



NEXUS INDUSTRIAL REIT

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended March 31, 2024

May 14, 2024

CONTENTS

BASIS OF PRESENTATION	3
FORWARD LOOKING STATEMENTS	3
NON-IFRS FINANCIAL MEASURES	3
BUSINESS OVERVIEW AND STRATEGY	5
HIGHLIGHTS	5
KEY PERFORMANCE INDICATORS	5
ACQUISITIONS, DISPOSITIONS AND ASSETS HELD FOR SALE	6
ACQUISITION OF INCOME-PRODUCING PROPERTIES	6
ASSETS HELD FOR SALE	6
DEVELOPMENT AND EXPANSION	7
PORTFOLIO OVERVIEW	8
PORTFOLIO VALUE BY ASSET CLASS	11
RENTAL RATES	12
LEASE EXPIRIES	13
INDUSTRIAL LEASING ACTIVITY DURING THE QUARTER	14
PROPERTY COMPOSITION DIVERSITY	15
TOP TEN TENANTS	15
SUMMARY OF RESULTS	16
FINANCIAL HIGHLIGHTS	16
FINANCIAL RESULTS	17
SELECT BALANCE SHEET DATA	19
SUMMARY OF QUARTERLY RESULTS	20
SAME PROPERTY RESULTS	21
FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS	22
AFFO CAPITAL RESERVE	23
FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES	24
MORTGAGES PAYABLE	25
CREDIT FACILITIES	25
SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES	29
NEW ACCOUNTING STANDARDS ADOPTED BY THE REIT	29
DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING	29
FINANCIAL INSTRUMENTS AND RISKS AND UNCERTAINTIES	30
OUTSTANDING UNIT DATA	33
DISTRIBUTIONS	34
DISTRIBUTION REINVESTMENT PLAN	34
RELATED PARTY TRANSACTIONS	35
SUBSEQUENT EVENT	35
OUTLOOK	36

BASIS OF PRESENTATION

The following management's discussion and analysis ("MD&A") of Nexus Industrial REIT ("the REIT") for the three months ended March 31, 2024 should be read in conjunction with the REIT's audited consolidated financial statements for the years ended December 31, 2023 and 2022 and the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2024.

The information contained in this MD&A reflects events up to May 14, 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. **Total Indebtedness Ratio** is a capital management measure. The REIT's calculation of **Total Indebtedness** 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 Total Indebtedness, less unrestricted cash, 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, Total Indebtedness Ratio 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 with a focus on industrial assets 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

Unaudited (In thousands of Canadian dollars)		
PORTFOLIO INFORMATION	Q1 2024	Q4 2023
Total Portfolio		
Number of Assets	117	116
Investment Property Fair Value (excludes assets held for sale)	2,326,398	2,364,027
Gross leasable area ("GLA") (in millions of sq. ft.) (at the REIT's ownership interest)	12.54	13.93
Occupancy rate – in-place and committed (period-end)	96%	97%
Weighted average lease term ("WALT") (years)	6.8	6.9
FINANCIAL INFORMATION		
Operating Results		
Net Income	43,671	2,137
Net Operating Income ⁽¹⁾	29,537	29,225
Funds from Operations (FFO) normalized ⁽¹⁾	15,243	16,651
Adjusted funds from operations (AFFO) - normalized ⁽¹⁾	12,476	13,968
Per Unit Amounts		
FFO - normalized ⁽¹⁾	0.16	0.18
AFFO - normalized ⁽¹⁾	0.13	0.15
Distribution Rate	0.16	0.16
FINANCING AND CAPITAL INFORMATION		
Financing		
Total Indebtedness Ratio	49.3%	48.9%
Interest coverage ratio (times)	1.74	1.72
Secured Indebtedness Ratio	29.4%	30.4%
Unencumbered investment properties as a percentage of investment properties	37.8%	35.6%
Total assets	2,534,570	2,463,067
Cash and cash equivalents	8,830	5,918
Capital		
Total equity (per condensed consolidated financial statements)	1,034,941	1,000,329
Total equity (including Class B LP Units)	1,223,218	1,199,434
Total number of Units (in thousands)	93,448	93,201
NAV per Unit	13.09	12.87

(1) See Non-IFRS Financial Measures

ACQUISITIONS, DISPOSITIONS AND ASSETS HELD FOR SALE

ACQUISITION OF INCOME-PRODUCING PROPERTIES

During the three months ended March 31, 2024, the REIT acquired one income-producing property for a contractual purchase price of \$35.1 million and a land parcel for a contractual purchase price of \$1.5 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 \$
Rocky View, AB	January 3 rd	82,500	35,060	-	267	35,327
Dorval, QC	February 7 th	-	1,463	-	32	1,495
		82,500	36,523		299	36,822

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

On January 3, 2024, the REIT acquired a 82,500 square foot industrial property located in Rocky View, Alberta for a purchase price of \$35.1 million. The purchase price was settled in cash from borrowings under the REIT's Credit Facilities.

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 \$1.5 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.

ASSETS HELD FOR SALE

As part of its capital-recycling program, the REIT intends to sell 27 investment properties with a carrying value of \$139.7 million as at March 31, 2024. These properties are being marketed for sale.

DEVELOPMENT AND EXPANSION

During the three months ended March 31, 2024, the REIT spent \$17.8 million on development projects.

The following table provides development project details that are either currently underway or in the planning stage as at March 31, 2024:

(In millions of Canadian dollars)						
Property location	Type of project	Additional GLA (square feet)	Costs incurred to date	Total estimated costs	Estimated unlevered yield	Estimated substantial completion
Underway						
Park St. Regina, SK	Intensification	312,000	47.3 ⁽¹⁾	48	7.5%	Q2 2024
Glover Rd. Hamilton, ON ⁽²⁾	New Development	115,000	18.0	33	5.6%	Q3 2024
Hubrey Rd. London, ON	Intensification	96,000	7.0	14	8.0%	Q3 2024
Dennis Rd. St. Thomas, ON ⁽³⁾	Hybrid	240,000	12.1	45	9.0%	Q4 2024
Total underway		763,000	84.4	140	7.6%	
Planning						
102 Ave, SE Calgary, AB	Intensification	115,000	-			
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	24.7			
Total planning		968,000	24.8			
Total underway and planning		1,731,000	109.2			

- (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 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 March 31, 2024, the REIT owns a portfolio of 117 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 at the REIT's ownership interest. The following table details the REIT properties by asset class as at March 31, 2024:

Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership Interest	Occupancy
<u>INDUSTRIAL</u>			
<u>British Columbia</u>			
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%
<u>Alberta</u>			
4 4700 & 4750 – 102 Ave, SE, Calgary	29,471	29,471	0%
5 3780 & 4020 – 76 th 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 – 17 th St, NE, Edmonton	116,582	116,582	100%
9 14801 – 97 th 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 – 59 th 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	23%
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%
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%
30 135 High Plains Drive, Rocky View	82,500	82,500	100%
	2,766,320	2,766,320	97%

	Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership Interest	Occupancy
<u>Northwest Territories</u>				
31	348-352 Old Airport Rd, Yellowknife	53,212	53,212	100%
<u>Saskatchewan</u>				
32	110 – 71 st St, Saskatoon	74,796	74,796	100%
33	15 Peters Ave, Saskatoon	38,160	38,160	100%
34	1414 Fletcher Rd, Saskatoon	86,000	86,000	100%
35	850 Manitoba St E & 15 – 9 th Ave, NE, Moose Jaw	18,800	18,800	100%
36	4271 – 5 Ave E, Prince Albert	24,600	24,600	100%
37	1117 -1135 Pettigrew Ave, Regina	39,922	39,922	81%
38	320 Industrial Dr, Regina	60,000	60,000	100%
39	332 Industrial Dr, Regina	85,260	85,260	100%
40	101 Jahn St, Estevan	11,846	11,846	100%
41	2101 Fleming Rd, Regina	1,029,675	1,029,675	100%
42	855 Park St, Regina	179,291	179,291	89%
		1,648,350	1,648,350	98%
<u>Manitoba</u>				
43	97 Nicola Dr, Headingley	40,050	40,050	100%
<u>Ontario</u>				
44	455 Welham Rd, Barrie	109,366	109,366	100%
45	200 Sheldon Dr, Cambridge	150,000	150,000	100%
46	241-377 Fairall St, 332-360 Frankcom St & 97-121 McMaster Ave, Ajax ⁽¹⁾	483,359	241,680	100%
47	1000 Clarke Rd, London	223,190	223,190	100%
48	1020 Adelaide St S, London	265,786	265,786	99%
49	1036 Green Valley Rd, London	136,596	136,596	100%
50	1285 Hubrey Rd, London	201,578	201,578	100%
51	375 Exeter Rd, London	220,339	220,339	69%
52	5 Cuddy Blvd, London	146,945	146,945	100%
53	70 Dennis Rd, St. Thomas	130,500	130,500	100%
54	446 Jutras Dr S, Windsor	120,000	120,000	100%
55	490 Richard Ruston Dr, Windsor	101,073	101,073	100%
56	1040 Wilton Grove Rd, London	383,309	383,309	100%
57	1950 Oxford St E, London	99,367	99,367	100%
58	650 Riverview Dr, Chatham	293,146	293,146	98%
59	980 Green Valley Rd, London	38,000	38,000	100%
60	1005 Adelaide St South, London	18,380	18,380	100%
61	1540 South Service Rd, Hamilton ⁽⁵⁾	-	-	0% ⁽⁵⁾
62	190 Glover Rd, Hamilton ⁽⁵⁾	-	-	0% ⁽⁵⁾
63	605 Boundary Rd, Cornwall	34,800	34,800	100%
64	5250 Outer Dr, Windsor	132,976	132,976	100%
65	5245 Burke St, Windsor	125,701	125,701	100%

	Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership Interest	Occupancy
66	418 Silvercreek Industrial Dr, Windsor	97,185	97,185	100%
67	24 Industrial Park Rd, Tilbury	79,846	79,846	100%
68	626 Principale St, Casselman	532,415	532,415	100%
69	15745 Robins Hill Road, London	264,600	264,600	100%
70	2290 Scanlan Street, London	304,323	304,323	100%
71	3430 Harvester Road, Burlington	141,534	141,534	100%
72	1005 Wilton Grove Road, London	336,448	336,448	100%
		5,170,762	4,929,083	100%
	<u>Québec</u>			
73	935-965 rue Reverchon, Saint-Laurent	113,892	113,892	86%
74	1901 rue Dickson / 5780 rue Ontario Est, Montréal	91,068	91,068	100%
75	6810 boul. Des Grandes Prairies, Montréal	60,786	60,786	100%
76	3330 2e rue, Saint-Hubert	60,741	60,741	100%
77	3550 1ère rue, Saint-Hubert	22,428	22,428	100%
78	3600 1ère rue, Saint-Hubert	38,742	38,742	100%
79	3490-3504 rue Griffith, Saint-Laurent	40,665	40,665	100%
80	425 rue Guy, Montréal ⁽¹⁾	37,153	18,577	70%
81	2400 Trans-Canada Highway, Pointe-Claire ⁽¹⁾	309,000	154,500	100%
82	1251 rue Louis-Bleriot, Mascouche	101,315	101,315	100%
83	50 rue de Lisbonne, St-Augustin-de-Desmaures	94,000	94,000	100%
84	21800 Clark-Graham, Baie-D'Urfé	74,681	74,681	100%
85	3701 Gaumont Road, Laval	191,878	191,878	100%
		1,236,349	1,063,273	98%
	<u>New Brunswick</u>			
86	675 St-George Blvd, Moncton	93,443	93,443	100%
87	10 Deware Dr, Moncton	226,135	226,135	100%
88	775 Frenette, Ave, Moncton	124,655	124,655	100%
		444,233	444,233	100%
	Total Industrial	11,499,715	11,084,960	98%
	<u>RETAIL</u>			
	<u>British Columbia</u>			
	1751 Savage Rd, Richmond ^{(2) (4)}	111,274	111,274	88%
	<u>Québec</u>			
89	1094-1100 boul. Des Chutes, Beauport ⁽¹⁾	32,406	16,203	94%
90	1700 rue Sherbrooke, Magog ⁽¹⁾	133,832	66,916	84%
91	1971 rue Bilodeau, Plessisville ⁽¹⁾	99,706	49,853	88%
92	14000 boul. Henri-Bourassa, Québec City ⁽¹⁾	44,619	22,310	100%
93	6700 rue St-Georges, Lévis ⁽¹⁾	43,023	21,512	67%

	Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership Interest	Occupancy
94	10516 boul. Sainte-Anne, Ste-Anne-de-Beaupré ⁽¹⁾	87,667	43,834	83%
95	9550 boul. L'Ormière, Québec ⁽¹⁾	114,681	57,340	98%
96	333 Côte Joyeuse, St-Raymond ⁽¹⁾	64,511	32,256	85%
97	161 Route 230 Ouest, La Pocatière ⁽¹⁾	206,615	103,308	63%
98	25 Route 138, Forestville ⁽¹⁾	56,314	28,157	86%
99	2000 boul. Louis-Fréchette, Nicolet ⁽¹⁾	88,383	44,192	93%
100	3856 boul. Taschereau, Greenfield Park ⁽¹⁾	213,982	106,991	99%
101	250 boul. Fiset, Sorel ⁽¹⁾	116,348	58,174	100%
102	8245 boul. Taschereau, Brossard ⁽¹⁾	43,234	21,617	100%
103	340 rue Belvédère Sud, Sherbrooke ⁽¹⁾	172,981	86,490	88%
104	7500 boul. Les Galeries d'Anjou, Anjou ⁽¹⁾	105,789	52,895	91%
		1,624,091	812,048	88%
	Total Retail	1,735,021	923,322	88%
	<u>OFFICE</u>			
	<u>Québec</u>			
105	2045 rue Stanley, Montréal ^{(1) (6)}	112,493	56,247	95%
106	72 rue Laval, Gatineau ⁽¹⁾	69,341	34,671	100%
107	10500 Ave Ryan, Dorval	52,372	52,372	100%
108	955 boul. Michèle-Bohec, Blainville	33,461	33,461	100%
109	1600 rue Montgolfier, Laval	27,097	27,097	100%
110	353 rue St-Nicolas, Montréal ⁽¹⁾	33,891	16,946	85%
111	410 rue St-Nicolas, Montréal ⁽¹⁾	154,931	77,466	69%
112	360 rue Notre-Dame Ouest, Montréal ⁽¹⁾	29,362	14,681	75%
113	321 rue de la Commune, Montréal ⁽¹⁾	11,502	5,751	100%
114	329 rue de la Commune, Montréal ⁽¹⁾	21,027	10,514	93%
115	127, 137 & 145 rue St-Pierre, Montréal ⁽¹⁾	35,472	17,736	100%
116	63 rue des Brésoles, Montréal ⁽¹⁾	39,710	19,855	43%
		620,659	366,797	88%
	<u>New Brunswick</u>			
117	400 Main St, St. John	159,989	159,989	40%
	Total Office	780,648	526,786	73%
	Total Portfolio ⁽⁷⁾	14,015,728	12,535,068	96%

(1) The REIT owns a 50% interest in these properties.

