets with low vacancy rates

## Retail Portfolio

**5.6% of NOI**

**923k square feet at interest**

**88% occupied<sup>(1)</sup>**

*High-Quality National Tenants Offering Necessity-Based Products*



- Grocery-anchored retail assets located in the Greater Quebec City and Montreal areas
- Sandalwood Management provides leasing and property management for the retail portfolio
- High-quality tenants such as Shopper's, Dollarama, Metro, National Bank, Super C, Canadian Tire, and SAQ (Quebec's provincial liquor retailer)

## Office Portfolio

**5.0% of NOI**

**527k square feet at interest**

**82% occupied<sup>(1)</sup>**

*Majority of Urban Office Assets Located in the Downtown Montreal Core*

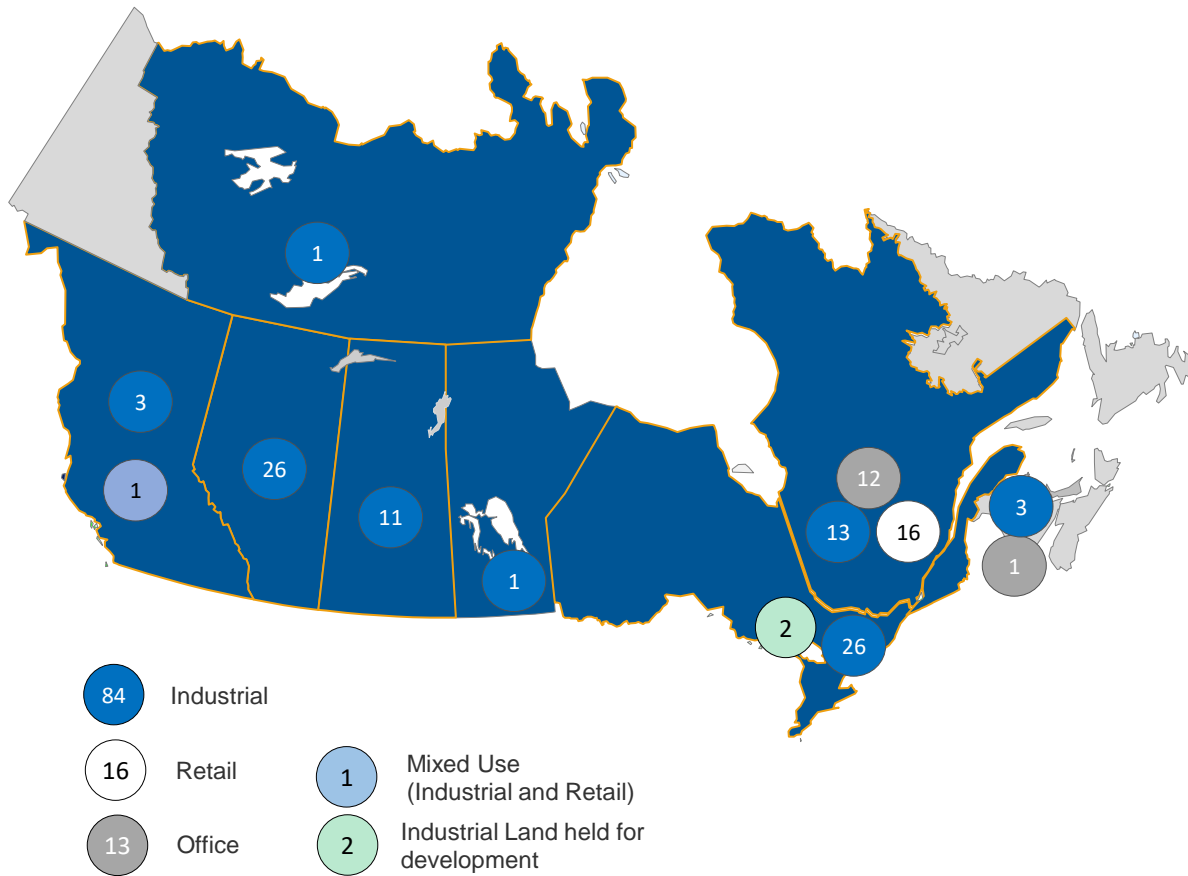


- Tenants include Sunlife, The Notaries of Quebec, and Public Works Government and Service Canada
- Concentration of Old Montreal character properties

