NEXUS INDUSTRIAL REIT ANNOUNCES Q3 2023 RESULTS AND DECEMBER DISTRIBUTION

Toronto, Ontario, November 14, 2023 – Nexus Industrial REIT (the "REIT") (TSX: NXR.UN) announced today its results for the quarter ended September 30, 2023.

Highlights

- November 1 – acquired a 336,448 square foot industrial property located in London, Ontario for $55.8 million with $27.1 million of the purchase price being settled in units valued at $11.30 per unit.
- September 12 – increased the REIT's unsecured credit facilities from $375 million to $525 million.
- July 4 – acquired a 141,534 square foot industrial property located in Burlington, Ontario for $48.4 million.
- NOI from industrial properties anticipated to be approximately 91% for Q4 as a result of these transactions.
- Occupancy of 97% at September 30, 2023 was consistent with 97% at June 30, 2023 and September 30, 2022.
- Q3 2023 net operating income of $29.3 million increased by $4.4 million and 17.9% as compared to Q3 2022 net operating income of $24.9 million and by $1.6 million and 5.9% as compared to Q2 2023 net operating income of $27.7 million.
- Q3 2023 Same Property NOI(1) of $23.3 million increased by $0.6 million and 2.5% as compared to Q3 2022.
- Q3 2023 Normalized FFO(1) per unit of $0.198 as compared to $0.196 for Q2 2023 and $0.209 for Q3 2022.
- Q3 2023 Normalized AFFO(1) per unit of $0.165 as compared to $0.165 for Q2 2023 and $0.179 for Q3 2022.
- Q3 2023 Normalized AFFO payout ratio(1) of 97.2%, as compared to 97.3% for Q2 2023 and 88.9% for Q3 2022.
- NAV(1) per unit of $12.89 at September 30, 2023 as compared to $12.49 at June 30, 2023 and $12.45 at September 30, 2022.
- Debt to Total Assets of 48.5% at September 30, 2023 as compared to 48.0% at June 30, 2023. At September 30, 2023, $153.5 million was undrawn on the REIT's lines of credit and the REIT had a $758.8 million unencumbered asset pool.
- Management of the REIT will host a conference call on Wednesday November 15 at 1PM EST to review results and operations.

(1) Non-IFRS Financial Measure

"While the real estate market faces uncertainty within a heightened interest rate environment, the industrial sector is a stable and favoured asset class. Same store NOI continues to benefit from spreads between in-place and market rent." stated Kelly Hanczyk, Chief Executive Officer of Nexus REIT. "We are focused on the completion of our committed developments that are expected to generate outsized returns, and we are patiently pursuing the sale of our retail and office assets, the proceeds of which will be used to strengthen our balance sheet. The 312,000 square foot intensification of one of the REIT's Regina, Saskatchewan properties and two other development projects totalling approximately 210,000 square foot that are currently underway in Hamilton and London, Ontario are progressing well, and we look forward to the incremental NOI they will generate on their expected completions in the spring and summer of next year. Recent acquisitions and developments have significantly high graded the quality of the REIT's portfolio. We have a newly constructed building in the Calgary area under contract, which is expected to close in December which adds another high-quality asset to the portfolio. With the 336,448 square foot acquisition completed on November 1st, we increased our presence in the London, Ontario market, which is among the best performing industrial real estate markets in Canada."

Summary of Results

(In thousands of Canadian dollars, except per unit amounts)	Three months ended September 30, 2023		Nine months ended September 30, 2023	
Financial Results	**2023 $**	**2022 $**	**2023 $**	**2022 $**
Property revenues	39,752	34,424	115,647	100,265
Net operating income (NOI)	29,331	24,873	82,748	70,859
Net income	76,954	40,055	157,893	137,759
Financial Highlights				
Funds from operations (FFO) (1)	18,060	16,661	51,283	47,085
Normalized FFO (1) (2)	17,887	16,548	51,604	47,454
Adjusted funds from operations (AFFO) (1)	15,072	14,302	43,120	40,601
Normalized AFFO (1) (2)	14,899	14,189	43,441	40,970
Same Property NOI (1)	23,311	22,752	59,624	57,273
Distributions declared (3)	14,477	12,609	42,711	37,619
Weighted average units outstanding (000s) - basic (4)	90,452	79,208	88,844	78,543
Weighted average units outstanding (000s) - diluted (4)	90,554	79,336	88,946	78,696
Per unit amounts:				
Distributions per unit - basic (3) (4)	0.160	0.159	0.481	0.479
FFO per unit - basic (1) (4)	0.200	0.210	0.577	0.599
Normalized FFO per unit - basic (1) (2) (4)	0.198	0.209	0.581	0.604
AFFO per unit - basic (1) (4)	0.167	0.181	0.485	0.517
Normalized AFFO per unit - basic (1) (2) (4)	0.165	0.179	0.489	0.522
NAV per unit (1)	12.89	12.45	12.89	12.45
Normalized AFFO payout ratio - basic (1) (2) (3)	97.2%	88.9%	98.3%	91.8%
Debt to total assets ratio	48.5%	47.2%	48.5%	47.2%
Estimated spread between industrial portfolio market and in-place rents	25.0%	N/A	25.0%	N/A