(2) Property is currently being redeveloped to higher yielding uses.

(3) As at March 31, 2024, 1771 Savage Road has a total committed occupancy of 100%.

(4) This is a mixed-use property with two buildings.

(5) As at March 31, 2024, 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 VALUE BY ASSET CLASS

Unaudited (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 ⁽¹⁾	2,103,754	133,617	2,237,371	-	2,237,371	90.7%
Retail ⁽¹⁾	80,415	-	80,415	91,256	171,671	7.1%
Office	8,612	-	8,612	48,431	57,043	2.3%
Total Portfolio	2,192,781	133,617	2,326,398	139,687	2,466,085	100.0%

- (1) The combined carrying value of 1771 & 1751 Savage Road, Richmond, BC, is \$124.5 million, and has been divided between industrial and retail asset classes based upon the buildings' respective GLAs of 60,836 square feet and 111,274 square feet.

RENTAL RATES

The following table summarizes in-place rental rates and estimated market rental rates for the REIT's industrial portfolio. Estimated market rental rates are based upon management's best estimates as at March 31, 2024.

	Occupied GLA	GLA as a % of Total occupied 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	2,694,945	24.9%	10.99	11.84	7.7%	6.5
Saskatchewan	1,621,399	15.0%	10.05	10.48	4.3%	6.4
Ontario	4,852,778	44.9%	7.92	11.39	43.9%	7.2
Quebec	1,042,229	9.6%	13.18	18.45 ⁽¹⁾	40.0%	10.3
Other	600,585	5.6%	9.72	11.31	16.4%	6.1
Total	10,811,936	100.0%	9.61	12.04	25.3%	7.1

- (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 \$12.10 per square foot and the estimated weighted average market rental rate would be \$16.94 per square foot.

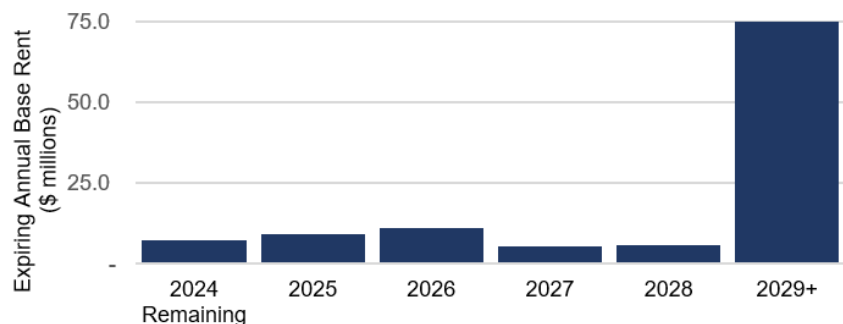
In addition to the estimated spread between market rents and in-place rents in the REIT's industrial portfolio shown above, many of the REIT's industrial leases contain contractual rent increases throughout their terms.

LEASE EXPIRIES

INDUSTRIAL	2024	2025	2026	2027	2028	2029+	Total
ALBERTA							
Occupied GLA	61,643	224,554	219,267	128,662	37,853	2,022,966	2,694,945
Net rent - \$ per square foot	10.86	8.45	17.28	8.31	8.68	10.81	10.99
% of GLA	2%	8%	8%	5%	1%	76%	100%
SASKATCHEWAN							
Occupied GLA	87,745	73,739	-	57,419	9,805	1,392,691	1,621,399
Net rent - \$ per square foot	10.70	12.87	-	8.94	10.50	9.90	10.05
% of GLA	5%	5%	0%	4%	1%	85%	100%
ONTARIO							
Occupied GLA	276,988	460,962	607,675	26,650	472,272	3,008,231	4,852,778
Net rent - \$ per square foot	6.85	5.76	7.38	10.26	6.56	8.65	7.92
% of GLA	6%	9%	13%	1%	10%	61%	100%
QUEBEC							
Occupied GLA	34,593	109,690	16,117	129,848	37,226	714,755	1,042,229
Net rent - \$ per square foot	6.41	8.07	8.22	12.42	7.65	14.83	13.18
% of GLA	3%	11%	2%	12%	4%	68%	100%
OTHER							
Occupied GLA	63,090	146,655	40,050	-	-	350,790	600,585
Net rent - \$ per square foot	13.70	8.94	21.00	-	-	8.05	9.72
% of GLA	11%	24%	7%	0%	0%	58%	100%
TOTAL INDUSTRIAL							
Occupied GLA	524,059	1,015,600	883,109	342,579	557,156	7,489,433	10,811,936
Net rent - \$ per square foot	8.76	7.58	10.47	10.12	6.84	10.03	9.61
% of GLA	5%	9%	8%	3%	5%	70%	100%
Weighted Average Lease Term - 7.1 years							
TOTAL RETAIL							
Occupied GLA	119,780	95,610	155,403	98,842	78,195	262,539	810,369
% of GLA	15%	12%	19%	12%	10%	32%	100%
Weighted Average Lease Term - 3.9 years							
TOTAL OFFICE							
Occupied GLA	42,525	50,995	56,694	43,423	78,642	113,434	385,713
% of GLA	11%	13%	15%	11%	20%	30%	100%
Weighted Average Lease Term - 4.3 years							
TOTAL PORTFOLIO							
Occupied GLA	686,364	1,162,205	1,095,206	484,844	713,993	7,865,406	12,008,018
% of GLA	6%	10%	9%	4%	6%	65%	100%
Weighted Average Lease Term - 6.8 years							

Expiring Annual Base Rent

	\$ millions	% of total
2024 Remaining	7.4	6.2%
2025	9.3	7.8%
2026	11.3	9.4%
2027	5.3	4.4%
2028	6.0	5.0%
2029+	80.6	67.2%
Total	119.9	100.0%



INDUSTRIAL LEASING ACTIVITY DURING THE QUARTER

During the quarter, the REIT renewed one industrial tenant in Alberta for 5 years. This renewal includes annual rental steps.