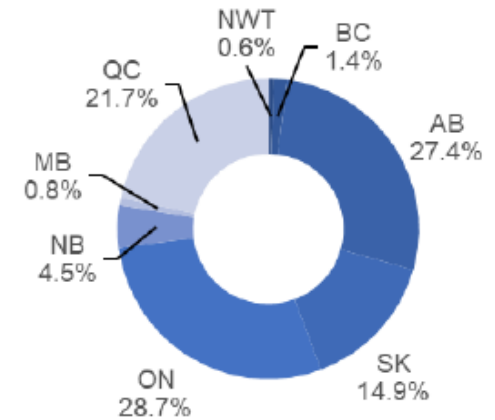
1. As of June 30, 2023

# Nationwide Industrial-Focused Asset Base

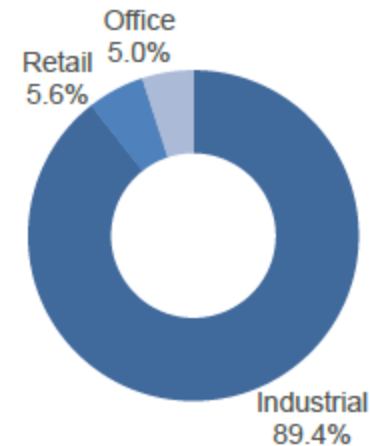
115 properties located across Canada<sup>1</sup>



NOI by Geography (2) (3)



NOI by Asset Class (2) (3)



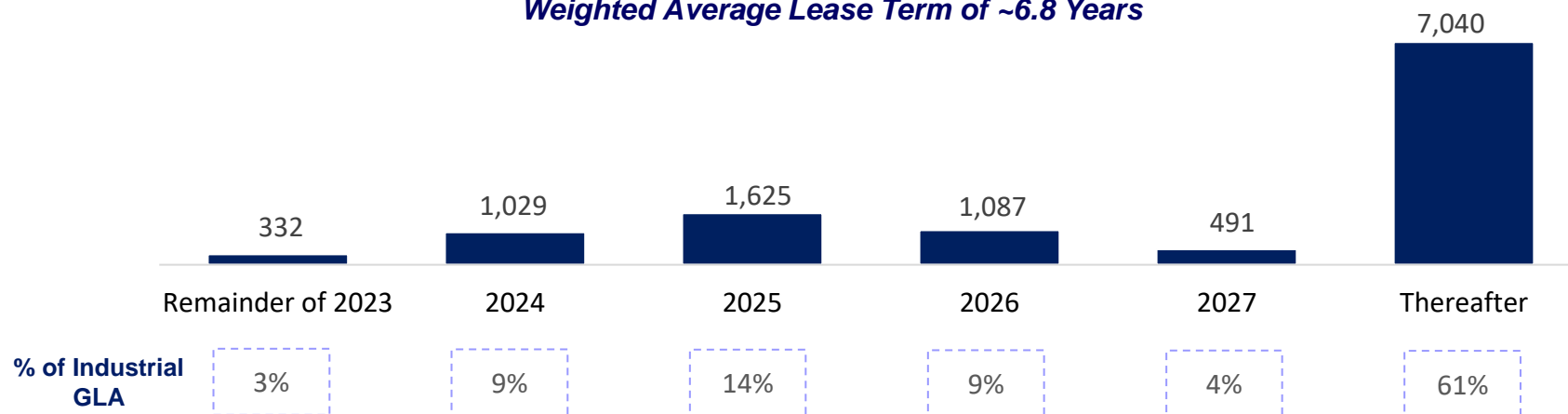
*Recent acquisitions have been high-quality, well located distribution centres, enhancing the quality of the REIT's industrial-focused portfolio*

