NEXUS INDUSTRIAL REIT

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months and year ended December 31, 2023

March 13, 2024

Notice to Reader: On April 1, 2024, Nexus Industrial REIT refiled this Management's Discussion and Analysis for the three months and year ended December 31, 2023, to correct the following items:

i. 'Total planning' square feet and 'Total underway and planning' square feet in the table on page 7 have been changed to 1,013,000 square feet and 1,776,000 square feet, respectively.
ii. 'Estimated weighted average market rental rate (sq. ft.)' and 'Spread between estimated market rental rates and in-place rental rates' for the 'Other' and 'Total' groupings in the table on page 12 have been changed to 11.35 per square foot and 17.2% and 11.93 per square foot and 24.2%, respectively. Also, 'Estimated spread between industrial portfolio market and in-place rents' in the Financial Highlights table on page 16 has been changed to 24.2%.
iii. Addition of the following paragraph to the Disclosure Controls and Procedures and Internal Control Over Financial Reporting on page 30: *Management has also determined that as at December 31, 2023, the REIT's DC&P and ICFR were appropriately designed and were operating effectively based on the framework set forth in the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").*

No other changes have been made to this document.

CONTENTS

BASIS OF PRESENTATION

The following management's discussion and analysis ("**MD&A**") of Nexus Industrial REIT ("the **REIT**") for the year ended December 31, 2023, should be read in conjunction with the REIT's audited consolidated financial statements for the year ended December 31, 2023.

The information contained in this MD&A reflects events up to March 13, 2024, 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 as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**" or "**IFRS**"). Additional information about the REIT can be accessed at www.sedarplus.ca.

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, government regulation and environmental matters, economic environment, inflation risk, competition risk, uninsured losses, public health crises and disease outbreaks, fixed costs and increased expenses, development risks, joint ventures/co-investment risks, access to capital and reliance on external sources of capital, derivatives risks, tax-related risks, financing risk, credit risk, liquidity risk, interest rate risk. 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 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 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 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.

HIGHLIGHTS

KEY PERFORMANCE INDICATORS

(In thousands of Canadian dollars)		
PORTFOLIO INFORMATION	**2023**	**2022**
Total Portfolio		
Number of Assets	116	112
Investment Property Fair Value	2,364,027	1,822,639
Gross leasable area ("GLA") (in millions of sq. ft.)	13.93	12.55
Occupancy rate – in-place and committed (period-end)	96.7%	97.2%
Weighted average lease term ("WALT") (years)	6.92	6.47
FINANCIAL INFORMATION	**2023**	**2022**
Operating Results		
Net Income (1)	160,030	120,868
Net Operating Income (1)	111,973	95,808
Funds from Operations (FFO) normalized (1)	68,255	63,969
Adjusted funds from operations (AFFO) - normalized (1)	57,409	55,364
Per Unit Amounts		
FFO - normalized (1)	0.76	0.81
AFFO - normalized (1)	0.64	0.70
Distribution Rate	0.64	0.64
FINANCING AND CAPITAL INFORMATION	**2023**	**2022**
Financing		
Debt to total asset ratio	48.9%	42.5%
Interest coverage ratio (times)	1.72	1.85
Secured Indebtedness Ratio	30.4%	39.6%
Unencumbered investment properties as a percentage of investment properties	35.6%	17.2%
Total assets	2,463,067	1,967,501
Cash and cash equivalents	5,918	11,533
Capital		
Total equity (per condensed consolidated financial statements)	1,000,329	872,540
Total equity (including Class B LP Units)	1,199,434	1,068,397
Total number of Units (in thousands)	93,201	87,640
NAV per Unit	12.87	12.19

(1) See Non-IFRS Financial Measures

ACQUISITIONS, DISPOSITIONS AND ASSETS HELD FOR SALE

ACQUISITION OF INCOME-PRODUCING PROPERTIES

During the year ended December 31, 2023, the REIT acquired six income-producing properties for a total contractual purchase price of $377.7 million.

The following table provides details on the acquisitions:
(In thousands of Canadian dollars)

Property location	Acquisition date	Gross leasable area ("GLA")	Contractual purchase price $	Fair value adjustment [1] $	Transaction costs $	Investment properties acquired $
London, ON	November 1st	336,488	55,794	(11,112)	1,237	45,919
Burlington, ON	July 4th	141,534	48,370	-	2,218	50,588
London, ON	June 15th	304,323	56,358	(3,791)	1,290	53,857
Laval, QC	June 1st	191,878	64,701	-	2,553	67,254
London, ON	April 21st	264,600	36,000	-	808	36,808
Casselman, ON	March 7th	531,057	116,516	-	2,599	119,115
		1,769,840	377,739	(14,903)	10,705	373,541

(1) Fair value adjustment for Class B LP Units issued and mortgages assumed on acquisition.

On November 1, 2023, the REIT acquired a 336,448 square foot industrial property located in London, Ontario for a contractual purchase price of $55.8 million. The purchase price was satisfied through the issuance of 2,394,774 Class B LP Units at a deemed value of $11.30 per unit which are convertible into REIT Units on a one-to-one basis, with the balance, net of closing adjustments, satisfied in cash. The fair value of the units issued as purchase consideration, on the date of issuance, was measured at the closing price of the REIT's units on November 1, 2023, of $6.66 per unit. The property was initially recorded at $44.7 million, the fair value of the consideration paid. The carrying amount of the property was subsequently adjusted to the acquisition date fair value of the property of $55.8 million.

On July 4, 2023, the REIT acquired a single-tenant industrial property with a GLA of 141,534 square feet located in Burlington, Ontario, for a contractual purchase price of $48.4 million.

On June 15, 2023, the REIT acquired a single-tenant industrial property with a GLA of 304,323 square feet located in London, Ontario, for a contractual purchase price of $56.4 million. The purchase price was partially satisfied through the issuance of 2,359,978 Class B LP Units at a deemed value of $10.30 per unit which are convertible to REIT Units on a one-to-one basis with the balance, net of closing adjustments, satisfied in cash. The fair value of the units issued as purchase consideration, on the date of issuance, was measured at the closing price of the REIT's units on June 15, 2023, of $8.44 per unit. The property was initially recorded at $52 million, the fair value of the consideration paid. The carrying amount of the property was subsequently adjusted to the acquisition date fair value of the property of $56.4 million.

On June 1, 2023, the REIT acquired a single-tenant industrial property with a GLA of 191,878 square feet located in Laval, Quebec for a contractual purchase price of $64.7 million.

On April 21, 2023, the REIT acquired a single-tenant industrial property with a GLA of 264,600 square feet located in London, Ontario for a contractual purchase price of $36.0 million.

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 $116.8 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, which reduced the carrying value of the property to $116.5 million.

DISPOSITIONS

During the year ended December 31, 2023, the REIT sold 2 income-producing properties for a total contractual selling price of $45.8 million. These dispositions are detailed below:

On June 5, 2023, the REIT sold an industrial property located in Kamloops, British Columbia for a selling price of $4.2 million. Net of selling costs of $0.1 million, the REIT received net cash proceeds of $4.1 million. The sale generated a loss on disposal of $0.1 million.

On April 26, 2023, the REIT sold a retail property located in Victoriaville, Quebec for a selling price of $41.6 million. Net of selling costs of $0.7 million and the repayment of a $17.5 million mortgage against the property, the REIT received net cash proceeds of $23.5 million. The sale generated a loss on disposal of $0.7 million.

ASSETS HELD FOR SALE

As part of its capital-recycling program, the REIT intends to sell four office properties with a carrying value of $29.2 million as at December 31, 2023. These properties are being marketed for sale.

DEVELOPMENT AND EXPANSION

During the year ended December 31, 2023, the REIT spent $53.5 million on development projects. The REIT also acquired an 18-acre parcel of land in St. Thomas, Ontario for a contractual purchase price of $4.5 million. The parcel acquired is adjacent to another property owned by the REIT. This parcel will facilitate a planned intensification at the property with the in-place tenant expected to expand into the additional GLA.

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

(In millions of Canadian dollars) Property location	Type of project	Additional GLA (square feet)	Costs incurred to date	Total estimated costs	Estimated yield	Estimated substantial completion
Underway						
Park St. Regina, SK	Intensification	312,000	41.0 (1)	48	7.5%	Q2 2024
Glover Rd. Hamilton, ON (2)	New Development	115,000	11.0	33	5.6%	Q3 2024
Hubrey Rd. London, ON	Intensification	96,000	5.0	15	10.0%	Q3 2024
St. Thomas, ON (3)	Hybrid	240,000	5.1	50	9.0%	Q4 2024
Total underway		763,000	62.1	145	7.8%	
Planning						
Richard Ruston Dr. Windsor, ON	Intensification	60,000	-			
Cuddy Blvd. London, ON	Intensification	40,000	0.1			
Exeter Rd. London, ON	Intensification	210,000	0.0			
Clarke Rd. London, ON	Intensification	300,000	0.0			
South Service Rd. Hamilton, ON (4)	New Development	243,000	19.6			
102 Ave. SE Calgary, AB	Intensification	up to 160,000	-			
Total planning		1,013,000	19.7			
Total underway and planning		1,776,000	81.8			

(1) The REIT acquired the Park St., Regina, SK, asset in January 2022. The property included a 179,000 square foot building and excess land. Total estimated costs and costs incurred to date in respect of this development project exclude the value of the excess land acquired along with the existing building on the site.
(2) 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% interest in the project.
(3) The REIT has finalized a lease agreement with the tenant to increase the additional GLA to be constructed from 70,000 square feet to 240,000 square feet.
(4) The REIT has an 80% interest in this development. Additional GLA represents 100% of the project.

PORTFOLIO OVERVIEW

As at December 31, 2023, the REIT owns a portfolio of 116 properties (including two properties held for development in which the REIT has an 80% interest) comprising approximately 12.5 million square feet of gross leasable area. The following table details the REIT properties by asset class as at December 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	9929 Swanson St, Fort St. John	26,477	26,477	38%
3	1771 Savage Rd, Richmond (2) (4)	60,836	60,836	0% (3)
		140,439	140,439	45%
	Alberta			
4	4700 & 4750 – 102 Ave, SE, Calgary	29,471	29,471	100%
5	3780 & 4020 – 76th Ave, SE, Calgary	58,937	58,937	100%
6	41 Royal Vista Dr, NW, Calgary	35,338	35,338	100%
7	8001 – 99 St, Clairmont	26,638	26,638	100%
8	12104 & 12110 – 17th St, NE, Edmonton	116,582	116,582	100%
9	14801 – 97th St, Grande Prairie	42,120	42,120	100%
10	3501 Giffen Rd North & 3711 – 36 St North, Lethbridge	229,000	229,000	100%
11	5406 – 59th Ave, Lloydminster	12,425	12,425	100%
12	4301 – 45 Ave, Rycroft	22,110	22,110	100%
13	2301 – 8 St, Nisku	21,506	21,506	100%
14	2303A – 8 St, Nisku	39,649	39,649	100%
15	1010 Brier Park Dr, Medicine Hat	14,354	14,354	0%
16	27323 – 144 Township Rd 394, Blackfalds	25,000	25,000	100%
17	261177-261185 Wagon Wheel Way, Balzac	95,180	95,180	100%
18	9110 – 23 Ave NW, Edmonton	72,356	72,356	100%
19	11510 – 168 St NW, Edmonton	35,800	35,800	56%
20	6777 Edgar Industrial Dr, Red Deer	153,052	153,052	100%
21	10774 – 42 St E, Calgary	165,418	165,418	100%
22	12745 – 149 St NW, Edmonton	104,727	104,727	100%
23	14504-14598 – 121A Ave NW, Edmonton	214,144	214,144	100%
24	7740 – 40 Ave, Red Deer	189,625	189,625	100%
25	502 – 25 Ave, Nisku	141,930	141,930	100%
26	2039 Airport Perimeter Road, Edmonton	210,249	210,249	100%

	Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership Interest	Occupancy
27	18403 – 18439 104 Ave NW, Edmonton	72,420	72,420	100%
28	14711 – 128 Ave, Edmonton	54,510	54,510	100%
29	11250 – 189 Street NW, Edmonton	501,279	501,279	100%
		2,683,820	2,683,820	99%
	Northwest Territories			
30	348-352 Old Airport Rd, Yellowknife	53,212	53,212	100%
	Saskatchewan			
31	110 – 71st St, Saskatoon	74,796	74,796	100%
32	15 Peters Ave, Saskatoon	38,160	38,160	100%
33	1414 Fletcher Rd, Saskatoon	86,000	86,000	100%
34	850 Manitoba St E & 15 – 9th Ave, NE, Moose Jaw	18,800	18,800	100%
35	4271 – 5 Ave E, Prince Albert	24,600	24,600	100%
36	1117 -1135 Pettigrew Ave, Regina	39,922	39,922	74%
37	320 Industrial Dr, Regina	60,000	60,000	100%
38	332 Industrial Dr, Regina	85,260	85,260	100%
39	101 Jahn St, Estevan	11,846	11,846	100%
40	2101 Fleming Rd, Regina	1,029,675	1,029,675	100%
41	855 Park St, Regina	179,291	179,291	89%
		1,648,350	1,648,350	98%
	Manitoba			
42	97 Nicola Dr, Headingley	40,050	40,050	100%
	Ontario			
43	455 Welham Rd, Barrie	109,366	109,366	100%
44	200 Sheldon Dr, Cambridge	150,000	150,000	100%
45	241-377 Fairall St, 332-360 Frankcom St & 97-121 McMaster Ave, Ajax (1)	483,359	241,680	99%
46	1000 Clarke Rd, London	223,190	223,190	100%
47	1020 Adelaide St S, London	265,786	265,786	99%
48	1036 Green Valley Rd, London	136,596	136,596	100%
49	1285 Hubrey Rd, London	201,578	201,578	100%
50	375 Exeter Rd, London	220,339	220,339	100%
51	5 Cuddy Blvd, London	146,945	146,945	100%
52	70 Dennis Rd, St. Thomas	130,500	130,500	100%
53	446 Jutras Dr S, Windsor	120,000	120,000	100%
54	490 Richard Ruston Dr, Windsor	101,073	101,073	100%
55	1040 Wilton Grove Rd, London	383,309	383,309	100%
56	1950 Oxford St E, London	99,367	99,367	100%
57	650 Riverview Dr, Chatham	293,146	293,146	98%
58	980 Green Valley Rd, London	38,000	38,000	100%
59	1005 Adelaide St South, London	18,380	18,380	100%

	Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership Interest	Occupancy
60	1540 South Service Rd, Hamilton (5)	-	-	0% (5)
61	190 Glover Rd, Hamilton (5)	-	-	0% (5)
62	605 Boundary Rd, Cornwall	34,800	34,800	100%
63	5250 Outer Dr, Windsor	132,976	132,976	100%
64	5245 Burke St, Windsor	125,701	125,701	100%
65	418 Silvercreek Industrial Dr, Windsor	97,185	97,185	100%
66	24 Industrial Park Rd, Tilbury	79,846	79,846	100%
67	626 Principale St, Casselman	532,415	532,415	100%
68	15745 Robins Hill Road, London	264,600	264,600	100%
69	2290 Scanlan Street, London	304,323	304,323	100%
70	3430 Harvester Road, Burlington	141,534	141,534	100%
71	1005 Wilton Grove Road, London	336,448	336,448	100%
		5,170,762	4,929,083	100%
	<u>Québec</u>			
72	935-965 rue Reverchon, Saint-Laurent	113,892	113,892	100%
73	1901 rue Dickson / 5780 rue Ontario Est, Montréal	91,068	91,068	100%
74	6810 boul. Des Grandes Prairies, Montréal	60,786	60,786	100%
75	3330 2e rue, Saint-Hubert	60,741	60,741	100%
76	3550 1ère rue, Saint-Hubert	22,428	22,428	100%
77	3600 1ère rue, Saint-Hubert	38,742	38,742	100%
78	3490-3504 rue Griffith, Saint-Laurent	40,665	40,665	100%
79	425 rue Guy, Montréal (1)	37,153	18,577	70%
80	2400 Trans-Canada Highway, Pointe-Claire (1)	309,000	154,500	100%
81	1251 rue Louis-Bleriot, Mascouche	101,315	101,315	100%
82	50 rue de Lisbonne, St-Augustin-de-Desmaures	94,000	94,000	100%
83	21800 Clark-Graham, Baie-D'Urfé	74,681	74,681	100%
84	3701 Gaumont Road, Laval	191,878	191,878	100%
		1,236,349	1,063,273	99%
	<u>New Brunswick</u>			
85	675 St-George Blvd, Moncton	93,443	93,443	100%
86	10 Deware Dr, Moncton	226,135	226,135	100%
87	775 Frenette, Ave, Moncton	124,655	124,655	100%
		444,233	444,233	100%
	Total Industrial	**11,417,215**	**11,002,460**	**99%**

RETAIL

	Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership Interest	Occupancy
	British Columbia			
	1751 Savage Rd, Richmond (2) (4)	111,274	111,274	88%
	Québec			
88	1094-1100 boul. Des Chutes, Beauport (1)	32,406	16,203	94%
89	1700 rue Sherbrooke, Magog (1)	133,832	66,916	84%
90	1971 rue Bilodeau, Plessisville (1)	99,706	49,853	88%
91	14000 boul. Henri-Bourassa, Québec City (1)	44,619	22,310	100%
92	6700 rue St-Georges, Lévis (1)	43,023	21,512	69%
93	10516 boul. Sainte-Anne, Ste-Anne-de-Beaupré (1)	87,667	43,834	83%
94	9550 boul. L'Ormière, Québec (1)	114,625	57,312	96%
95	333 Côte Joyeuse, St-Raymond (1)	64,511	32,256	85%

	Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership	Occupancy
96	161 Route 230 Ouest, La Pocatière (1)	206,327	103,164	71%
97	25 Route 138, Forestville (1)	56,314	28,157	86%
98	2000 boul. Louis-Fréchette, Nicolet (1)	88,383	44,192	93%
99	3856 boul. Taschereau, Greenfield Park (1)	213,982	106,991	99%
100	250 boul. Fiset, Sorel (1)	116,348	58,174	100%
101	8245 boul. Taschereau, Brossard (1)	43,234	21,617	100%
102	340 rue Belvédère Sud, Sherbrooke (1)	172,981	86,490	88%
103	7500 boul. Les Galeries d'Anjou, Anjou (1)	105,789	52,895	91%
		1,623,747	811,876	89%
	Total Retail	**1,735,021**	**923,150**	**88%**

OFFICE

	Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership Interest	Occupancy
	Québec			
104	2045 rue Stanley, Montréal (1) (6)	112,493	56,247	95%
105	72 rue Laval, Gatineau (1)	69,341	34,671	100%
106	10500 Ave Ryan, Dorval	52,372	52,372	100%
107	955 boul. Michèle-Bohec, Blainville	33,461	33,461	100%
108	1600 rue Montgolfier, Laval	27,097	27,097	100%
109	353 rue St-Nicolas, Montréal (1)	34,577	17,289	81%
110	410 rue St-Nicolas, Montréal (1)	154,931	77,466	68%
111	360 rue Notre-Dame Ouest, Montréal (1)	29,362	14,681	96%
112	321 rue de la Commune, Montréal (1)	11,502	5,751	100%
113	329 rue de la Commune, Montréal (1)	21,027	10,514	93%
114	127, 137 & 145 rue St-Pierre, Montréal (1)	35,772	17,886	93%
115	63 rue des Brésoles, Montréal (1)	39,316	19,581	17%
		621,097	367,016	86%

	Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership	Occupancy
	New Brunswick			
116	400 Main St, St. John	159,989	159,989	40%
	Total Office	**781,086**	**527,005**	**72%**
	Total Portfolio (7)	**13,933,322**	**12,452,615**	**97%**

(1) The REIT owns a 50% interest in these properties.
(2) Property is currently being redeveloped to higher yielding uses.
(3) As at December 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 December 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 limited partnership that owns a development property (844 Glancaster Rd, Hamilton). The interest in the Limited Partnership is accounted for as an investment in a financial asset.

PORTFOLIO BY ASSET CLASS

(In thousands of Canadian dollars)

Asset Class	Income-Producing Properties	Properties Held For development	Total Investment properties	Assets Held For Sale	Total Investment Properties including Assets Held for Sale	% by Asset Class
Industrial	2,011,398	107,350	2,118,748	-	2,118,748	88.5%
Retail	213,737	-	213,737	-	213,737	9.0%
Office	31,542	-	31,542	29,150	60,692	2.5%
Total Portfolio	2,256,677	107,350	2,364,027	29,150	2,393,177	100%

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 December 31, 2023.

	Occupied 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	2,653,637	24.5%	11.17	11.47	2.7%	6.41
Saskatchewan	1,618,582	14.9%	10.02	10.48	4.6%	6.67
Ontario	4,918,248	45.3%	7.88	11.30	43.4%	7.29
Quebec	1,057,614	9.7%	12.96	18.39 (1)	42.3%	10.36
Other	600,585	5.5%	9.68	11.35	17.2%	6.31
Total	10,848,666	100.0%	9.60	11.93	24.2%	7.23

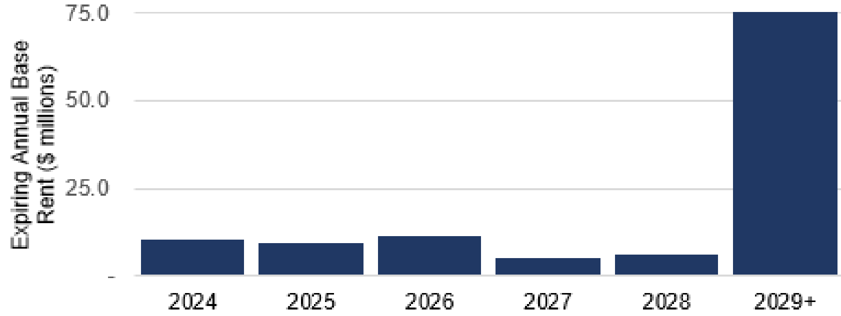
(1) Includes an industrial property with 93,000 square feet of mezzanine space that is not included in the GLA. If included in the GLA, the weighted average in-place rental rate would be $11.92 per square foot and the estimated weighted average market rental rate would be $16.90 per square foot.