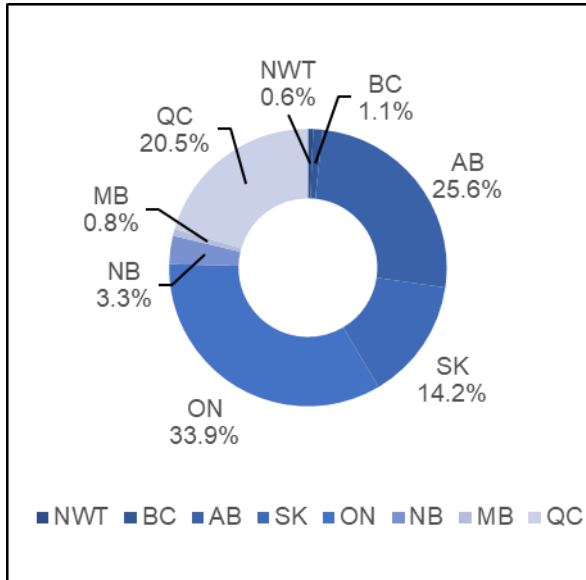
LEASE RENEWALS OF CURRENT AND FUTURE EXPIRIES		
	GLA	Rental rate growth (%)
Alberta	5,535	21%
Total	5,535	21%

During the quarter, the REIT leased vacant space, as follows.

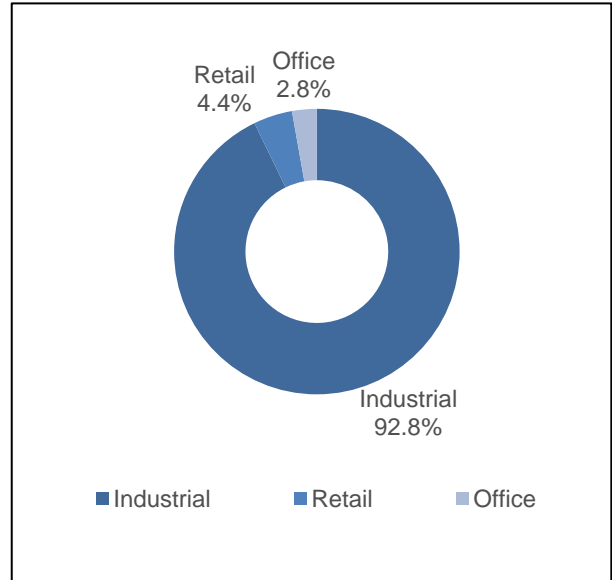
VACANT SPACE LEASED WITHIN THE QUARTER	
	GLA
Saskatchewan	2,817
Quebec	15,386
Total	18,203

PROPERTY COMPOSITION DIVERSITY

GEOGRAPHIC MIX (Q1 NOI)



ASSET CLASS MIX (Q1 NOI)



TOP TEN TENANTS

Tenant	% of Annualized Base Rent
1 Loblaws	11.7%
2 Westcan Bulk Transport	5.0%
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%
	<u>39.9%</u>

SUMMARY OF RESULTS

FINANCIAL HIGHLIGHTS

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

	Three months ended		
	2024	2023	Change
	\$	\$	\$
Property revenues	41,597	37,476	4,121
Net operating income (NOI)	29,537	25,728	3,809
Funds from operations (FFO) ⁽¹⁾	14,355	16,448	(2,093)
Normalized FFO ^{(1) (2)}	15,243	16,451	(1,208)
Adjusted funds from operations (AFFO) ⁽¹⁾	11,588	13,948	(2,360)
Normalized AFFO ^{(1) (2)}	12,476	13,951	(1,475)
Same Property NOI ⁽¹⁾	23,657	24,013	(356)
Distributions declared ⁽³⁾	14,940	14,042	898
Weighted average units outstanding (000s):			
Basic ⁽⁴⁾	93,341	87,741	5,600
Diluted ⁽⁴⁾	93,448	87,843	5,605
Per unit amounts:			
Distributions per unit – basic ^{(3) (4)}	0.160	0.160	-
Distributions per unit – diluted ^{(3) (4)}	0.160	0.160	-
FFO per unit – basic ^{(1) (4)}	0.154	0.187	(0.033)
FFO per unit – diluted ^{(1) (4)}	0.154	0.187	(0.033)
Normalized FFO per unit – basic ^{(1) (2) (4)}	0.163	0.187	(0.024)
Normalized FFO per unit – diluted ^{(1) (2) (4)}	0.163	0.187	(0.024)
AFFO per unit – basic ^{(1) (4)}	0.124	0.159	(0.035)
AFFO per unit – diluted ^{(1) (4)}	0.124	0.159	(0.035)
Normalized AFFO per unit – basic ^{(1) (2) (4)}	0.134	0.159	(0.025)
Normalized AFFO per unit – diluted ^{(1) (2) (4)}	0.134	0.159	(0.025)
NAV per unit ⁽¹⁾	13.09	12.13	0.96
AFFO payout ratio – basic ^{(1) (3)}	128.9%	100.7%	28.2%
Normalized AFFO payout ratio – basic ^{(1) (2) (3)}	119.8%	100.7%	19.1%
Total Indebtedness Ratio	49.3%	47.3%	2.0%
Estimated spread between industrial portfolio market and in-place rents	25.3%	21.8%	3.5%

(1) See Non-IFRS Financial Measures.

(2) Normalized FFO and Normalized AFFO include adjustments for vendor rent obligation amounts related to the REIT's Richmond, BC property, which are payable from the vendor of the property until the buildout of the property is complete and all tenants are occupying and paying rent. The vendor rent obligation amount is not included in NOI for IFRS accounting purposes. Normalized FFO and Normalized AFFO exclude amounts recorded in other income related to estimated future vendor rent obligation amounts.

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

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

FINANCIAL RESULTS

	Three months ended		
	2024	2023	Change
	\$	\$	\$
Property revenues	41,597	37,476	4,121
Property expenses	(12,060)	(11,748)	(312)
Net operating income (NOI)	29,537	25,728	3,809
General and administrative expense	(2,430)	(2,405)	(25)
Fair value adjustments:			
Investment properties	15,183	(2,715)	17,898
Class B LP Units	10,828	(2,608)	13,436
Restricted share units	9	(9)	18
Derivative financial instruments	7,491	(3,829)	11,320
Income (loss) from investment in JV ⁽¹⁾	227	94	133
Unrealized foreign exchange gain (loss)	(130)	19	(149)
Other income	58	649	(591)
	60,773	14,924	45,849
Finance expense			
Net interest expense	(13,164)	(8,029)	(5,135)
Distributions on Class B LP Units	(3,938)	(3,178)	(760)
	(17,102)	(11,207)	(5,895)
Net income	43,671	3,717	39,954

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

Net Operating Income

Net Operating Income for the three months ended March 31, 2024, was \$29.5 million or \$3.8 million higher than Q1 2023, which was primarily due to \$4.4 million from acquisitions completed subsequent to Q1 2023, \$0.2 million relating to higher straight-line rents largely attributed to recent acquisitions, partially offset by \$0.7 million relating to dispositions made since Q1 2023, and a reduction in Same Property NOI of \$0.4 million principally due to anticipated vacancy in the portfolio totaling approximately \$0.5 million, partially offset by rental steps, CPI increase and lease renewals totaling \$0.1 million.

General and administrative expense

General and administrative expense of \$2.4 million for the three months ended March 31, 2024, was comparable to the expense over the same period of 2023.

Fair value adjustment of investment properties

The fair value adjustment of investment properties for the three months ended March 31, 2024, totalled \$15.2 million, which was primarily due to: \$8.4 million of fair value gains in respect of properties held for development based on development progress to date relative to the as-completed fair value, and \$9.9 million of fair value gains relating to changes in stabilized NOI. Partially offsetting this was \$2.9 million of capital expenditures fair valued to zero and \$0.2 million of transaction costs due to acquisitions completed during the quarter.