1. As of August 29, 2023
2. Non-IFRS Measure
3. As of June 30, 2023

# Lease Expiries and Occupancy

## Lease Expiry Schedule (Square Feet, '000s) at June 30, 2023

*Weighted Average Lease Term of ~6.8 Years*



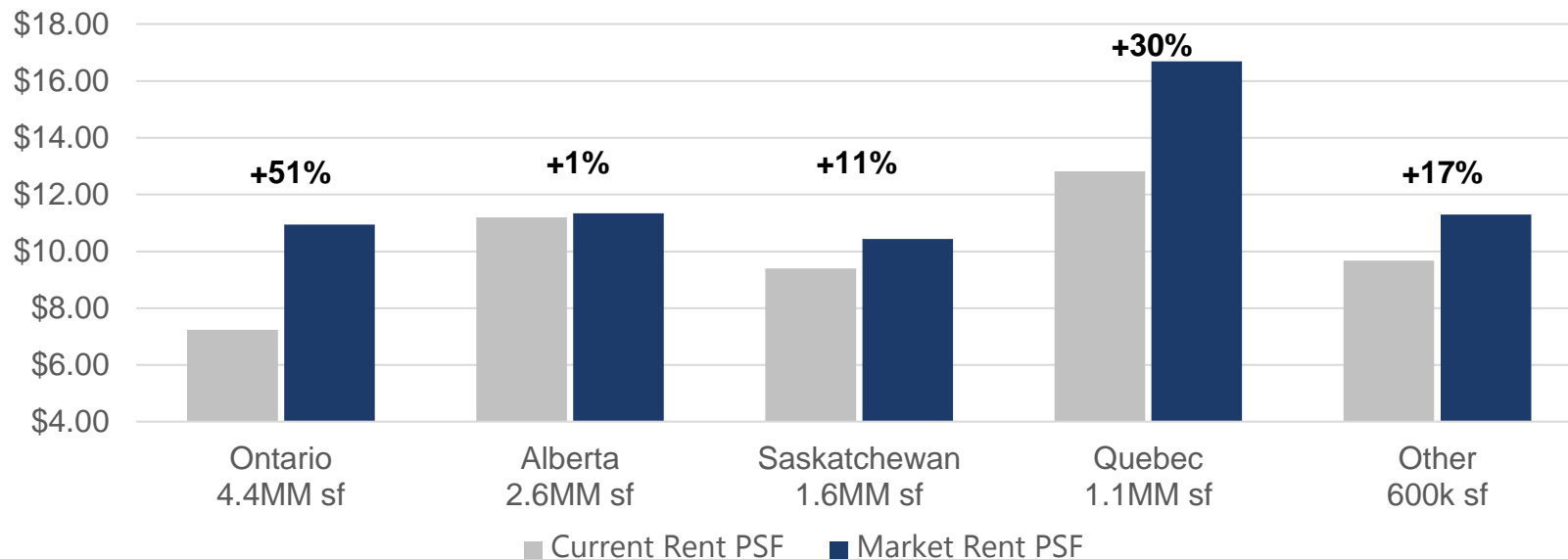
## Occupancy by Asset Class at June 30, 2023

	GLA (at share)	Occupancy
Industrial	10,522,189	98.5%
Retail	922,749	87.6%
Office	526,992	81.9%
<b>Total</b>	<b>11,971,930</b>	<b>96.9%</b>