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	2024	2025	2026	2027	2028	2029+	Total
ALBERTA							
Occupied GLA	108,370	224,554	219,267	128,662	37,853	1,934,931	2,653,637
Net rent - $ per square foot	25.97	8.45	17.28	7.95	8.68	10.22	11.17
% of GLA	4%	8%	8%	5%	1%	74%	100%
SASKATCHEWAN							
Occupied GLA	84,928	73,739	-	57,419	9,805	1,392,691	1,618,582
Net rent - $ per square foot	10.56	12.74	-	8.94	10.50	9.88	10.02
% of GLA	5%	5%	0%	4%	1%	85%	100%
ONTARIO							
Occupied GLA	352,807	460,962	607,675	18,700	469,872	3,008,232	4,918,248
Net rent - $ per square foot	7.14	5.68	7.22	10.26	6.40	8.66	7.88
% of GLA	7%	9%	12%	0%	10%	62%	100%
QUEBEC							
Occupied GLA	49,979	109,690	16,117	129,848	37,226	714,755	1,057,614
Net rent - $ per square foot	5.98	8.07	8.22	11.79	7.65	14.80	12.96
% of GLA	5%	10%	2%	12%	4%	67%	100%
OTHER							
Occupied GLA	63,090	146,655	40,050	-	-	350,790	600,585
Net rent - $ per square foot	13.51	8.82	21.00	-	-	8.05	9.68
% of GLA	11%	24%	7%	0%	0%	58%	100%
TOTAL INDUSTRIAL							
Occupied GLA	**659,174**	**1,015,600**	**883,109**	**334,629**	**554,756**	**7,401,399**	**10,848,666**
Net rent - $ per square foot	**11.20**	**7.52**	**10.36**	**9.74**	**6.71**	**9.86**	**9.60**
% of GLA	**6%**	**9%**	**8%**	**3%**	**5%**	**69%**	**100%**
WALT - 7.2 years							
TOTAL RETAIL							
Occupied GLA	**139,748**	**92,343**	**155,995**	**94,070**	**79,605**	**255,201**	**816,962**
% of GLA	**17%**	**11%**	**19%**	**12%**	**10%**	**31%**	**100%**
WALT - 4.1 years							
TOTAL OFFICE							
Occupied GLA	**52,807**	**46,513**	**52,549**	**41,248**	**78,642**	**109,574**	**381,332**
% of GLA	**14%**	**12%**	**14%**	**11%**	**21%**	**28%**	**100%**
WALT - 4.4 years							
TOTAL PORTFOLIO							
Occupied GLA	**851,729**	**1,154,456**	**1,091,653**	**469,947**	**713,003**	**7,766,174**	**12,046,960**
% of GLA	**7%**	**10%**	**9%**	**4%**	**6%**	**64%**	**100%**
WALT - 6.9 years							

Expiring Annual Base Rent		
	$ millions	% of total
2024	10.4	8.7%
2025	9.2	7.7%
2026	11.2	9.3%
2027	5.1	4.2%
2028	5.9	4.9%
2029+	78.3	65.2%
	120.1	**100.0%**



INDUSTRIAL LEASING ACTIVITY DURING THE QUARTER

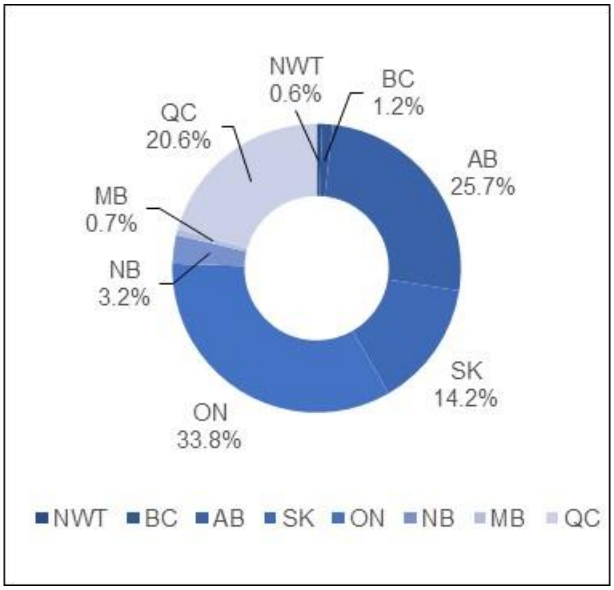
CURRENT AND FUTURE EXPIRIES	GLA	Rental rate growth (%)
Alberta	409,518	9%
Saskatchewan	131,756	8%
Ontario	157,950	73%
Total	699,224	23%

During the quarter, the REIT renewed one industrial tenant in Alberta and Saskatchewan for 5 years. This renewal includes annual CPI-based rental steps. The REIT also renewed two industrial tenants in Ontario. One tenant was renewed for 3 years, and the other renewed for 10 years. The latter tenant has rental steps embedded in the renewed lease.

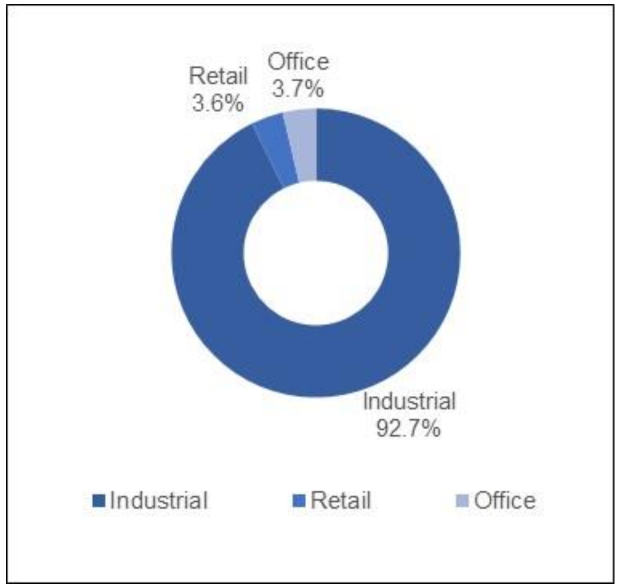
VACANT SPACE	GLA	Rental rate growth (%)
Ontario	12,770	0%
Total	12,770	

PROPERTY COMPOSITION DIVERSITY

GEOGRAPHIC MIX (Q4 NOI)



ASSET CLASS MIX (Q4 NOI)



TOP TEN TENANTS

	Tenant	% of Annualized Base Rent
1	Loblaws	11.7%
2	Westcan Bulk Transport	4.9%
3	Ford Motor Company of Canada	3.9%
4	Sobeys	3.4%
5	MTE Logistix	3.2%
6	Canusa	2.8%
7	Drexel 3PL Inc	2.8%
8	Yokohama Tire Canada	2.4%
9	Valard Construction	2.4%
10	AP Plasman	2.3%
		39.8%

SUMMARY OF RESULTS

FINANCIAL HIGHLIGHTS

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

(In thousands of Canadian dollars, except per unit amounts)	Three Months ended December 31,			Year ended December 31,		
	2023 $	2022 $	Change $	2023 $	2022 $	Change $
Property revenues	42,005	36,856	5,149	157,652	137,121	20,531
Net operating income (NOI)	29,225	24,949	4,276	111,973	95,808	16,165
Funds from operations (FFO) (1)	15,404	16,753	(1,349)	66,687	63,837	2,850
Normalized FFO (1) (2)	16,651	16,516	135	68,255	63,969	4,286
Adjusted funds from operations (AFFO) (1)	12,721	14,632	(1,911)	55,841	55,232	609
Normalized AFFO (1) (2)	13,968	14,395	(427)	57,409	55,364	2,045
Same Property NOI (1)	23,511	23,217	294	79,517	76,791	2,726
Distributions declared (3)	14,771	13,137	1,634	57,482	50,756	6,726
Weighted average units outstanding (000s):						
Basic (4)	92,275	81,494	10,781	89,709	79,287	10,422
Diluted (4)	92,377	81,596	10,781	89,811	79,389	10,422
Per unit amounts:						
Distributions per unit – basic (3) (4)	0.161	0.161	-	0.640	0.640	-
Distributions per unit – diluted (3) (4)	0.161	0.161	-	0.639	0.639	-
FFO per unit – basic (1) (4)	0.167	0.206	(0.039)	0.743	0.805	(0.062)
FFO per unit – diluted (1) (4)	0.167	0.205	(0.038)	0.743	0.804	(0.061)
Normalized FFO per unit – basic (1) (2) (4)	0.180	0.203	(0.023)	0.761	0.807	(0.046)
Normalized FFO per unit – diluted (1) (2) (4)	0.180	0.202	(0.022)	0.760	0.806	(0.046)
AFFO per unit – basic (1) (4)	0.138	0.180	(0.042)	0.622	0.697	(0.075)
AFFO per unit – diluted (1) (4)	0.138	0.179	(0.041)	0.622	0.696	(0.074)
Normalized AFFO per unit – basic (1) (2) (4)	0.151	0.177	(0.026)	0.640	0.698	(0.058)
Normalized AFFO per unit – diluted (1) (2) (4)	0.151	0.176	(0.025)	0.639	0.697	(0.058)
NAV per unit (1)	12.87	12.19	0.68	12.87	12.19	0.68
AFFO payout ratio – basic (1) (3)	116.1%	89.8%	26.3%	102.9%	91.9%	11.0%
Normalized AFFO payout ratio – basic (1) (2) (3)	105.7%	91.3%	14.4%	100.1%	91.7%	8.4%
Debt to total assets ratio	48.9%	43.7%	5.2%	48.9%	43.7%	5.2%
Estimated spread between industrial portfolio market and in-place rents	24.2%	N/A	N/A	24.2%	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

(In thousands of Canadian dollars)	Three months ended December 31,			Year ended December 31,		
	2023 $	2022 $	Change $	2023 $	2022 $	Change $
Property revenues	42,005	36,856	5,149	157,652	137,121	20,531
Property expenses	(12,780)	(11,907)	(873)	(45,679)	(41,313)	(4,366)
Net operating income (NOI)	29,225	24,949	4,276	111,973	95,808	16,165
General and administrative expense	(3,154)	(1,492)	(1,662)	(8,655)	(6,517)	(2,138)
Fair value adjustments:						
Investment properties	35,542	(8,092)	43,634	95,970	(12,605)	108,575
Class B LP Units	(23,419)	(26,554)	3,135	27,765	61,658	(33,893)
Unit options	-	(230)	230	-	378	(378)
Restricted share units	(92)	(119)	27	160	250	(90)
Derivative financial instruments	(21,868)	163	(22,031)	(15,531)	17,528	(33,059)
Investments	1,450	3,500	(2,050)	1,450	3,500	(2,050)
Income (loss) from investment in JV[1]	(563)	1,913	(2,476)	63	1,797	(1,734)
Loss on disposal of investment properties	-	(455)	455	(807)	(710)	(97)
Unrealized foreign exchange gain (loss)	143	142	1	202	(634)	836
Other income	1,061	849	212	2,831	2,586	245
	18,325	(5,426)	23,751	215,421	163,039	52,382
Finance expense						
Net interest expense	(12,378)	(8,193)	(4,185)	(41,545)	(29,120)	(12,425)
Distributions on Class B LP Units	(3,810)	(3,272)	(538)	(13,846)	(13,051)	(795)
	(16,188)	(11,465)	(4,723)	(55,391)	(42,171)	(13,220)
Net income	2,137	(16,891)	19,028	160,030	120,868	39,162

(1) Investment in joint venture is accounted for using the equity accounting method

NOI

For the three months ended December 31, 2023, NOI of $29.2 million was $4.3 million higher than Q4 2022 NOI of $24.9 million. Acquisitions completed subsequent to October 1, 2022 generated $4.5 million of incremental NOI in Q4 2023 as compared to Q4 2022. Same Property NOI for the three months ended December 31, 2023, increased $0.3 million as compared to Q4 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 $0.3 million to the increase over Q4 2022, driven primarily by newly acquired properties with steps in rent. Disposals of investment properties since Q4 2022 reduced NOI by $0.8 million.