(1) Non-IFRS Financial Measure

(2) See Appendix A – Non-IFRS Financial Measures

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

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

Non-IFRS Measures

Included in the tables above and elsewhere in this news release are non-IFRS financial measures that should not be construed as an alternative to net income / loss, cash from operating activities or other measures of financial performance calculated in accordance with IFRS and may not be comparable to similar measures as reported by other issuers. Certain additional disclosures for these non-IFRS financial measures have been incorporated by reference and can be found on page 3 in the REIT's Management's Discussion and Analysis for the three and nine-month ended September 30, 2023, available on SEDAR at www.sedarplus.ca and on the REIT's website under Investor Relations. See Appendix A of this earnings release for a reconciliation of the non-IFRS financial measures to the primary financial statement measures.

NOI

Q3 2023 NOI of $29.3 million was $4.4 million higher than Q3 2022 NOI of $24.9 million. Acquisitions completed subsequent to July 1, 2022 generated $4.6 million of incremental NOI in Q3 2023 as compared to Q3 2022. Q3 2023 Same Property NOI increased $0.6 million as compared to Q3 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 contributed $0.4 million to the increase over Q3 2022, driven primarily by newly acquired properties with steps in rent. The disposal of one small industrial and four retail properties between July 2022 and September 2023 reduced NOI by $1.0 million as compared to Q3 2022.

Fair value adjustment of investment properties

The fair value adjustment of investment properties for Q3 2023 totalled $30.1 million. The REIT engaged external appraisers to value properties totalling approximately $489 million in the quarter, resulting in a net write up of income producing properties of approximately $26.9 million. One of the properties appraised accounted for approximately 84% of the $26.9 million net write-up. Additionally, an investment property acquired in the second quarter with in-place rents significantly below market and purchased for approximately $24 million less than appraised value was also revalued from its previous carrying value which approximated the purchase price, generating a fair value increase of approximately $19.1 million in the quarter. Fair value gains recorded in respect of properties held for development totalled $16.6 million for the quarter. The difference between the fair value of the properties held for development not considering development returns and the as completed fair value is recognized pro rata with costs incurred to date, excluding the cost of land, as compared to total budgeted development costs excluding the cost of land. Partially offsetting these fair value gains were fair value adjustments for the remainder of the REIT's portfolio totalling $24.4 million, relating primarily to cap rate expansion applied primarily to the REIT's properties in Calgary, Montreal and British Columbia, $5.9 million of capital expenditures fair valued to zero, and $2.2 million of fair value adjustments related to transaction costs in connection with an acquisition completed during the quarter.

Earnings Call

Management of the REIT will host a conference call at 1:00 PM Eastern Standard Time on Wednesday, November 15, 2023 to review the financial results and operations. To participate in the conference call, please dial 416-915-3239 or 1-800-319-4610 (toll free in Canada and the US) at least five minutes prior to the start time and ask to join the Nexus Industrial REIT conference call.

A recording of the conference call will be available until December 15, 2023. To access the recording, please dial 604-674-8052 or 1-855-669-9658 (toll free in Canada and the US) and enter access code 0526.

December 2023 Distribution

The REIT will make a cash distribution in the amount of $0.05333 per unit, representing $0.64 per unit on an annualized basis, payable January 15, 2024 to unitholders of record as of December 29, 2023.

The REIT's distribution reinvestment plan ("DRIP") entitles eligible unitholders to elect to receive all, or a portion of the cash distributions of the REIT reinvested in units of the REIT. 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.

About Nexus Industrial REIT

Nexus is a growth-oriented real estate investment trust focused on increasing unitholder value through the acquisition of industrial properties located in primary and secondary markets in Canada, and the ownership and management of its portfolio of properties. The REIT currently owns a portfolio of 116 properties (including two properties held for development in which the REIT has an 80% interest) comprising approximately 12.4 million square feet of gross leasable area. The REIT has approximately 93,038,000 voting units issued and outstanding, including approximately 68,427,000 REIT Units and approximately 24,611,000 Class B LP Units of subsidiary limited partnerships of Nexus, which are convertible to REIT Units on a one-to-one basis.

Forward Looking Statements

Certain statements contained in this news release constitute forward-looking statements which reflect the REIT's current expectations and projections about future results. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the REIT to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this news release. 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 news release. 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.