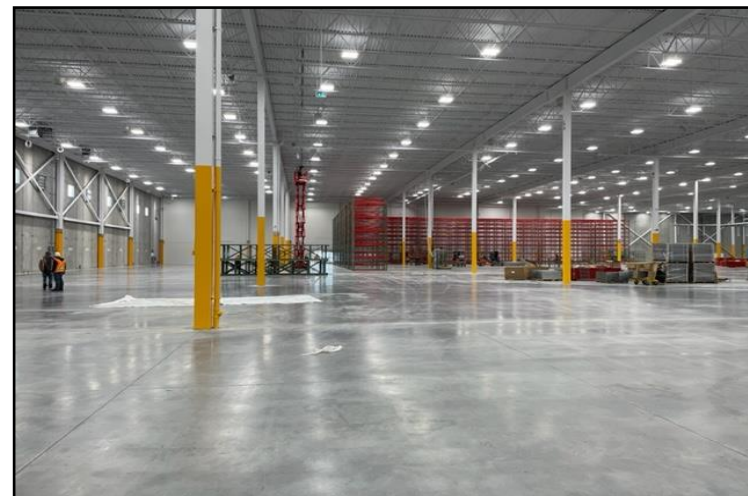
# Industrial Portfolio - Mark to Market

## Enhanced Industrial Leasing Spreads<sup>1</sup>



## Capitalizing on Below Market Rental Rates<sup>1</sup>

- 24% mark-to-market throughout the entire industrial portfolio.
  - The REIT owns ~2.3MM sf in London, ON with an average net rental rate of \$7.00 psf. Vacancy in London is at ~0.6%, and rental rates continue to rise; currently at ~\$11.50 psf, representing a mark-to-market opportunity of ~65%.
- In addition to significant upside upon renewal, the majority of the REIT's leases have strong contractual growth.



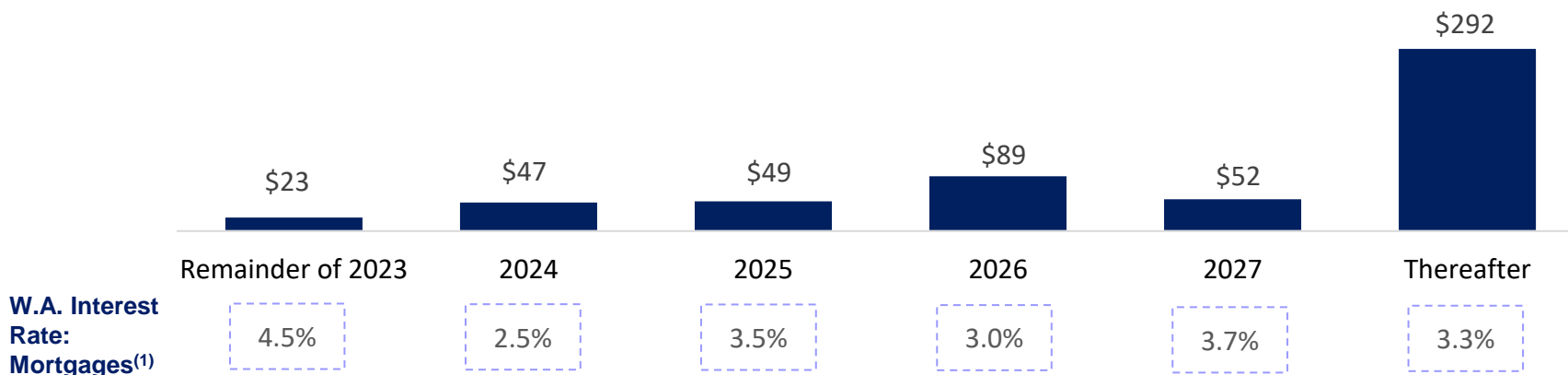
1. As of June 30, 2023

# Mortgage Debt Maturities

## Mortgage Principal Maturity Schedule (\$MM) as at June 30, 2023

*Weighted Average Term to Maturity ~6.1 Years*

*Weighted Average Interest Rate ~3.3%*



- No significant near-term mortgage maturities and expectation is that maturing mortgages will be refinanced on reasonable terms.
- As of June 30, 2023, the REIT had \$291.9MM drawn against its \$375MM unsecured lines of credit and \$698.7MM of unencumbered assets.
- The REIT has sufficient liquidity available from its credit facilities and borrowing potential on unencumbered assets to fund committed acquisitions and development projects and to meet its capital and operating cash requirements.

1. Weighted average interest rate – including deferred financing costs and interest rate swap agreements.



# Historical Acquisitions

Year Closed	Province	GLA (at share)	Purchase Price	Capitalization Rate	Highlights
2021	11 Ontario Properties 8 Alberta Properties 2 New Brunswick Properties 1 Quebec Property 1 Saskatchewan Property 1 Manitoba Property	4,800,000 sf	\$684.5MM	5.58%	The REIT completed the acquisition of 24 industrial properties highlighted by 7 industrial properties in London, Ontario for a purchase price of \$148MM. The vendor received \$96MM of the purchase price in Class B LP Units.
2022	8 Ontario Properties 4 Alberta Properties 3 Quebec Properties 1 Saskatchewan Property	2,100,000 sf	\$316.8MM	5.42%	The REIT completed the acquisition of 16 industrial properties. The acquisitions are highlighted a two-property portfolio in Edmonton acquired for a purchase price of \$91MM and tenanted by a third-party logistics provider under long-terms leases.
<b>Total 2021-2022</b>	<b>40 Properties</b>	<b>6,900,000 sf</b>	<b>\$1.0B</b>	<b>5.53%</b>	<b>The REIT has significantly grown the size and quality of its industrial real estate portfolio.</b>