For the year ended December 31, 2023, NOI of $112.0 million was $16.2 million higher than prior year NOI of $95.8 million. Acquisitions completed during 2023 generated $15.3 million of incremental NOI as compared to prior period. Same Property NOI for the year ended December 31, 2023, increased $2.7 million as compared to the prior year period, 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 $1.3 million to the increase over the prior year, driven primarily by newly acquired properties with steps in rent. Disposals of investment properties since 2022 reduced NOI by $3.1 million.

General and administrative expense

General and administrative expense of $3.2 million for the three months ended December 31, 2023, increased by $1.7 million over the same period of 2022 primarily due to severance and one-time compensation expense of $1.6 million.

General and administrative expense of $8.7 million for the year ended December 31, 2023, increased by $2.1 million over the same period of 2022 primarily due to severance and one-time compensation expense of $1.6 million, higher restricted share unit costs of $0.2 million and higher professional fees of $0.1 million.

Fair value adjustment of investment properties

The fair value adjustment of investment properties for the three months ended December 31, 2023, totalled $35.5 million. The REIT engaged external appraisers to value properties totalling $198.9 million in the quarter, resulting in a net write up of income-producing properties of $13.5 million. In addition, fair value gains were recorded for the remainder of the REIT’s portfolio totalling $15.9 million primarily due to changes in stabilized NOI and capitalization rates, and $11.1 million of fair value gains were recorded from the remeasurement of Class B LP Units issued as part of an acquisition in the quarter. Partially offsetting this is $2.2 million of capital expenditures fair valued to zero, $1.2 million of fair value losses related to transaction costs from an acquisition completed during the quarter and $1.4 million of fair value loss in respect of properties held for development due to adjustments in total expected costs.

The fair value adjustment of investment properties of $96 million for the year ended December 31, 2023, reflects the net write up of income properties of $91.1 million primarily due changes in stabilized NOI and capitalization rates, $15.1 million of fair value gains in respect of properties held for development, and $15.5 million of fair value gains from the remeasurement of Class B LP Units issued as part of two acquisitions in Q2 2023 and Q4 2023. Partially offsetting this is $14.3 million of capital expenditures fair valued to zero, $11.3 million of fair value losses related to transaction costs and mark to market adjustments on mortgages assumed from acquisitions completed during the year, and $1.5 million of fair value losses relating to revaluation adjustments to investment properties prior to disposition.

Fair value adjustment of financial instruments

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 December 31, 2023, was $8.09 as compared to $7.19 as at September 30, 2023, and $9.64 per unit as at December 31, 2022, resulting in an unrealized loss of $23.4 million in the three months ended December 31, 2023 (2022: loss of $26.6 million) and an unrealized gain of $27.8 million in the year ended December 31, 2023 (2022: $61.7 million). As at December 31, 2023, 23,743,610 Class B LP Units were outstanding.

Unrealized losses from the adjustment of derivative financial instruments to fair value were $21.9 million for the three months ended December 31, 2023 (2022: $0.2 million gain) and $15.5 million for the year ended December 31, 2023 (2022: $17.5 million gain). The loss was due to a decrease in market interest rates between October 1, 2023, to December 31, 2023, and from January 1, 2023, to December 31, 2023, respectively, which impacted the fair value of interest rate swaps that the REIT is a party to. The REIT uses interest rate swaps to fix the interest rate on $439.6 million of debt drawn on its credit facilities and on $163.9 million of its floating-rate mortgages.

Fair value adjustments of Investments in financial assets are driven by the lift in market value of the development land of which the REIT has a 22% interest. The lift in market value resulted in a fair value gain of $1.5 million for the year ended December 31, 2023 (2022: gain of $3.5 million).

Other income

Other income of $1.1 million for the three months ended December 31, 2023 (2022: $0.85 million) consists of vendor rent obligation of $1.0 million (2022: $0.8 million) and debt guarantee fee income of $0.1 million (2022: $0.05 million) relating to guarantees provided by a subsidiary of the REIT for debt secured by land in which the REIT shares an interest. During the period, the estimated vendor rent obligation for the REIT’s Richmond, BC property was reassessed, and an accrual was made for five additional months of vendor obligation, from January 2024 to May 2024.

Other income of $2.8 million for the year ended December 31, 2023 (2022: $2.6 million) consists of vendor rent obligation of $2.6 million (2022: $2.4 million) and debt guarantee fee income of $0.2 million (2022: $0.2 million) relating to guarantees provided by a subsidiary of the REIT for debt secured by land in which the REIT shares an interest. During the period, the estimated vendor rent obligation related to the REIT’s Richmond, BC property was reassessed, and an accrual was made for twelve additional months of vendor rent obligation, from May 2023 to May 2024.

Net interest expense

Net interest expense of $12.4 million for the three months ended December 31, 2023, (2022: $8.2 million) increased by $4.2 million over the same period in 2022 primarily due to $4.1 million resulting from higher borrowings, $1.1 million due to higher interest rates on the Credit Facilities for which the weighted average interest rate was 5.43% for Q4 2023 as compared to 4.79% in Q4 2022, and $0.4 million due to mortgages assumed following acquisitions since Q4 2022. Partially offsetting the increase was capitalization of interest expense of $0.8 million on the development costs, and lower mortgage interest expense of $0.5 million following the sale of the Victoriaville property and repayment of the Richmond mortgage in Q4 2022.

Net interest expense of $41.5 million for the year ended December 31, 2023 (2022: $29.1 million) increased by $12.4 million over the same period in 2022 driven primarily by $14.6 million resulting from higher borrowings, $0.7 million due to higher interest rates on the Credit Facilities for which the weighted average interest rate was 5.88% for the year ended December 31, 2023 as compared to 3.95% for the same period in 2022, and $0.9 million due to mortgages assumed following acquisitions during the year ended December 31, 2022. Partially offsetting was the capitalization of interest expense of $2.2 million on the development costs, and lower mortgage interest expense of $1.3 million following the sale of the Victoriaville property and repayment of the Richmond mortgage since Q4 2022

SELECT BALANCE SHEET DATA

(In thousands of Canadian dollars)	**December 31, 2023 $**	**December 31, 2022 $**
Investment properties	2,364,027	1,822,639
Cash	5,918	11,533
Total assets	**2,463,067**	**1,967,501**
Non-current liabilities:		
Mortgages payable	601,796	633,624
Credit Facilities	453,563	112,532
Class B LP Units	199,105	195,857
Total non-current liabilities	**1,283,900**	**962,083**
Current liabilities:		
Mortgages payable	57,508	70,410
Credit Facilities	64,981	-
Lease liabilities	64	46
Liabilities associated with assets held for sale	14,805	32,891
Total current liabilities	**178,838**	**132,878**
Total liabilities	**1,462,738**	**1,094,961**
Total unitholders' equity	**1,000,329**	**872,540**

NAV per unit

(In thousands of Canadian dollars, except per unit amounts)	December 31, 2023	December 31, 2022
NAV per unit [(1)]	**$**	**$**
Total assets	**2,463,067**	**1,967,501**
Less: Total liabilities	(1,462,738)	(1,094,961)
	1,000,329	872,540
Add: Class B LP Units	199,105	195,857
Net asset value (NAV)	**1,199,434**	**1,068,397**
Units outstanding (000s) – basic:		
REIT Units	68,590	67,323
Class B LP Units	24,611	20,317
	93,201	87,640
NAV per unit – basic	**12.87**	**12.19**

(1) See Non-IFRS Financial Measures.

The REIT's NAV per unit as at December 31, 2023, was $12.87 as compared to $12.19 as at December 31, 2022. The increase is primarily attributable to i) an increase of $96 million in the fair value of the REIT's investment properties in 2023, partially offset by ii) the issuance of 2,359,978 Class B LP Units at a deemed value of $10.30 and 2,394,774 Class B LP Units at a deemed value of $11.30 as partial purchase price consideration for the London, Ontario industrial property acquisitions on July 15 and November 1 and, iii) a higher number of REIT Units outstanding due to issuances under the REIT's DRIP, exchange of Class B LP Units for REIT Units and unit compensation programs.

Debt to total assets

(In thousands of Canadian dollars)	December 31, 2023	December 31, 2022
Debt to total asset ratio [(1)]	**$**	**$**
Current and non-current:		
Mortgages payable	659,304	704,034
Credit Facilities	518,544	112,532
Lease liabilities	10,779	10,541
Liabilities associated with assets held for sale	14,805	32,891
Debt	**1,203,432**	**859,998**
Total assets	**2,463,067**	**1,967,501**
Debt to total asset ratio	**48.9%**	**43.7%**

(1) See Non-IFRS Financial Measures.

The REIT's debt to total assets as at December 31, 2023, was 48.9% as compared to 43.7% as at December 31, 2022. The increase is primarily related to borrowings for acquisitions of investment properties, additions to properties held for development, and capital expenditures.

SUMMARY OF QUARTERLY RESULTS

(In thousands of Canadian dollars)	Q4 2023 $	Q3 2023 $	Q2 2023 $	Q1 2023 $
Property revenues	42,005	39,752	38,419	37,476
Property expenses	(12,780)	(10,421)	(10,730)	(11,748)
Net operating income (NOI)	29,225	29,331	27,689	25,728
Net income (loss)	2,137	76,954	77,222	3,717
Weighted average number of units (000s) - basic (1)	92,275	90,452	88,310	87,741
Weighted average number of units (000s) - diluted (1)	92,377	90,554	88,412	87,843
	Q4 2022 $	**Q3 2022 $**	**Q2 2022 $**	**Q1 2022 $**
Property revenues	36,856	34,424	34,142	31,699
Property expenses	(11,907)	(9,551)	(10,180)	(9,675)
Net operating income (NOI)	24,949	24,873	23,962	22,024
Net income (loss)	(16,891)	40,055	79,640	18,064
Weighted average number of units (000s) - basic (1)	81,494	79,208	78,842	77,560
Weighted average number of units (000s) - diluted (1)	81,596	79,336	79,001	77,720

(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, 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 December 31,			Year ended December 31,		
	2023 $	**2022 $**	**Change $**	**2023 $**	**2022 $**	**Change $**
Property revenues	42,005	36,856	5,149	157,652	137,121	20,531
Property expenses	(12,780)	(11,907)	(873)	(45,679)	(41,313)	(4,366)
NOI	29,225	24,949	4,276	111,973	95,808	16,165
Add/(Deduct):						
Amortization of tenant incentives and leasing costs	318	307	11	1,171	989	182
Straight-line adjustments of rent	(1,079)	(799)	(280)	(4,728)	(3,418)	(1,310)
Acquisitions	(4,896)	(436)	(4,460)	(27,815)	(12,545)	(15,270)
Disposals	6	(763)	769	(870)	(3,943)	3,073
Termination fees and other non-recurring items	(63)	(41)	(22)	(214)	(100)	(114)
Same Property NOI	**23,511**	**23,217**	**294**	**79,517**	**76,791**	**2,726**

Same Property NOI for the three months ended December 31, 2023, increased $0.3 million as compared to the same period in 2022 and Same Property NOI for the year ended December 31, 2023, increased by $2.7 million as compared to the same period in 2022, primarily driven by rental steps, CPI increases and new and renewal lease lift at certain of the REIT's industrial properties. NOI from the REIT's retail and office properties was comparable to the prior year.

FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

(In thousands of Canadian dollars, except per unit amounts)	Three months ended December 31,			Year ended December 31,		
	2023	2022	Change	2023	2022	Change
FFO	$	$	$	$	$	$
Net income	**2,137**	**(16,891)**	**19,028**	**160,030**	**120,868**	**39,162**
Adjustments:						
Loss on disposal of investment properties	-	455	(455)	807	710	97
Fair value adjustments	8,387	31,332	(22,945)	(109,814)	(70,709)	(39,105)
Adjustments for equity accounted joint venture (1)	740	(1,735)	2,475	615	(1,118)	1,733
Distributions on Class B LP Units expensed	3,810	3,272	538	13,846	13,051	795
Amortization of tenant incentives and leasing costs	318	308	10	1,171	988	183
Lease principal payments	(10)	(12)	2	(59)	(46)	(13)
Amortization of right-of-use assets	22	24	(2)	91	93	(2)
Funds from operations (FFO)	**15,404**	**16,753**	**(1,349)**	**66,687**	**63,837**	**2,850**
Weighted average units outstanding (000s) Basic (4)	92,275	81,494	10,781	89,709	79,287	10,422
FFO per unit – basic	**0.167**	**0.206**	**(0.039)**	**0.743**	**0.805**	**(0.062)**
FFO	**15,404**	**16,753**	**(1,349)**	**66,687**	**63,837**	**2,850**
Add: Vendor rent obligation (2)	629	564	65	2,552	2,535	17
Less: Other income (2)	(1,001)	(801)	(200)	(2,603)	(2,403)	(200)
Add: Severance and one-time compensation expense	1,619	-	1,619	1,619	-	1,619
Normalized FFO	**16,651**	**16,516**	**135**	**68,255**	**63,969**	**4,286**
Weighted average units outstanding (000s) Basic (4)	92,275	81,494	10,781	89,709	79,287	10,422
Normalized FFO per unit - basic	**0.180**	**0.203**	**(0.023)**	**0.761**	**0.807**	**(0.046)**

(In thousands of Canadian dollars, except per unit amounts)	Three months ended December 31,			Year ended December 31,		
	2023	2022	Change	2023	2022	Change
AFFO	$	$	$	$	$	$
FFO	**15,404**	**16,753**	**(1,349)**	**66,687**	**63,837**	**2,850**
Adjustments:						
Straight-line adjustments ground lease and rent	(1,083)	(821)	(262)	(4,746)	(3,505)	(1,241)
Capital reserve (3)	(1,600)	(1,300)	(300)	(6,100)	(5,100)	(1,000)
Adjusted funds from operations (AFFO)	**12,721**	**14,632**	**(1,911)**	**55,841**	**55,232**	**609**
Weighted average units outstanding (000s) Basic (4)	92,275	81,494	10,781	89,709	79,287	10,422
AFFO per unit – basic	**0.138**	**0.180**	**(0.042)**	**0.622**	**0.697**	**(0.075)**
AFFO	**12,721**	**14,632**	**(1,911)**	**55,841**	**55,232**	**609**
Add: Vendor rent obligation (2)	629	564	65	2,552	2,535	17
Less: Other income (2)	(1,001)	(801)	(200)	(2,603)	(2,403)	(200)
Add: Severance and one-time compensation expense	1,619	-	1,619	1,619	-	1,619
Normalized AFFO	**13,968**	**14,395**	**(427)**	**57,409**	**55,364**	**2,045**
Weighted average units outstanding (000s) Basic (4)	92,275	81,494	10,781	89,709	79,287	10,422
Normalized AFFO per unit - basic	**0.151**	**0.177**	**(0.026)**	**0.640**	**0.698**	**(0.058)**

(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 under IFRS, 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 December 31,**			**Year ended December 31,**		
	2023 **$**	**2022** **$**	**Change** **$**	**2023** $	**2022** $	**Change** $
Capital reserve	1,600	1,300	300	6,100	5,100	1,000
Average square feet of GLA	12,400,146	10,928,136	1,472,010	11,863,362	10,016,420	1,846,942
Annualized capital reserve per square foot of GLA	$0.52	$0.48	$0.04	$0.51	$0.51	$-
Actual tenant incentives and leasing costs [1]	597	938	(341)	3,754	3,808	(54)
Actual maintenance capital expenditures [2]	894	4,706	(3,812)	6,703	5,587	1,116
Total spending funded by the REIT	1,491	5,644	(4,153)	10,457	9,395	1,062
Average square feet of GLA	12,400,146	10,928,136	1,472,010	11,863,362	10,016,420	1,846,942
Annualized capital spent per square foot of GLA unadjusted for capital reserve	$0.48	$2.07	$(1.59)	$0.88	$0.94	$(0.06)

(1) Excludes tenant incentives costs incurred in the three months ended and year ended December 31, 2023, in the amounts of $nil (2022 – $0.1 million) and $0.8 million (2022 - $1.5 million), respectively, for the repurposing of a previous industrial space into significantly higher yielding uses and for incremental revenue generation relating to a property sold on April 26, 2023.

(2) Excludes capital expenditures incurred in the three months ended and year ended December 31, 2023, in the amounts of $1.4 million (2022 – $0.01 million) and $7.7 million (2022 - $0.3 million), respectively, for the repurposing of a previous industrial space into significantly higher yielding uses and for incremental revenue generation relating to a property sold on April 26, 2023.

Actual capital spending and tenant incentive and leasing costs of $1.5 million for the three months ended December 31, 2023, is $0.1 million lower than the $1.6 million capital reserve included in AFFO. During the quarter the REIT incurred $1.4 million of major capital expenditures, which are recoverable from the tenants over the expected useful life of the capital expenditures.

Actual capital spending and tenant incentive and leasing costs of $10.5 million for the year ended December 31, 2023, is $4.4 million higher than the $6.1 million capital reserve included in AFFO. For the year ended December 31, 2023, the REIT incurred $4.3 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 December 31,			Year ended December 31,		
	2023 $	**2022 $**	**Change $**	**2023 $**	**2022 $**	**Change $**
Cash flows generated by operating activities	**17,304**	**13,726**	**3,578**	**51,015**	**41,530**	**9,485**
Adjustments:						
Changes in non-cash working capital	(7,026)	(1,443)	(5,583)	(2,805)	6,947	(9,752)
Changes in other non-current assets	2	-	2	206	81	125
Changes in restricted cash	8	76	(68)	(29)	48	(77)
Changes in other non-current liabilities	371	363	8	1,202	346	856
Distributions on Class B LP Units expensed	3,810	3,272	538	13,846	13,051	795
Adjustments for equity accounted joint venture	740	(1,735)	2,475	615	(1,118)	1,733
Share of net income (loss) from equity accounted investment in joint venture	(563)	1,913	(2,476)	63	1,797	(1,734)
Straight-line rent adjustments of equity accounted joint venture	(4)	(22)	18	(18)	(87)	69
Restricted share unit expense	(163)	(149)	(14)	(1,184)	(1,030)	(154)
Amortization of deferred financing fees	(299)	(225)	(74)	(1,185)	(731)	(454)
Amortization of mortgage fair value adjustments	8	26	(18)	72	178	(106)
Lease principal repayments	(10)	(12)	2	(59)	(46)	(13)
Capital reserve	(1,600)	(1,300)	(300)	(6,100)	(5,100)	(1,000)
Unrealized foreign exchange gain (loss)	143	142	1	202	(634)	836
AFFO	**12,721**	**14,632**	**(1,911)**	**55,841**	**55,232**	**609**

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 December 31, 2023, the REIT had cash of $5.9 million (December 31, 2022 - $11.5 million) and a working capital deficit of $111.9 million (December 31, 2022 - $25.2 million). Excluding the current portion of mortgages payable of $57.5 million, current portion of credit facilities of $65.0 million, liabilities associated with assets held for sale of $14.8 million and assets held for sale of $29.2 million, working capital is a deficit of $3.8 million. Management of the REIT expects that it will be able to renew the mortgages upon maturity. Further, Management 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 and sufficient capacity to draw on its Credit Facilities if required. The REIT has sufficient liquidity to maintain and expand its business.

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

(In thousands of Canadian dollars)	Three months ended December 31,			Year ended December 31,		
	2023 $	**2022 $**	**Change $**	**2023 $**	**2022 $**	**Change $**
Cash generated by (used in)						
Operating activities	17,304	13,726	3,578	51,015	41,530	9,485
Investing activities	(65,096)	(41,812)	(23,284)	(345,989)	(315,727)	(30,262)
Financing activities	38,026	29,071	8,955	289,359	203,451	85,908
Change in cash	(9,766)	985	(10,751)	(5,615)	(70,746)	65,131
Cash – beginning of period	15,684	10,548	5,136	11,533	82,279	(70,746)
Cash – end of period	5,918	11,533	(5,615)	5,918	11,533	(5,615)

Cash generated from operating activities for the three months ended December 31, 2023, of $17.3 million increased by $3.6 million compared to $13.7 million for the same period in 2022. The increase was due to an increase in net operating income of $4.3 million and an increase in total changes in non-cash operating items of $5.6 million primarily due to an increase in accounts payable and other liabilities of $5.3 million, a $2.7 million increase in deposits in respect of potential acquisitions, $1.0 million decrease in trade & other receivables and prepaid expenses and $1.1 million decrease in other current assets. Partially offsetting this was an increase of $5.1 million in interest payments due to higher debt balances and increased interest rates and a $1.6 million one-time severance & transition payment.

Cash generated from operating activities for the year ended December 31, 2023, of $51.0 million increased by $9.5 million compared to $41.5 million for the same period in 2022. The increase was due to an increase in net operating income of $16.2 million, an increase in total changes in non-cash operating items of $8.8 million primarily due to an increase in accounts payable and other liabilities of $2.2 million, a $9.8 million increase in deposits in respect of potential acquisitions and a $2.4 million decrease in trade & other receivables and prepaid expenses due to timing of receipts. Partially offsetting this was an increase of $14.5 million in interest payments due to higher debt balances, increased interest rates and an increase in the number of Class B Units outstanding and an increase of $0.7 million of salaries and payroll payments in the year due to salary increases and increased employee count.

Cash used in investing activities for the three months ended December 31, 2023, of $65.1 million is primarily related to $29.6 million of cash used to acquire an income-producing property, $32.6 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 $2.8 million.

Cash used in investing activities for the year ended December 31, 2023 of $346 million is primarily related to $302 million of cash used to acquire six income-producing properties, $48 million of cash used to develop properties held for development, and $4.6 million of cash used to purchase a parcel of land, partially offset by $27.6 million of proceeds obtained from the sale of a retail property located at Victoriaville, Quebec and an industrial property located at Kamloops, British Columbia and the remainder of cash used in investing activities relates to tenant incentives, leasing costs and capital spending in the amount of $18.9 million.