For further information please contact:
Kelly C. Hanczyk, CEO at (416) 906-2379 or
Rob Chiasson, CFO at (416) 613-1262.

APPENDIX A – NON-IFRS FINANCIAL MEASURES

(In thousands of Canadian dollars, except per unit amounts)	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	Change	2023	2022	Change
FFO	$	$	$	$	$	$
Net income	**76,954**	**40,055**	**36,899**	**157,893**	**137,759**	**20,134**
Adjustments:						
Loss on disposal of investment properties	-	255	(255)	807	255	552
Fair value adjustment	(62,672)	(27,491)	(35,181)	(118,201)	(102,041)	(16,160)
Adjustments for equity accounted joint venture (1)	(55)	374	(429)	(125)	618	(743)
Distributions on Class B LP Units expensed	3,555	3,251	304	10,036	9,779	257
Amortization of tenant incentives and leasing costs	272	204	68	853	680	173
Lease principal payments	(17)	(10)	(7)	(49)	(34)	(15)
Amortization of right-of-use assets	23	23	-	69	69	-
Funds from operations (FFO)	**18,060**	**16,661**	**1,399**	**51,283**	**47,085**	**4,198**
Weighted average units outstanding (000s) - basic (4)	90,452	79,208	11,244	88,844	78,543	10,301
FFO per unit – basic	**0.200**	**0.210**	**(0.010)**	**0.577**	**0.599**	**(0.022)**
FFO	**18,060**	**16,661**	**1,399**	**51,283**	**47,085**	**4,198**
Add: Vendor rent obligation (2)	628	688	(60)	1,923	1,971	(48)
Less: Other income (2)	(801)	(801)	-	(1,602)	(1,602)	-
Normalized FFO	**17,887**	**16,548**	**1,339**	**51,604**	**47,454**	**4,150**
Weighted average units outstanding (000s) Basic (4)	90,452	79,208	11,244	88,844	78,543	10,301
Normalized FFO per unit - basic	**0.198**	**0.209**	**(0.011)**	**0.581**	**0.604**	**(0.023)**

(In thousands of Canadian dollars, except per unit amounts)	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	Change	2023	2022	Change
AFFO	$	$	$	$	$	$
FFO	**18,060**	**16,661**	**1,399**	**51,283**	**47,085**	**4,198**
Adjustments:						
Straight-line adjustments ground lease and rent	(1,438)	(1,059)	(379)	(3,663)	(2,684)	(979)
Capital reserve (3)	(1,550)	(1,300)	(250)	(4,500)	(3,800)	(700)
Adjusted funds from operations (AFFO)	**15,072**	**14,302**	**770**	**43,120**	**40,601**	**2,519**
Weighted average units outstanding (000s) - basic (4)	90,452	79,208	11,244	88,844	78,543	10,301
AFFO per unit - basic	**0.167**	**0.181**	**(0.014)**	**0.485**	**0.517**	**(0.032)**
AFFO	**15,072**	**14,302**	**770**	**43,120**	**40,601**	**2,519**
Add: Vendor rent obligation (2)	628	688	(60)	1,923	1,971	(48)
Less: Other income (2)	(801)	(801)	-	(1,602)	(1,602)	**-**
Normalized AFFO	**14,899**	**14,189**	**710**	**43,441**	**40,970**	**2,471**
Weighted average units outstanding (000s) - basic (4)	90,452	79,208	11,244	88,844	78,543	10,301
Normalized AFFO per unit - basic	**0.165**	**0.179**	**(0.014)**	**0.489**	**0.522**	**(0.033)**

(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 amount 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.

(In thousands of Canadian dollars)	Three Months ended September 30,			Nine Months ended September 30,		
Same Property NOI	**2023 $**	**2022 $**	**Change $**	**2023 $**	**2022 $**	**Change $**
Property revenues	39,752	34,424	5,328	115,647	100,265	15,382
Property expenses	(10,421)	(9,551)	(870)	(32,899)	(29,406)	(3,493)
NOI	29,331	24,873	4,458	82,748	70,859	11,889
Add/(Deduct):						
Amortization of tenant incentives and leasing costs	271	206	65	853	681	172
Straight-line adjustments of rent	(1,435)	(1,028)	(407)	(3,649)	(2,619)	(1,030)
Acquisitions	(4,864)	(276)	(4,588)	(19,301)	(8,409)	(10,892)
Disposals	8	(1,023)	1,031	(875)	(3,180)	2,305
Termination fees and other non-recurring items	-	-	-	(152)	(59)	(93)
Same Property NOI	**23,311**	**22,752**	**559**	**59,624**	**57,273**	**2,351**