# Nexus Industrial REIT's Growth Strategy

## Dispose of Office, Retail and Non-Core Industrial

- The REIT plans to dispose of its remaining office, retail and non-core industrial.
- During Q2-2023, 89% of the REIT's NOI was generated from its industrial properties. The REIT intends to sell its remaining office and retail properties to create a 100% industrial portfolio.

## High-Grading of the Industrial Portfolio

- Acquisitions since 2021 have been Class A industrial buildings in major markets.
- The acquisitions and development projects that the REIT has in the pipeline will contribute to the high-grading of its portfolio to institutional grade.
- Given the impact of changes in interest rates on capital markets, the REIT is focused on completing acquisitions and development projects which it has committed to and will be very selective on acquiring any new properties until the debt market conditions become more favourable.

## Growing NAV per Unit

- The REIT is capitalizing on several development opportunities that will provide significant NAV growth. These development opportunities offer very attractive returns and provide significant value add upon completion.
- Capitalize on contractual rental rate growth and rental rate growth upon lease expiries.



# 2023 Acquisitions to Date

Date Closed	Asset Type	City	GLA (at share)	Purchase/Sale Price	Highlights
March 7, 2023	Industrial	Casselman, ON	530,000 sf	\$116.5MM	Brand-new single-tenant distribution centre leased to Ford. An opportunity to build a relationship with a reputable developer.
April 21, 2023	Industrial	London, ON	264,600 sf	\$36MM	Single-tenant distribution centre. Upside upon lease expiry in 2025 is expected to be 175%. The property has an appraised value of ~\$60MM.
June 1, 2023	Industrial	Laval, QC	192,000 sf	\$64.7MM	Brand-new distribution building. The single tenant building has a long-term lease with annual increases of 4.25%.
June 15, 2023	Industrial	London, ON	304,000 sf	\$56.4MM	Distribution building in with brand new expansion of ~150,000sf. The property is leased entirely to a single tenant on a long-term lease deal.
July 4, 2023	Industrial	Burlington, ON	142,000 sf	\$64.7MM	Brand-new distribution building. The single tenant with a long-term lease with annual increases of 4%.
<b>Total Acquisitions</b>			<b>1.43MM sf</b>	<b>\$338MM</b>	

## Other Activity:

- To date, the REIT has sold 1 retail property for \$42MM and 1 non-core industrial asset for \$4.2MM.
- The REIT continues to dispose of retail, office and non-core industrial to help fund the pipeline of acquisitions and development that we are strategically pursuing.

# Portfolio High-Grading Initiatives

## Select Acquisitions: Logistics and Distribution Assets

### *Greater Montreal*



<b>Tenant:</b>	Yokohama Tires
<b>Lease term:</b>	2030
<b>Rental Increases:</b>	4.25% per annum
<b>Completion Date:</b>	June 1, 2023
<b>GLA:</b>	~192k sf
<b>Shipping doors:</b>	29
<b>Clear Heights:</b>	32'

### *London, Ontario*



<b>Tenant:</b>	Canusa
<b>Lease term:</b>	2037
<b>Rental Increases:</b>	1% per annum
<b>Completion Date :</b>	June 15, 2023
<b>GLA:</b>	~304k sf
<b>Shipping doors:</b>	53
<b>Clear Heights:</b>	31'

# Portfolio High-Grading Initiatives continued

## Select Acquisitions: Logistics and Distribution Assets

### *Burlington, Ontario*



<b>Tenant:</b>	Portside Warehousing
<b>Lease term:</b>	2031
<b>Rental Increases:</b>	4% per annum
<b>Completion Date:</b>	July 1, 2023
<b>GLA:</b>	~142k sf
<b>Shipping doors:</b>	24
<b>Clear Heights:</b>	32'