Cash generated from financing activities for the three months ended December 31, 2023, of $38.0 million is primarily related to $78.1 million of net borrowing on the Credit Facilities, partially offset by mortgage principal repayments of $30.8 million and cash distributions to unitholders of $9.3 million.

Cash generated from financing activities for the year ended December 31, 2023, of $289.4 million is primarily related to $407.1 million of net borrowing on the Credit Facilities, partially offset by mortgage principal repayments of $78.2 million, cash distributions to unitholders of $37.7 million, and $1.8 million of financing costs for the unsecured Credit Facilities.

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 December 31, 2023, the mortgages payable is secured by charges against 73 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 3.37% (December 31, 2022 – 3.21%) and the weighted average term to maturity is 5.84 years (December 31, 2022 – 6.08 years). The breakdown of future principal repayments, including mortgage maturity, is presented in the following table:

(In thousands of Canadian dollars)	Scheduled repayments $	Principal maturities $	Total $	Weighted average interest rate of maturing mortgages (1)
2024	18,064	40,065	58,129	4.51%
2025	17,101	48,642	65,743	3.48%
2026	14,978	89,123	104,101	3.04%
2027	12,609	51,727	64,336	3.67%
2028	11,820	18,577	30,397	4.15%
Thereafter	78,339	273,461	351,800	3.19%
Total	152,911	521,595	674,506	3.37%

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

CREDIT FACILITIES

The REIT has senior unsecured credit facilities (the "**Unsecured Facilities**") consisting of a $340 million revolver credit facility, a $175 million term loan, and a $10 million swingline facility. The revolving credit facility and the term loan facility may be drawn as prime rate advances or bankers' acceptances and the swingline facility may drawn as prime rate advances. The Unsecured Facilities mature on March 1, 2026.

On September 12, 2023, the REIT increased the Unsecured Facilities by $150 million, from $375 million to $525 million, by increasing the revolving credit facility from $190 million to $340 million.

On March 1, 2023, the REIT replaced its revolving credit facility of $140 million ("Credit Facility 3") with the Unsecured Facilities. At that time, the Unsecured Facilities were comprised of a $190 million revolving credit facility, a $175 million term loan facility and a $10 million swingline facility.

The interest margins charged on the Unsecured Facilities are based on the REIT's 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 December 31, 2023, $278 million was drawn against the revolving portion of this credit facility, $175 million was drawn against the term loan portion of this facility and $2.1 million was drawn against the swingline facility.

The Unsecured Facilities 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 September 30, 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 Gross Book Value 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 based on the Canadian prime borrowing rate. Credit Facility 2 is secured against four 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 December 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 12 of the REIT's investment properties. The $65 million fixed-term facility bears interest based on 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 December 31, 2023, the revolving portion of this credit facility was undrawn (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, 2023, 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**")

Amounts drawn against the Credit Facilities are as follows:

(In thousands of Canadian dollars)	**December 31, 2023 $**	**December 31, 2022 $**
Bankers' acceptance borrowings	517,995	65,000
Prime rate borrowings	2,130	48,000
Total drawn against the Credit Facilities	520,125	113,000
Less: deferred financing costs	(1,581)	(468)
Balance, end of period	518,544	112,532

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

(In thousands of Canadian dollars)	**Total principal amount $**	**Weighted average interest rate**	**Repricing date**
Bankers' acceptance borrowings not covered by swaps	78,418	7.09%	Variable (1)
Bankers' acceptance borrowings covered by swaps	439,577	5.22%(2)	Variable (2)
Prime rate borrowings	2,130	7.90%	Variable

(1) Dates between January 13, 2024, and January 31, 2024.

(2) Represents the weighted average interest rate net of the effect of swaps in place. The REIT is party to eleven swaps that effectively fix the 30-day bankers' acceptance rate on borrowings under the Credit Facilities as follows:

SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Effective date	30-day bankers' acceptance rate	Applicable spread	Effective fixed interest rate paid	Maturity date	Original notional amount $	Current notional amount $
September 2019	1.65%	1.50%	3.15%	September 13, 2024	65,000	65,000
December 2020	1.01%	1.70%	2.71%	December 1, 2025	18,500	17,055
November 2021	4.26%	1.70%	5.96%	June 1, 2028	8,272	7,522
March 2023	3.26%	1.70%	4.96%	February 29, 2028	50,000	50,000
August 2023	4.18%	1.70%	5.88%	August 31, 2028	100,000	100,000
September 2023	4.045%	1.70%	5.745%	September 29, 2028	50,000	50,000
October 2023	4.14%	1.70%	5.84%	October 31, 2028	25,000	25,000
October 2023	4.156%	1.70%	5.856%	October 31, 2028	50,000	50,000
October 2023	4.11%	1.70%	5.81%	October 31, 2028	25,000	25,000
October 2023	4.14%	1.70%	5.84%	October 31, 2028	25,000	25,000
October 2023	4.055%	1.70%	5.755%	October 31, 2028	25,000	25,000
					441,772	439,577

The preparation of financial statements in conformity with IFRS Accounting Standards 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 December 31, 2023, a 0.25% increase in the weighted average capitalization rate would result in a decrease of approximately $92.4 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 $100.5 million in the determination of the fair value of the investment properties.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are pending changes to IFRS Accounting Standards 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 December 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

Management has also determined that as at December 31, 2023, the REIT's DC&P and ICFR were appropriately designed and were operating effectively based on the framework set forth in the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

There were no changes in the REIT's design of internal controls over financial reporting in the year ended December 31, 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 depend on the credit and financial stability of tenants and upon the vacancy rates of the properties. The REIT's properties generate revenue through rental payments made by the tenants thereof. The ability to rent vacant properties 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. Cash available for distribution will be adversely affected if a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the buildings located on the REIT's properties becomes vacant and cannot be leased on economically favourable lease terms. If properties do not generate revenues sufficient to meet operating expenses, including debt service and capital expenditures, the REIT's results from operations and ability to make distributions to unitholders will be adversely affected.

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.

Historical occupancy rates and revenues are not necessarily an accurate prediction of the future occupancy rates for the REIT's properties or revenues to be derived therefrom. Reported estimated market rents can be seasonal and the significance of any variations from quarter to quarter would materially affect the REIT's annualized estimated gain-to-lease amount. There can be no assurance that upon the expiry or termination of existing leases, the average occupancy rates and revenues will be higher than historical occupancy rates and revenues and it may take a significant amount of time for market rents to be recognized by the REIT due to internal and external limitations on its ability to charge these new market-based rents in the short term.

Government Regulation and Environmental Matters

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.

In order to assess the potential for liabilities arising from the environmental condition at the REIT's properties, the REIT may obtain or examine environmental assessments prepared by environmental consulting firms. The environmental assessments received in respect of the REIT's 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.

However, the REIT cannot assure unitholders that any environmental assessments performed have identified or will identify all material environmental conditions, that any prior owner of any facility did not create a material environmental condition not known to the REIT or that a material environmental condition does not or will not otherwise exist with respect to the REIT's properties.

The REIT is subject to laws and regulations governing the ownership and leasing of real property, employment standards, environmental and energy efficiency matters, taxes and other matters. It is possible that future changes in applicable federal, state, local or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting the REIT (including with retroactive effect). Any changes in the laws to which the REIT is subject in the jurisdictions in which the REIT operates could materially affect the rights and title to the REIT's properties. It is not possible to predict whether there will be any further changes in the regulatory regime(s) to which the REIT is subject or the effect of any such change on the REIT's investments.

Economic Environment

Poor economic conditions could adversely affect the REIT's ability to generate revenues, thereby reducing its operating income and earnings. It could also have an adverse impact on the ability of the REIT to maintain occupancy rates which could harm the REIT's financial condition. In weak economic environments, the REIT's tenants may be unable to meet their rental payments and other obligations due to the REIT, which could have a material and adverse effect on the REIT. In addition, fluctuation in interest rates or other financial market volatility may adversely affect the REIT's ability to refinance existing indebtedness on its maturity or on terms that are as favourable as the terms of existing indebtedness, which may impact negatively on the REIT's performance, may restrict the availability of financing for future prospective purchasers of the REIT's investments and could potentially reduce the value of such investments, or may adversely affect the ability of the REIT to complete acquisitions on financially desirable terms. Increasing interest rates may put competitive pressure on the levels of distributable income paid by the REIT to unitholders, increasing the level of competition for capital faced by the REIT, which could have a material adverse effect on the trading price of the units.

A significant component of the REIT's ability to successfully operate relates to certain external factors that are beyond the REIT's control, particularly interest rates and capital markets conditions. As interest rates fluctuate in the lending market, generally so do capitalization rates which affect the underlying value of real estate. As such, when interest rates rise, generally capitalization rates should be expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates.

Inflation Risk

Global and domestic inflationary pressures, external supply constraints, competitive labour markets, together with the imposition by central banks of higher interest rates, may put pressure on the REIT's financing and labour costs as well as tenants' ability to pay rent in full or on a timely basis. If inflation at elevated levels persists and interest rates continue to climb, an economic contraction could be possible. There can be no assurances regarding the impact of a significant economic contraction on the business, operations, and financial performance of the REIT and its tenants. If the REIT's operating costs were to become subject to significant inflationary pressures, it may negatively influence its operations and the REIT may not be able to offset these higher operating costs by increasing rent from its tenants. This may have a material adverse effect on the REIT's business, cash flows, financial condition, results of operations, and ability to make distributions to unitholders.

Competition Risk

The real estate business is competitive. Numerous developers, managers and owners of properties compete with the REIT in seeking tenants. The existence of competing developers, managers and owners and competition for the REIT's tenants could have an impact on the REIT's ability to lease its properties and on the rents charged. This in turn may have an adverse effect on the REIT's business, financial condition and results of operations and distributions. The REIT is subject to competition for suitable real property investments with individuals, corporations and institutions (both Canadian and foreign) and other real estate investment trusts which are presently seeking, or which may seek in the future, real property investments similar to those targeted by the REIT. A number of these investors may have greater financial resources than those of the REIT or operate without the investment or operating restrictions of the REIT or according to more flexible conditions. An increase in the availability of the investment funds, and an increase in interest in real property investments, may tend to increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them. The REIT will seek to locate and complete property purchases that are accretive to AFFO per unit. There is a risk that continuing increased competition for real property acquisitions may increase purchase prices to levels that are not accretive.

Uninsured Losses

The Declaration of Trust requires that the REIT obtain and maintain at all times insurance coverage in respect of its potential liabilities and the accidental loss of value of its assets from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, the REIT could lose its investment in, and anticipated profits and cash flows from, the affected property, but the REIT would continue to be obliged to repay any recourse mortgage indebtedness on such properties. 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 that a claim in excess of the insurance coverage or claims not covered by insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against the REIT not covered by, or in excess of, the insurance coverage could have a material adverse effect on the REIT's business, financial condition or results of operations and distributions.