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 REIT Units as at March 31, 2024, was \$7.65 as compared to \$8.09 as at December 31, 2023, and \$9.75 per unit as at March 31, 2023, resulting in an unrealized gain of \$10.8 million in the three months ended March 31, 2024 (2023: loss of \$2.6 million). As at March 31, 2024, 24,611,356 Class B LP Units were outstanding.

Unrealized gains from the adjustment of derivative financial instruments to fair value were \$7.5 million for the three months ended March 31, 2024 (2023: \$3.8 million loss). The gain was primarily due to an increase in market interest

rates from December 31, 2023, to March 31, 2024, 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 \$439.4 million of debt drawn on its credit facilities and on \$161 million of its floating-rate mortgages.

Net interest expense

Net interest expense of \$13.2 million for the three months ended March 31, 2024, (2023: \$8.0 million) increased by \$5.2 million over the same period in 2023 primarily due to \$5.8 million resulting from higher borrowings to fund acquisitions and development expenditures totalling approximately \$55 million, \$0.4 million due to higher interest rates on the Credit Facilities for which the weighted average interest rate was 5.60% for Q1 2024 as compared to 5.18% in Q1 2023, and \$0.4 million due to mortgages assumed following acquisitions since Q1 2023. Partially offsetting the increase was capitalization of interest expense of \$0.9 million on the development costs, and lower mortgage interest expense of \$0.5 million following the sale of the Victoriaville property and repayment of various mortgages throughout 2023.

SELECT BALANCE SHEET DATA

(In thousands of Canadian dollars)

	March 31, 2024	December 31, 2023
	\$	\$
Investment properties	2,326,398	2,364,027
Cash	8,830	5,918
Total assets	2,534,570	2,463,067
Non-current liabilities:		
Mortgages payable	557,531	601,796
Credit Facilities	514,202	453,563
Lease Liabilities	10,693	10,715
Class B LP Units	25,582	27,052
Total non-current liabilities	1,121,380	1,111,847
Current liabilities:		
Mortgages payable	44,725	57,508
Credit Facilities	64,987	64,981
Lease liabilities	82	64
Liabilities associated with assets held for sale	66,073	14,805
Class B LP Units	162,695	172,053
Total current liabilities	378,249	350,891
Total liabilities	1,499,629	1,462,738
Total unitholders' equity	1,034,941	1,000,329

NAV per unit

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

	March 31, 2024	December 31, 2023
	\$	\$
NAV per unit ⁽¹⁾		
Total assets	2,534,570	2,463,067
Less: Total liabilities	(1,499,629)	(1,462,738)
	1,034,941	1,000,329
Add: Class B LP Units	188,277	199,105
Net asset value (NAV)	1,223,218	1,199,434
Units outstanding (000s) – basic:		
REIT Units	68,837	68,590
Class B LP Units	24,611	24,611
	93,448	93,201
NAV per unit – basic	13.09	12.87

(1) See Non-IFRS Financial Measures.

The REIT's NAV per unit as at March 31, 2024, was \$13.09 as compared to \$12.87 as at December 31, 2023. The increase during the quarter is primarily attributable to i) an increase of \$15.2 million in the fair value of the REIT's investment properties, partially offset by ii) a higher number of REIT Units outstanding due to issuances under the REIT's DRIP and unit compensation programs.

Total Indebtedness Ratio

(In thousands of Canadian dollars)

	March 31, 2024	December 31, 2023
	\$	\$
Total Indebtedness Ratio⁽¹⁾		
Current and non-current:		
Mortgages payable	602,256	659,304
Credit Facilities	579,189	518,544
Lease liabilities	10,775	10,779
Liabilities associated with assets held for sale	66,073	14,805
Total Indebtedness	1,258,293	1,203,432
less: unrestricted cash	(8,830)	n/a
Total Indebtedness less unrestricted cash	1,249,463	1,2303,432
Total assets	2,534,570	2,463,067
Total Indebtedness Ratio	49.3%	48.9%

(1) See Non-IFRS Financial Measures.

The REIT's Total Indebtedness Ratio as at March 31, 2024, was 49.3% as compared to 48.9% as at December 31, 2023. 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)

	Q1 2024	Q4 2023	Q3 2023	Q2 2023
	\$	\$	\$	\$
Property revenues	41,597	42,005	39,752	38,419
Property expenses	(12,060)	(12,780)	(10,421)	(10,730)
Net operating income (NOI)	29,537	29,225	29,331	27,689
Net income (loss)	43,671	2,137	76,954	77,222
Weighted average number of units (000s) - basic ⁽¹⁾	93,341	92,275	90,452	88,310
Weighted average number of units (000s) - diluted ⁽¹⁾	93,449	92,377	90,554	88,412
	Q1 2023	Q4 2022	Q3 2022	Q2 2022
	\$	\$	\$	\$
Property revenues	37,476	36,856	34,424	34,142
Property expenses	(11,748)	(11,907)	(9,551)	(10,180)
Net operating income (NOI)	25,728	24,949	24,873	23,962
Net income (loss)	3,717	(16,891)	40,055	79,640
Weighted average number of units (000s) - basic ⁽¹⁾	87,741	81,494	79,208	78,842
Weighted average number of units (000s) - diluted ⁽¹⁾	87,843	81,596	79,336	79,001

(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		
	2024	March 31, 2023	Change
	\$	\$	\$
Property revenues	41,597	37,476	4,121
Property expenses	(12,060)	(11,748)	(312)
NOI	29,537	25,728	3,809
Add/(Deduct):			
Amortization of tenant incentives and leasing costs	273	296	(23)
Straight-line adjustments of rent	(1,164)	(1,017)	(147)
Acquisitions	(4,752)	(375)	(4,377)
Disposals	(202)	(693)	491
Termination fees and other non-recurring items	(35)	74	(109)
Same Property NOI	23,657	24,013	(356)

Same Property NOI for the three months ended March 31, 2024, decreased by \$0.4 million as compared to the same period in 2023 primarily due to new vacancies at two industrial properties totalling approximately \$0.5 million, partially offset by rental steps, CPI increases and lease renewals totalling \$0.1 million.

Same Property NOI for the REIT's industrial portfolio for the three months ended March 31, 2024, was \$21.5 million as compared to \$21.3 million for the same period in the prior year. The increase of \$0.2 million is primarily due to rental steps, CPI increases and lease renewals of \$0.7 million, partially offset by new vacancies at two properties of \$0.5 million.

FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

(In thousands of Canadian dollars, except per unit amounts)	Three months ended		
	2024	March 31, 2023	Change
FFO	\$	\$	\$
Net income	43,671	3,717	35,184
Adjustments:			
Fair value adjustment of investment properties	(15,183)	2,715	(13,128)
Fair value adjustment of Class B LP Units	(10,828)	2,608	(13,436)
Fair value adjustment of incentive units	(9)	9	(18)
Fair value adjustment of derivative financial instruments	(7,491)	3,829	(11,320)
Adjustments for equity accounted joint venture ⁽¹⁾	(42)	88	(130)
Distributions on Class B LP Units expensed	3,938	3,178	760
Amortization of tenant incentives and leasing costs	273	296	(23)
Lease principal payments	(4)	(15)	11
Amortization of right-of-use assets	30	23	7
Funds from operations (FFO)	14,355	16,448	(2,093)
Weighted average units outstanding (000s) Basic ⁽⁴⁾	93,341	87,741	5,600
FFO per unit – basic	0.154	0.187	(0.033)
FFO	14,355	16,448	(2,093)
Add: Vendor rent obligation ⁽²⁾	628	604	24
Less: Other income ⁽²⁾	-	(601)	601
Add: Non-recurring personnel transition costs	260	-	260
Normalized FFO	15,243	16,451	(1,208)
Weighted average units outstanding (000s) Basic ⁽⁴⁾	93,341	87,741	5,600
Normalized FFO per unit – basic	0.163	0.187	(0.024)

(In thousands of Canadian dollars, except per unit amounts)	Three months ended		
	2023	March 31, 2022	Change
AFFO	\$	\$	\$
FFO	14,355	16,448	(2,093)
Adjustments:			
Straight-line adjustments ground lease and rent	(1,167)	(1,100)	(67)
Capital reserve ⁽³⁾	(1,600)	(1,400)	(200)
Adjusted funds from operations (AFFO)	11,588	13,948	(2,360)
Weighted average units outstanding (000s) Basic ⁽⁴⁾	93,341	87,741	5,600
AFFO per unit – basic	0.124	0.159	(0.035)
AFFO	11,588	13,948	(2,360)
Add: Vendor rent obligation ⁽²⁾	628	604	24
Less: Other income ⁽²⁾	-	(601)	601
Add: Non-recurring personnel transition costs	260	-	260
Normalized AFFO	12,476	13,951	(1,475)
Weighted average units outstanding (000s) Basic ⁽⁴⁾	93,341	87,741	5,600
Normalized AFFO per unit – basic	0.134	0.159	(0.025)

(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		
	2024	March 31, 2023	Change
	\$	\$	\$
Capital reserve	1,600	1,400	200
Average square feet of GLA	12,594,201	11,217,483	1,376,718
Annualized capital reserve per square foot of GLA	\$0.51	\$0.50	\$0.01
Actual tenant incentives and leasing costs ⁽¹⁾	1,229	563	666
Actual maintenance capital expenditures ⁽²⁾	1,928	1,041	887
Total spending funded by the REIT	3,157	1,604	1,553
Average square feet of GLA	12,594,201	11,217,483	1,376,718
Annualized capital spent per square foot of GLA unadjusted for capital reserve	\$1.00	\$0.57	\$0.43

(1) Excludes tenant incentives costs incurred in the three months ended March 31, 2024, in the amounts of \$nil (2023 – \$0.8 million) for the repurposing of a previous industrial space into significantly higher yielding uses.

(2) Excludes capital expenditures incurred in the three months ended March 31, 2024, in the amounts of \$0.9 million (2023 – \$0.04 million) for the repurposing of a previous industrial space into significantly higher yielding uses.

Actual capital spending and tenant incentive and leasing costs of \$3.2 million for the three months ended March 31, 2024, is \$1.6 million higher than the \$1.6 million capital reserve included in AFFO. During the quarter the REIT incurred \$2.7 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		
	2024	March 31,	Change
	\$	\$	\$
Cash flows generated by operating activities	15,505	6,815	8,690
Adjustments:			
Changes in non-cash working capital	(5,273)	5,984	(11,257)
Changes in other non-current assets	(14)	(18)	4
Changes in restricted cash	9	(54)	63
Changes in other non-current liabilities	118	265	(147)
Distributions on Class B LP Units expensed	3,938	3,178	760
Adjustments for equity accounted joint venture	(42)	88	(130)
Share of net income (loss) from equity accounted investment in joint venture	227	94	133
Straight-line rent adjustments of equity accounted joint venture	(3)	(83)	80
Incentive unit expense	(785)	(699)	(86)
Amortization of deferred financing fees	(366)	(255)	(111)
Amortization of mortgage fair value adjustments	8	29	(21)
Lease principal repayments	(4)	(15)	11
Capital reserve	(1,600)	(1,400)	(200)
Unrealized foreign exchange gain (loss)	(130)	19	(149)
AFFO	11,588	13,948	(2,360)

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The REIT's principal source of liquidity is cash on hand and the undrawn borrowing capacity on its Credit Facilities. As at March 31, 2024, the REIT had cash of \$8.8 million (December 31, 2023 - \$5.9 million) and a working capital deficit of \$205.3 million (December 31, 2023 - \$111.9 million). Excluding the current portion of mortgages payable of \$44.7 million, current portion of credit facilities of \$65.0 million, liabilities associated with assets held for sale of \$66.1 million, current portion of Class B units of \$162.7 million and assets held for sale of \$139.7 million, working capital is a deficit of \$6.5 million. The Class B Units are settled in equity and may not be redeemed for cash. 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		
	2024	March 31,	Change
	\$	\$	\$
Cash generated by (used in)			
Operating activities	15,505	6,815	8,690
Investing activities	(58,771)	(123,869)	65,098
Financing activities	46,178	116,157	(69,979)
Change in cash	2,912	(897)	3,809
Cash – beginning of period	5,918	11,533	(5,615)
Cash – end of period	8,830	10,636	(1,806)

Cash generated from operating activities for the three months ended March 31, 2024, of \$15.5 million increased by \$8.7 million compared to \$6.8 million for the same period in 2023. The increase was due to an increase in net operating income of \$3.8 million and an increase in total changes in non-cash operating items of \$11.4 million primarily due to an increase in accounts payable and other liabilities of \$4.9 million, \$1.3 million decrease in deposits

in respect of potential acquisitions, \$4.8 million increase in trade and other receivables and prepaid expenses and \$0.4 million increase in other current assets and non-current liabilities. Partially offsetting this was an increase of \$6.5 million in interest payments due to higher debt balances.

Cash used in investing activities for the three months ended March 31, 2024, of \$58.8 million is primarily related to \$36.8 million of cash used to acquire an income-producing property, \$17.8 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 \$4.1 million.

Cash generated from financing activities for the three months ended March 31, 2024, of \$46.2 million is primarily related to \$61.2 million of net borrowing on the Credit Facilities, partially offset by mortgage principal repayments of \$4.7 million, financing costs of \$0.8 million and cash distributions to unitholders of \$9.6 million.

The REIT believes that it has sufficient financial resources and generates sufficient cash from operations to operate its investment properties and to identify, investigate and complete potential acquisitions, and to fund further expenditures as required.

MORTGAGES PAYABLE

As at March 31, 2024, 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, 2023 – 3.37%) and the weighted average term to maturity is 5.59 years (December 31, 2023 – 5.84 years). The breakdown of future principal repayments, including mortgage maturity, is presented in the following table:

(In thousands of Canadian dollars)	Scheduled repayments \$	Principal maturities \$	Total \$	Weighted average interest rate of maturing mortgages ⁽¹⁾
Remainder of 2024	13,411	40,034	53,445	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	78,340	273,461	351,801	3.21%
Total	148,259	521,564	669,823	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 \$440 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, 2027.

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.

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. CORRA advances bear interest at 170 basis points per annum over the CORRA borrowing rate, plus a fixed adjustment spread of 29.547 basis points. .

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. CORRA advances bear interest at 195 basis points per annum over the CORRA borrowing rate, plus a fixed adjustment spread of 29.547 basis points.