### *London, Ontario – Pending Transaction*



<b>Tenant:</b>	Drexel
<b>Lease term:</b>	2033
<b>Rental Increases:</b>	Rent increases by CPI annually
<b>Est. completion:</b>	Q4 2023
<b>GLA:</b>	~336k sf
<b>Shipping doors:</b>	17

# Development Pipeline

*Existing land within the REIT's portfolio provides for highly accretive intensification.*

Expected Completion	City	GLA	Expected Unlevered Return	Highlights
H1-2024	Regina, SK	312,000 sf	~9%	The REIT has commenced the construction of a 312,000 sf distribution centre in Regina, SK. The building is a 200,000 sf build to suit for an existing tenant. The REIT is leasing the remaining 112,000 sf.
H1-2024	London, ON	96,000 sf	~10%	The REIT has commenced the construction of a ~96,000 sf expansion to an existing building in London, ON. The REIT has prospective tenants interested in leasing the space and the expansion is expected to generate an unlevered return of over 10%. There is the ability to add an additional 100,000 sf in addition to the 100,000 sf currently being constructed.
H1-2024	Hamilton, ON	115,000 sf	~6%	On July 18, 2022, the REIT acquired an 80% interest in 5.05 acres of land located in Hamilton, ON. The development is expected to break ground in Q3-2023. The development is being built on spec.

## Other Identified Development Opportunities

Properties: 7 Industrial Properties  
 GLA: 1.1MM square feet

A large portion of the other identified development opportunities are located in our London, ON portfolio where the REIT will capitalize on very accretive investments.



# Leadership Team

## Management Team

Name	Title	Experience
<b>Kelly Hanczyk</b>	CEO	<ul style="list-style-type: none"> <li>Former CEO and Trustee of TransGlobe Apartment REIT</li> <li>Extensive experience in all disciplines of industrial, commercial and residential real estate</li> </ul>
<b>Robert Chiasson</b>	CFO	<ul style="list-style-type: none"> <li>Former Corporate Controller of InStorage REIT</li> <li>Former Director of Accounting and Finance of Samuel Manu-Tech</li> <li>Obtained the CPA, CA designation while articling at KPMG</li> </ul>

## Board of Trustees

Name	Experience
<b>Ben Rodney</b>	<ul style="list-style-type: none"> <li>Chairman of the Board</li> <li>Principal and Managing Partner of RFA Capital</li> <li>Chair of Artis REIT Board of Trustees</li> </ul>
<b>Floriana Cipollone</b>	<ul style="list-style-type: none"> <li>Senior Vice President and Chief Financial Officer of MCAN Financial Group</li> <li>Director at Minto Group Inc</li> <li>Former Chief Financial Officer of Plaza Retail REIT and Charter REIT</li> </ul>
<b>Brad Cutsey</b>	<ul style="list-style-type: none"> <li>President and CEO of InterRent REIT</li> <li>Former Managing Director, Real Estate Investment Banking at Dundee Capital Markets</li> </ul>
<b>Justine Delisle</b>	<ul style="list-style-type: none"> <li>Partner with Richter</li> <li>Formerly held senior positions within the Family Account Management and audit services at Richter</li> </ul>
<b>Louie DiNunzio</b>	<ul style="list-style-type: none"> <li>Senior Vice President, Investments at Cadillac Fairview</li> <li>Former Director of WPT REIT</li> <li>Formerly held senior positions within the investment banking industry at both BMO Nesbitt Burns Inc. and Merrill Lynch Canada.</li> </ul>
<b>Kelly Hanczyk</b>	<ul style="list-style-type: none"> <li>See Bio under Management Team</li> </ul>