Public Health Crises and Disease Outbreaks

Public health crises relating to a virus, flu, epidemic, pandemic, or any other similar disease or illness (each a "**Health Crisis**") could materially adversely impact the REIT's and its tenants' businesses, and thereby the ability of tenants to meet their payment obligations, by disrupting supply chains and transactional activities and negatively impacting local, national or global economies. A Health Crisis could further result in a general or acute decline in economic activity in the regions in which the REIT holds assets, increased unemployment, staff shortages, reduced tenant traffic, mobility restrictions and other quarantine measures, supply shortages, increased government regulation, and the quarantine or contamination of one or more of the REIT's properties. Contagion in a property or market in which the REIT operates could negatively impact its occupancy, reputation or attractiveness. All of these occurrences may have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and ability to make distributions to holders of units. Furthermore, increased government regulation relating to a Health Crisis could result in legislation or regulations that may restrict the REIT's ability to enforce material provisions under its leases, including in respect of the collection of rent or other payment obligations or the ability of the REIT to raise rent or the ability of the REIT to evict tenants for non-payment of rent, among other potential adverse impacts, that could have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and ability to make distributions to holders of units.

Fixed costs and Increased Expenses

The REIT incurs a number of fixed costs which must be made through its ownership of real property, regardless of whether its properties are producing income. Fixed costs such as utilities, property taxes, maintenance costs, mortgage payments, insurance costs, and related costs, may have a material adverse effect on the REIT's business, cash flows, financial condition, and results of operations if the REIT cannot maintain or increase its average monthly rental rates and occupancy levels. It is possible that a mortgagee would exercise its rights of foreclosure or sale should the REIT be unable to meet its mortgage payments on its properties.

The timing and amount of fixed costs incurred by the REIT may limit its cash flows in any particular period. As a result, cash distributions to unitholders may be postponed, reduced, or even eliminated, in times where the REIT requires cash to make significant capital or other expenditures.

Development Risks

It is likely that, subject to compliance with the Declaration of Trust, the REIT will be involved in various development projects. The REIT's obligations in respect of properties under construction, or which are to be constructed, are subject to risks which include (i) the potential insolvency of a third party developer (where the REIT is not the developer); (ii) a third party developer's failure to use advanced funds in payment of construction costs; (iii) construction or other unforeseeable delays, including as a result of a disease outbreak; (iv) cost overruns; (v) the failure of tenants to occupy and pay rent in accordance with existing lease agreements, some of which are conditional; (vi) the incurring of construction costs before ensuring rental revenues will be earned from the project; and (vii) increases in interest rates during the period of the development. Management strives to mitigate these risks where possible by entering into fixed price construction contracts with general contractors (and to the extent possible, on a bonded basis) and by attempting to obtain long-term financing as early as possible during construction.

Joint Ventures/Co-Investment Risks

The REIT may invest in, or be a participant in, directly or indirectly, joint ventures and partnerships with third parties in respect of its properties. A joint venture or partnership involves certain additional risks, including:

- the possible misalignment of business interests or goals with respect to the properties;
- the risk that such partners could experience financial difficulties which could result in additional financial demands on the REIT to maintain and operate such properties or repay the partners' share of property debt guaranteed by the REIT;
- the risk that such partners may, through their activities on behalf of or in the name of the ventures or partnerships, expose or subject the REIT to liability; and
- the risk of not obtaining the partners' consents with respect to certain major decisions, including the decision to distribute cash generated from such properties or to refinance or sell a property.

In addition, the sale or transfer of interests the joint ventures may be subject to certain requirements, such as rights of first refusal, rights of first offer, or drag-along rights, and provide for buy-sell or similar arrangements. Such rights may inhibit the REIT's ability to sell an interest in a property or a joint venture in a timely fashion. Additionally, drag-along rights may be triggered at a time when the REIT may not wish to sell its interest in a property.

Access to Capital and Reliance on External Sources of Capital

The real estate industry is highly capital intensive. The REIT will require access to capital to maintain its properties, as well as to fund its growth strategy and significant capital expenditures from time to time. In addition, because the REIT expects to make regular cash distributions as a real estate investment trust, it likely will not be able to fund all of its future capital needs, including capital for acquisitions and development, with income from operations. The REIT therefore will have to rely on third-party sources of capital, and there can be no assurance that the REIT will have access to sufficient capital or access to capital on terms favourable to the REIT for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Further, the REIT may not be able to borrow funds due to the limitations set forth in the Declaration of Trust.

The REIT's access to third-party sources of capital depends on a number of things, including the market's perception of its growth potential and its current and potential future earnings. If the REIT is unable to obtain third-party sources of capital, it may not be able to acquire or develop when strategic opportunities exist, satisfy its debt obligations or make regular distributions to unitholders. In addition, the REIT may need to obtain additional capital through capital markets and the REIT's ability to access the capital markets through equity issues and forms of secured or unsecured debt financing may affect the operations of the REIT as such financing may be available only on disadvantageous terms, if at all.

It is possible that financing which the REIT may require in order to grow and expand its operations, upon the expiry of the term of financing, on refinancing any particular property owned by the REIT or otherwise, may not be available or, if it is available, may not be available on favourable terms to the REIT. Failure to access required capital could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution. As well, future financing may not be available at current levels of leverage.

Derivatives Risks

The REIT may invest in and use derivative instruments, including futures, forwards, options and swaps, to manage its utility and interest rate risks inherent in its operations. There can be no assurance that the REIT's hedging activities will be effective. Further, these activities, although intended to mitigate price volatility, expose the REIT to other risks. The REIT is subject to the credit risk that its counterparty (whether a clearing corporation in the case of exchange traded instruments or another third party in the case of over-the-counter instruments) may be unable to meet its obligations. In addition, there is a risk of loss by the REIT of margin deposits in the event of the bankruptcy of the dealer with whom the REIT has an open position in an option or futures or forward contract. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these contracts involves judgment and use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. The ability of the REIT to close out its positions may also be affected by exchange imposed daily trading limits on options and futures contracts. If the REIT is unable to close out a position, it will be unable to realize its profit or limit its losses until such time as the option becomes exercisable or expires or the futures or forward contract terminates, as the case may be. The inability to close out options, futures and forward positions could also have an adverse impact on the REIT's ability to use derivative instruments to effectively hedge its utility and interest rate risks.

Tax-Related Risks

If the "SIFT Rules" were to apply to the REIT or any subsidiary partnership of the REIT then such rules could impact the level of cash distributions that would otherwise be made by the REIT and the taxation of such distributions to unitholders. The SIFT Rules will not apply to the REIT provided that it qualifies as a "real estate investment trust" (as defined in the *Income Tax Act* (Canada) (the "**Tax Act**")) for the year (the "**REIT Exception**") or to any subsidiary limited partnership provided that it qualifies as an "excluded subsidiary entity" (as defined in the Tax Act). Although, as of the date hereof, management of the REIT believes that the REIT will be able to meet the requirements of the REIT Exception throughout the current and subsequent taxation years, and that each subsidiary limited partnership will qualify as an "excluded subsidiary entity" at all relevant times, there can be no assurance that the REIT and the Partnerships will be able to qualify for the REIT Exception or as "excluded subsidiary entities", as applicable, in order for the subsidiary limited partnerships, the REIT and the unitholders not to be subject to the SIFT Rules in future years.

Financial markets have, in recent months, experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of issuers and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such issuers. Accordingly, the market price of the REIT's securities may decline even if the REIT's operating results, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the REIT's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the REIT's securities by those institutions, which could adversely affect the trading price of the REIT's securities. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil exist for a protracted period of time, the REIT's operations could be adversely impacted, and the trading price of the REIT's securities may be adversely affected.

Financing Risk

The REIT is subject to the risks associated with debt financing, including the risk that the REIT's cash flows will be insufficient to meet required payments of principal and interest, that the mortgages and banking facilities secured by the REIT's properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness, which may reduce AFFO per unit, force the disposition of one or more properties on disadvantageous terms or result in foreclosure on one or more properties.

In addition, certain loan documents relating to secured debt of the REIT contain restrictions concerning and covenants and events of default relating to the REIT, the Partnerships and the properties subject to such secured debt. Failure to comply with any such restriction or covenant, or the occurrence of any such events, could result in an event of default under the applicable loan document. Upon the occurrence of an event of default, the secured debt could be accelerated, which in turn could adversely impact the REIT's business operations, financial condition and results of operations and may decrease the amount of cash available for distribution.

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 December 31, 2023, one tenant accounted for approximately 12% 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%.

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 December 31, 2023, the REIT had cash of $5.9 million (December 31, 2022 - $11.5 million), mortgages payable of $674.5 million (December 31, 2022 - $738.4 million), a balance of $520.1 million drawn against the Credit Facilities (December 31, 2022 - $113.0 million) and accounts payable and other liabilities of $45.8 million (December 31, 2022 - $35.2 million). The REIT had a working capital deficit of $111.9 million as at December 31, 2023 (December 31, 2022 - $25.2 million deficit). Excluding the current portion of mortgages payable of $57.5 million, credit facilities of $65 million, liabilities associated with assets held for sale of $14.8 million, and assets held for sale of $29.2 million, working capital would be a deficit of $3.8 million. The REIT expects that it will be able to refinance the mortgages on their maturities. The REIT has access to undrawn amounts 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 $**
2024	37,822	583	65,000	22,171	58,129	20,579	204,284
2025	1,080	616	-	20,670	65,743	18,695	106,804
2026	1,116	617	455,125	3,276	104,101	16,097	580,332
2027	1,154	618	-	-	64,336	13,088	79,196
2028	1,193	620	-	-	30,397	11,735	43,945
Thereafter	3,479	22,331	-	-	351,800	32,915	410,525
	45,844	25,385	520,125	46,117	674,506	113,109	1,425,086

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. The REIT may be subject to higher interest rates in the future, given the current economic climate. 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, may also be unable to renew its maturing debt either with an existing or a new lender, and if it is able to renew its maturing debt, significantly lower loan-to-value ratios may be used. The REIT will seek to manage this risk by negotiating fixed interest rates where possible. As at December 31, 2023, there was a total of $690.3 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 December 31, 2023, the REIT has interest rate swap agreements totalling $603.5 million (2022 - $246.3 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.

It is estimated that, all else constant, a hypothetical increase of 1% in the variable interest rate would result in an increase in the fair value of the REIT's interest rate swaps and swaptions of $25,400 and a hypothetical decrease of 1% in the variable interest rate would result in a decrease in the fair value of the REIT's interest rate swaps and swaptions of $25,400.