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. CORRA advances bear interest at 225 basis points per annum over the CORRA borrowing rate, plus a fixed adjustment spread of 29.547 basis points. The unadvanced portion of the Unsecured Facilities is subject to a predetermined standby fee.

As at March 31, 2024, \$330 million was drawn against the revolving portion of this credit facility, \$175 million was drawn against the term loan portion of this facility and \$8.1 million was drawn against the swingline facility.

The Unsecured Facilities includes, inter alia, covenants that the REIT: (i) will not allow the Total Indebtedness Ratio to exceed 60% at any time, (ii) will not allow the Secured Indebtedness Ratio to exceed 50% at all times through to and including March 31, 2024 and 45% at all times from April 1, 2024 and thereafter, (iii) will not allow the Debt Service Coverage Ratio to be less than 1:40:1, (iv) will not allow Adjusted Unitholders' Equity to be less than \$600 million plus 75% of net proceeds in connection with any equity offering by the REIT after March 1, 2023, (v) will not allow Unencumbered Asset Value Ratio to be less than 1.40:1. As at March 31, 2024, 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.

Total Indebtedness Ratio is a defined term in Unsecured Facilities and is calculated by dividing the REIT's consolidated net indebtedness less unrestricted cash 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 net 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 net indebtedness.

Total Indebtedness 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 \$18.8 million secured credit facility ("**Credit Facility 3**") for its 190 Glover Road development property. The REIT's 80% share of the facility is \$15.0 million. The facility is secured against the 190 Glover Road property and is also subject to a guarantee from the REIT of up to \$9.4 million. As at March 31, 2024, the REIT's share of drawings on the facility was \$3.2 million (December 31, 2023 – undrawn).

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 March 31, 2024, Credit Facility 2 was undrawn (December 31, 2023 - 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 March 31, 2024, the revolving portion of this credit facility was undrawn (December 31, 2023 - 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, Credit Facility 3 and Unsecured Facilities are collectively referred to as “the **Credit Facilities**”.

As at March 31, 2024, the REIT was in compliance with all of the financial covenants contained within the Credit Facilities and the mortgages.

Amounts drawn against the Credit Facilities are as follows:

(In thousands of Canadian dollars)	March 31, 2024 \$	December 31, 2023 \$
Bankers' acceptance borrowings	569,995	517,995
Prime rate borrowings	11,360	2,130
Total drawn against the Credit Facilities	581,355	520,125
Less: deferred financing costs	(2,166)	(1,581)
Balance, end of period	579,189	518,544

Amounts drawn on the Credit Facilities as at March 31, 2024, are as follows:

(In thousands of Canadian dollars)	Total principal amount \$	Weighted average interest rate	Repricing date
Bankers' acceptance borrowings not covered by swaps	130,639	7.02%	Variable ⁽¹⁾
Bankers' acceptance borrowings covered by swaps	439,356	5.22% ⁽²⁾	Variable ⁽²⁾
Prime rate borrowings	11,360	7.90%	Variable

(1) Dates between April 13, 2024, and April 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:

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	16,928
November 2023	4.26%	1.70%	5.96%	June 1, 2028	8,272	7,428
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	439,356

SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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 March 31, 2024, a 0.25% increase in the weighted average capitalization rate would result in a decrease of approximately \$92.9 million in the determination of the fair value of the investment properties. A 0.25% decrease in the weighted average capitalization rate would result in an increase of approximately \$101.2 million in the determination of the fair value of the investment properties.

NEW ACCOUNTING STANDARDS ADOPTED BY THE REIT

The accounting policies used in the preparation of the consolidated financial statements are consistent with those of the year ended December 31, 2023, except for the adoption of new standards and interpretations effective January 1, 2024, as follows:

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 amendments have resulted in the REIT re-classifying certain Class B Units from non-current to current liabilities on the Condensed Statements of Financial Position. Those Class B Units where the holder has an unrestricted right to convert the Class B Units to REIT Units are classified as current liabilities.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The REIT's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

The Chief Executive Officer and the Chief Financial Officer of the REIT have evaluated and determined that, as of March 31, 2024:

- the design of DC&P was appropriate to provide reasonable assurance that material information is made known to us by others in a timely manner and that information required to be disclosed by the REIT is recorded, processed, summarized, and reported within the time periods specified in securities legislation; and

- the design of ICFR was appropriate to provide reasonable assurance regarding the reliability of the REIT's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS; and

There were no changes in the REIT's design of internal controls over financial reporting in the three months ended March 31, 2024, 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

The REIT is exposed to various risks and uncertainties, many of which are beyond management's control and could have an impact on the business, financial condition, and operating results. The ability of the REIT to meet its performance targets is dependent on its success in mitigating the various risks that it has identified. For a comprehensive list of risks and uncertainties pertinent to the REIT, please see the factors disclosed in the REIT's AIF for the year ended December 31, 2023, under the heading "Risk Factors" and the REIT's MD&A for the three months and year ended December 31, 2023, under the heading "Financial Instruments and Risks and Uncertainties".

Liquidity risk

Liquidity risk is the risk that the REIT will not have the financial resources required to meet its financial obligations as they come due. The REIT manages this risk by ensuring it has sufficient cash on hand or borrowing capacity to meet obligations as they come due by forecasting cash flows from operations, cash required for investing activities and cash from financing activities. As at March 31, 2024, the REIT had cash of \$8.8 million (December 31, 2023 - \$5.9 million), mortgages payable of \$669.8 million (December 31, 2023 - \$674.5 million), a balance of \$581.4 million drawn against the Credit Facilities (December 31, 2023 - \$520.1 million) and accounts payable and other liabilities of \$43.9 million (December 31, 2023 - \$45.8 million). The REIT had a working capital deficit of \$205.3 million as at March 31, 2024 (December 31, 2023 - \$111.9 million deficit). Excluding the current portion of mortgages payable of \$44.7 million, current portion of credit facilities of \$65.0 million, current portion of Class B Units of \$162.7 million, liabilities associated with assets held for sale of \$66.1 million, and assets held for sale of \$139.7 million, working capital would be a deficit of \$6.5 million. The REIT expects that it will be able to refinance the mortgages on their maturities. The Class B Units are settled in equity and may not be redeemed for cash. The REIT has access to undrawn amounts of \$129.2 million as at March 31, 2024, under the Credit Facilities and expects to generate sufficient cash from operations to satisfy its financial liabilities as they come due.

The contractual maturities and repayment obligations of the REIT's financial liabilities are as follows:

(In thousands of Canadian dollars)	Accounts payable and other liabilities	Lease liabilities	Credit Facilities principal repayment	Interest on fixed portion of Credit Facilities	Mortgages payable	Mortgage interest	Total
	\$	\$	\$	\$	\$	\$	\$
Remainder of 2024	35,750	508	65,000	16,475	53,445	15,156	186,334
2025	1,080	524	-	20,670	65,743	18,695	106,712
2026	1,116	525	-	3,276	104,101	16,097	125,115
2027	1,154	526	516,355	-	64,336	13,088	595,459
2028	1,193	528	-	-	30,397	11,735	43,853
Thereafter	3,627	21,511	-	-	351,801	32,915	409,854
	<u>43,920</u>	<u>24,122</u>	<u>581,355</u>	<u>40,421</u>	<u>669,823</u>	<u>107,686</u>	<u>1,467,327</u>

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 March 31, 2024, there was a total of \$748.6 million (December 31, 2023 - \$690.3 million) of mortgage and credit facilities borrowings which bear interest at floating bankers' acceptance or Canadian prime rates plus a fixed spread. There is a risk that prevailing interest rates could increase, and those increases could be significant. The REIT mitigates interest rate risk by maintaining reasonable levels of debt to investment property value and aims to structure new debt to stagger the maturities to ensure that the majority of debt does not come due for repayment in any one particular year. As at March 31, 2024, the REIT has interest rate swap agreements totalling \$600.3 million (2023 - \$603.5 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 \$22,000 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 \$22,000.