# Favourable Pricing Metrics

	Last Price <sup>(1)</sup>	Units O/S	Market Cap	Distribution	Current Yield	FFO 2023E <sup>(2)</sup>	Price / FFO 2023E <sup>(2)</sup>	AFFO 2023E <sup>(2)</sup>	Price / AFFO 2023E <sup>(2)</sup>	NAV <sup>(2)</sup>	Prem. / Disc. to NAV <sup>(2)</sup>	D / GBV	Q2-23 D / EBITDA <sup>(3)</sup>
	(C\$)	(MM)	(C\$MM)	(C\$)	(%)	(C\$)	(ratio)	(C\$)	(ratio)	(C\$)	(%)	(%)	(x)
<b>Nexus Industrial REIT</b>	<b>\$8.16</b>	<b>90.3</b>	<b>\$737</b>	<b>\$0.64</b>	<b>7.89%</b>	<b>\$0.77</b>	<b>10.6x</b>	<b>\$0.65</b>	<b>12.5x</b>	<b>\$10.78</b>	<b>(24.3%)</b>	<b>48.0%</b>	<b>10.4x</b>
<b>Industrial REITs</b>													
Dream Industrial REIT	\$14.00	277.0	\$3,877	\$0.70	5.00%	\$0.99	14.2x	\$0.88	16.0x	\$16.44	(14.8%)	36.8%	9.3x
Granite REIT	\$76.59	63.7	\$4,882	\$3.20	4.18%	\$4.97	15.4x	\$4.37	17.5x	\$90.24	(15.1%)	32.3%	7.9x
<b>Weighted Industrial Average (Excl. Summit REIT)</b>					<b>4.54%</b>		<b>14.9x</b>		<b>16.9x</b>		<b>(15.0%)</b>	<b>34.3%</b>	<b>8.5x</b>
Summit REIT <sup>(4)</sup>	\$23.50	190.0	\$4,464	-	--	\$0.83	28.4x	\$0.73	32.0x	\$19.00	23.7%	25.1%	8.2x
<b>Weighted Industrial Average (Incl. Summit REIT)</b>					<b>3.01%</b>		<b>19.4x</b>		<b>22.0x</b>		<b>(1.9%)</b>	<b>31.2%</b>	<b>8.4x</b>

- Nexus currently has an approximately 89% industrial weighting<sup>(5)</sup>
- Nexus trades at a 12.5x multiple of 2023E analyst consensus AFFO per unit as compared to an average of 16.9x for its industrial REIT peers (excl. Summit REIT)<sup>(2)</sup>.
- Summit was recently acquired by GIC & Dream Industrial. The purchase price of \$23.50 per unit represented a ~23.7% premium to consensus NAV<sup>(2)</sup>. Nexus' recent trading price of \$8.16 per unit represents a 24.3% discount to NAV<sup>(2)</sup>.
- Current valuation provides substantial trading price upside as Nexus continues moving towards becoming a pure play industrial REIT.

***At the recent \$8.16 trading price, the REIT's units are trading at a 12.5x multiple of 2023E AFFO per unit<sup>(1)(2)</sup>.  
The average multiple for industrial REITs (excl. Summit REIT which traded at 28.4x) is 16.9x***

1. Based on trading price as at 30-Aug-23 except for Summit REIT.
2. Non-IFRS measure. Based on mean analyst consensus estimates as of 30-Aug-23. Summit figures based on latest available analyst consensus estimates. Source: FactSet.
3. Non-IFRS measure. As of latest reported figures.
4. Based on offer price. Acquisition by GIC & Dream Industrial closed on 17-Feb-23. Metrics shown based on latest reported figures.
5. NOI basis.



# Key Takeaways

- 1 Nexus Industrial REIT is the only pure play Canadian industrial REIT
- 2 Weighted average lease term of 6.8 years with contractual growth built into long-term leases
- 3 24% mark-to-market upon lease expiries in the industrial portfolio
- 4 Past and planned acquisitions and development are high-grading of its portfolio to institutional grade
- 5 Robust pipeline of industrial acquisition opportunities for execution when more favourable economics return
- 6 The REIT has access to sufficient liquidity
- 7 Development and intensification opportunities expected to be highly accretive to NAV, FFO and AFFO per unit
- 8 The REIT is in a position for multiple expansion as it trades at a 12.5x multiple to AFFO compared to its peers which trade a 16.9x multiple



***Nexus provides investors the opportunity to participate in the growth stages of an industrial vehicle owning quality Canadian assets at a valuation that represents a significant discount compared to other industrial REITs***



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