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

(In thousands of Canadian dollars)

Effective date	Effective fixed interest rate paid	Maturity date	Original notional amount $	Current notional amount $	Fair value (gain) loss $
April 2019	3.67% (1)	April 24, 2024	12,000	10,791	(111)
April 2019	3.74% (1)	April 24, 2026	12,500	11,255	(444)
April 2019	3.87% (1)	April 24, 2029	12,500	11,282	(536)
September 2019	3.15% (1)	September 13, 2024	65,000	65,000	(1,635)
November 2020	2.82% (1)	November 2, 2027	7,650	6,971	(624)
December 2020	3.61% (1)	December 1, 2025	18,500	17,055	(1,028)
December 2020	3.35% (1)	December 30, 2030	18,000	16,753	(1,828)
April 2021	3.08% (1)	April 1, 2026	19,750	18,292	(982)
November 2021	3.69% (1)	June 1, 2028	22,600	21,009	(691)
November 2021	4.26% (1) (3)	June 1, 2028	8,272	7,522	(183)
February 2022	3.28% (1)	February 23, 2032	29,500	29,500	(1,527)
February 2022	3.28% (1)	February 23, 2032	20,000	20,000	(1,036)
March 2022	3.41% (1)	March 1, 2027	17,800	16,986	(805)
March 2022	3.76% (1)	April 1, 2025	1,500	1,089	(36)
March 2023	3.26%	February 29, 2028	50,000	50,000	(475)
August 2023	4.18% (2)	August 31, 2028	100,000	100,000	3,536
September 2023	4.045% (2)	September 29, 2028	50,000	50,000	1,569
October 2023	4.14% (4)	October 31, 2028	25,000	25,000	797
October 2023	4.156% (4)	October 31, 2028	50,000	50,000	1,631
October 2023	4.11% (4)	October 31, 2028	25,000	25,000	777
October 2023	4.14% (4)	October 31, 2028	25,000	25,000	810
October 2023	4.055% (4)	October 31, 2028	25,000	25,000	715
			615,572	603,505	(2,106)

(1) Effective fixed interest rate of mortgage debt and bankers' acceptance borrowings under the Credit Facilities, including the applicable spread.
(2) The counterparties to these swaps have one-time options to terminate the swaps one year after the effective date.
(3) Amortizing swap assumed November 1, 2023, as part of the 1040 Wilton Grove acquisition. The underlying BA debt was repaid with funds drawn on the unsecured facilities and the swap was maintained.
(4) The counterparties to these swaps have the right to offset through a swaption written by Nexus in the counterparty's favour with an expiration date of November 1, 2024. See details in the table below.

In connection with entering the interest rate swaps in October 2023, the REIT granted the counterparties of the swaps a one-time option, exercisable on November 1, 2024, to economically offset the swap by entering equal and offsetting swaps (the “interest rate swaptions”) for the remaining life of the original swap. The following table summarizes the interest rate swaptions that the REIT issued:

Effective date	Effective fixed interest rate received	Maturity date	Original notional amount $	Current notional amount $	Fair value (gain) loss $
October 2023	4.14%	October 31, 2028	25,000	25,000	88
October 2023	4.156%	October 31, 2028	50,000	50,000	100
October 2023	4.11%	October 31, 2028	25,000	25,000	84
October 2023	4.14%	October 31, 2028	25,000	25,000	97
October 2023	4.055%	October 31, 2028	25,000	25,000	195
			150,000	150,000	564

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 principal amount of the debt guaranteed increased by $5.7 million from $17.5 million to $23.2 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 $8.0 million is secured by development land owned by the co-ownership.

As at December 31, 2023, the REIT had contractual commitments to acquire an industrial property for a contractual purchase price of $35.1 million.

OUTSTANDING UNIT DATA

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

(In thousands of Canadian dollars)	**Units (000s)**	**Amount $**
Balance – January 1, 2023	67,323	636,776
Units issued under distribution reinvestment plan	729	5,856
Units issued under Incentive Plan	66	651
Units issued under Employee Purchase Plan	12	104
Units cancelled	-	(4)
Unit issuance costs	-	(75)
Class B LP Units exchanged for REIT Units	460	4,854
Balance – December 31, 2023	68,590	648,171

As at March 13, 2024, a total of approximately 68,764,000 REIT Units and 24,611,000 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 the three months and year ended December 31, 2023, amounted to $11.0 million (2022 - $9.9 million) and $43.6 million (2022 - $37.7 million) respectively.

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 December 31, 2023** **$**	**Year ended December 31, 2023** **$**	**Year ended December 31, 2022** **$**	**Year ended December 31, 2021** **$**
Cash generated from operating activities	17,304	51,015	41,530	24,995
Net income	2,137	160,030	120,868	93,539
Actual cash distributions paid or payable during the period (1)	10,961	43,636	37,705	25,082
Excess (shortfall) of cash flows from operating activities over cash distributions paid	6,343	7,379	3,825	(87)
Excess (shortfall) of net income over cash distributions paid	(8,824)	116,394	83,163	68,457

(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 are unadjusted for distributions settled through the issuance of REIT Units under the distribution reinvestment plan. Of distributions declared in the three months and year ended December 31, 2023, $1.7 million and $5.9 million respectively were settled through the issuance of REIT Units under the distribution reinvestment plan.

Actual cash distributions paid or payable for the three months ended December 31, 2023, of $11.0 million exceeded net income for the three months ended December 31, 2023, of $2.1 million by $8.9 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 $8.4 million and excluding other income of $1.1 million resulted in a net income of $9.4 million for the three months ended December 31, 2023, which fell short of actual cash distributions paid or payable by $1.6 million.

Net income for the year ended December 31, 2023, of $160 million exceeded actual cash distributions paid or payable for the year ended December 31, 2023, of $43.6 million by $116.4 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 $109.8 million and excluding other income of $2.8 million was $47.4 million for the year ended December 31, 2023, which exceeded actual cash distributions paid or payable by $3.8 million.

For the three months ended December 31, 2023, cash generated from operating activities of $17.3 million exceeded actual cash distributions paid or payable for the three months ended December 31, 2023, of $11.0 million by $6.3 million. Excluding changes in non-cash working capital, other non-current assets, restricted cash, and other non-current liabilities of $6.6 million, actual cash distributions paid or payable exceed cash generated from operating activities by $0.3 million.

For the year ended December 31, 2023, cash generated from operating activities of $51.0 million exceeded actual cash distributions paid or payable for the year ended December 31, 2023, of $43.6 million by $7.4 million. Excluding changes in non-cash working capital, other non-current assets, restricted cash, and other non-current liabilities of $1.4 million, cash generated from operating activities exceed actual cash distributions paid or payable by $6.0 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 the three months ended December 31, 2023, 244,564 units (2022 – 85,260 units) were issued under the DRIP for a stated value of $1.7 million (2022 - $0.8 million) and for the year ended December 31, 2023, 729,051 units (2022 – 277,649 units) were issued under the DRIP for a stated value of $5.9 million (2022 - $2.8 million).

RELATED PARTY TRANSACTIONS

For the three months ended December 31, 2023, trustee retainer fees in the amount of $0.12 million were expensed (2022 - $0.12 million) and for the year ended December 31, 2023, trustee retainer fees in the amount of $0.48 million were expensed (2022 - $0.48 million). Trustee retainer fees in the amount of $0.3 million were accrued as at December 31, 2023 (December 31, 2022 - $0.3 million).

For the three months ended December 31, 2023, key management earned salaries and other short-term employee benefits in the amount of $0.5 million (2022 - $0.6 million) and $2.6 million was earned in respect of the year ended December 31, 2023 (2022 - $2.6 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 Capital Partners Inc. (“RFA”), an entity related to a trustee of the REIT.

On June 22, 2022, the REIT acquired an 80% interest in a property held for development in Hamilton, Ontario for $17.8 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. On August 3, 2023, the guaranteed debt increased from $17.5 million to $23.2 million. The limited partnership is controlled by RFA.

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 $0.05 million of guarantee fees during the three months ended December 31, 2023 (2022 - $0.04 million) and $0.16 million of guarantee fees for the year ended December 31, 2023 (2022 - $0.16 million).

Fees to RFA related entities in respect of the RFA Development Properties totalled $0.2 million for the three months ended December 31, 2023 (2022 - $0.2 million) and $0.7 million for the year ended December 31, 2023 (2022 - $0.6 million).

The REIT has purchased several properties from 1803299 Ontario Inc. ("1803299") and issued Class B LP Units to 1803299 as purchase price consideration. 1803299 owns 15,815,054 Class B LP Units of a subsidiary limited partnership of the REIT, representing approximately 19.5% of the REIT's outstanding voting units as at December 31, 2023. An entity related to 1803299 is a tenant of the REIT and provides property management services to the REIT for which it is paid fees on market terms. During the three months and year ended December 31, 2023, the REIT incurred fees for property management services totalling $0.1 million and $0.3 million, respectively (2022 - $0.07 million and $0.3 million, respectively). During the three months and year ended December 31, 2023, the REIT earned property revenues from an entity related to 1803299 totalling $0.8 million and $3.4 million, respectively (2022 - $0.9 million and $4.4 million, respectively).

On November 1, 2023, the REIT acquired an industrial property located in London, Ontario from 1803299 for a contractual purchase price of $55.8 million. As partial purchase price consideration, 2,394,774 Class B LP units of a subsidiary limited partnership of the REIT were issued to 1803299 at a deemed value of $11.30 per unit.

On June 15, 2023, the REIT acquired an industrial property located in London, Ontario, from 1803299 for a contractual purchase price of $56.4 million. As partial purchase price consideration, 2,359,978 Class B LP units of a subsidiary limited partnership of the REIT were issued to 1803299 at a deemed value of $10.30 per unit.

SUBSEQUENT EVENTS

On March 11, 2024, the REIT increased the Unsecured Facilities by $100 million, from $525 million to $625 million, increasing the revolving credit facility from $340 million to $440 million. The REIT also amended the maturity date of the Unsecured Facilities by extending it for an additional year from March 1, 2026, to March 1, 2027.

On February 7, 2024, the REIT exercised its purchase option to acquire a parcel of land previously subject to a land lease located in Dorval, Quebec for a contractual purchase price of $1.4 million. The purchase price was settled in cash from borrowings under the REIT's Credit Facilities. The parcel acquired is located at a property owned by the REIT.

On January 3, 2024, the REIT acquired a 82,500 square foot industrial property located in Rocky View, Alberta for a purchase price of $35 million. The purchase price was settled in cash from borrowings under the REIT's Credit Facilities.

OUTLOOK

The REIT is focused on delivering total unitholder return through profitable long-term growth, and by pursing its strategy as a Canada-focused pure-play industrial REIT.

The REIT anticipates slightly softer same-property NOI in the first quarter resulting from a key vacancy. Through the remainder of 2024, the REIT expects to benefit from positive rental fundamentals in the markets in which it has leases expiring. Overall, the REIT anticipates mid-to-high single digit same-property NOI growth for the full year.

In the first quarter of 2024, the REIT finalized construction at its Savage Rd. sports complex in Richmond, BC. Occupancy from the primary tenant is anticipated to occur in the second quarter of the year.

In 2024, the REIT expects to benefit from the completion of four significant development projects. Combined, these properties will add annual stabilized NOI of approximately $11 million when complete:

- In the second quarter of 2024, the REIT expects to complete the Park Street intensification project in Regina, SK. This project will contribute an estimated yield of 7.5% on total development costs of $48 million.

- In the third quarter of 2024, the REIT expects to complete the 240,000 sq ft Hubrey Rd. expansion project in London, ON, and the Glover Rd. new development in Hamilton, ON. These projects will contribute estimated going-in yields of 9% and 5.6% on total development costs of $15 million and $33 million respectfully.

- In the fourth quarter of 2024, the REIT expects to complete the Dennis Rd expansion project in St Thomas, ON. This project will contribute a contractual going-in yield of 9.0% on total development costs of approximately $50 million.

The REIT will continue to prioritize unitholder distributions. The REIT expects its normalized AFFO payout ratio percentage to average in the low to mid 90% range for the year.

The REIT is focused on building its industrial portfolio. As a result, the REIT is well underway in the process of disposing of its retail and office properties. In addition, the REIT is examining the potential sale of a group of non-core industrial buildings. In total, this equates to an approximate target of $200 million. The REIT expects the property sales to close in the second half of the year, and the proceeds to be used to reduce the REIT’s debt balance.