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	10,706	(28)
April 2019	3.74% ⁽¹⁾	April 24, 2026	12,500	11,168	(488)
April 2019	3.87% ⁽¹⁾	April 24, 2029	12,500	11,195	(704)
September 2019	3.15% ⁽¹⁾	September 13, 2024	65,000	65,000	(1,128)
November 2020	2.82% ⁽¹⁾	November 2, 2027	7,650	6,971	(672)
December 2020	3.61% ⁽¹⁾	December 1, 2025	18,500	16,928	(1,002)
December 2020	3.35% ⁽¹⁾	December 30, 2030	18,000	16,627	(2,102)
April 2021	3.08% ⁽¹⁾	April 1, 2026	19,750	18,149	(1,020)
November 2021	3.69% ⁽¹⁾	June 1, 2028	22,600	20,809	(958)
February 2022	3.28% ⁽¹⁾	February 23, 2032	29,500	28,254	(2,140)
February 2022	3.28% ⁽¹⁾	February 23, 2032	20,000	19,155	(1,451)
March 2022	3.41% ⁽¹⁾	March 1, 2027	17,800	16,866	(930)
March 2022	3.76% ⁽¹⁾	April 1, 2025	1,500	1,089	(31)
March 2023	3.26%	February 29, 2028	50,000	50,000	(1,222)
August 2023	4.18% ⁽²⁾	August 31, 2028	100,000	100,000	1,742
September 2023	4.045% ⁽²⁾	September 29, 2028	50,000	50,000	720
October 2023	4.14% ⁽²⁾	October 31, 2028	25,000	25,000	310
October 2023	4.156% ⁽⁴⁾	October 31, 2028	50,000	50,000	655
November 2023	4.26% ⁽¹⁾⁽³⁾	June 1, 2028	8,272	7,428	(276)
October 2023	4.11% ⁽⁴⁾	October 31, 2028	25,000	25,000	296
October 2023	4.14% ⁽⁴⁾	October 31, 2028	25,000	25,000	328
October 2023	4.055% ⁽⁴⁾	October 31, 2028	25,000	25,000	238
			615,572	600,345	(9,863)

- (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 the REIT 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	141
October 2023	4.156%	October 31, 2028	50,000	50,000	136
October 2023	4.11%	October 31, 2028	25,000	25,000	133
October 2023	4.14%	October 31, 2028	25,000	25,000	156
October 2023	4.055%	October 31, 2028	25,000	25,000	265
			150,000	150,000	831

OUTSTANDING UNIT DATA

The following table presents the changes in unitholders’ equity for the three months ended March 31, 2024:

(In thousands of Canadian dollars)	Units (000s)	Amount \$
Balance – January 1, 2024	68,590	648,171
Units issued under distribution reinvestment plan	179	1,395
Units issued under Incentive Plan	65	526
Units issued under Employee Purchase Plan	3	23
Balance – March 31, 2024	68,837	650,115

As at May 14, 2024, a total of approximately 68,895,000 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 March 31, 2024, amounted to \$11.0 million (2023 - \$10.9 million).

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

(In thousands of Canadian dollars)	Three months ended March 31, 2024	Year ended December 31, 2023	Year ended December 31, 2022	Year ended December 31, 2021
	\$	\$	\$	\$
Cash generated from operating activities	15,505	51,015	41,530	24,995
Net income	43,671	160,030	120,868	93,539
Actual cash distributions paid or payable during the period ⁽¹⁾	11,002	43,636	37,705	25,082
Excess (shortfall) of cash flows from operating activities over cash distributions paid	4,503	7,379	3,825	(87)
Excess (shortfall) of net income over cash distributions paid	32,669	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 March 31, 2024, \$1.4 million was settled through the issuance of REIT Units under the distribution reinvestment plan.

For the three months ended March 31, 2024, net income of \$43.7 million exceeded actual cash distributions paid or payable for the three months ended March 31, 2024, of \$11.0 million by \$32.7 million. Net income excluding non-cash fair value adjustments of investment properties, Class B LP Units, restricted share units, derivative financial instruments and investments totalling \$33.5 million and excluding other income of \$0.1 million resulted in a net income of \$10.1 million for the three months ended March 31, 2024, which fell short of actual cash distributions paid or payable by \$0.9 million.

For the three months ended March 31, 2024, cash generated from operating activities of \$15.5 million exceeded actual cash distributions paid or payable for the three months ended March 31, 2024, of \$11.0 million by \$4.5 million. Cash generated from operating activities excluding changes in non-cash working capital, other non-current assets, restricted cash, and other non-current liabilities of \$5.2 million, actual cash distributions paid or payable exceed cash generated from operating activities by \$0.7 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 March 31, 2024, 179,368 units (2023 – 107,706 units) were issued under the DRIP for a stated value of \$1.4 million (2023 - \$1.1 million).

RELATED PARTY TRANSACTIONS

Trustee and key management fees

For the three months ended March 31, 2024, trustee retainer fees in the amount of \$0.12 million were expensed (2023 - \$0.12 million). Trustee retainer fees in the amount of \$0.12 million were accrued as at March 31, 2024 (December 31, 2023 - \$0.3 million).

For the three months ended March 31, 2024, key management earned salaries and other short-term employee benefits in the amount of \$0.8 million (2023 - \$0.7 million).

Transactions with RFA Capital Partners Inc. (“RFA”), an entity related to a trustee of the REIT.

The REIT recognized \$0.05 million of guarantee fees during the three months ended March 31, 2024 (2023 - \$0.04 million).

Fees to RFA related entities in respect of the RFA Development Properties totalled \$0.2 million for the three months ended March 31, 2024 (2023 - \$0.2 million).

Transactions with 1803299 Ontario Inc. (“1803299”)

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 18,209,828 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 March 31, 2024. 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 ended March 31, 2024, the REIT incurred fees for property management services totalling \$0.08 million (2023 - \$0.08 million). During the three months and year ended March 31, 2024, the REIT earned property revenues from an entity related to 1803299 totalling \$0.8 million (2023 - \$0.8 million).

SUBSEQUENT EVENT

Subsequent to March 31, 2024, the REIT entered into a series of 5-year interest rate swap agreements which are effective June 1, 2024, to swap a total of \$100 million of variable rate debt drawn on its Credit Facilities in the form of CORRA for a weighted average fixed interest rate of 3.44%, excluding the applicable spread on borrowings. The counterparties to the swaps have a one-time option to cancel the swaps on April 29, 2025, and May 31, 2025.

OUTLOOK

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

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-single digit same-property NOI growth in its industrial portfolio for the full year.

In the first quarter of 2024, the REIT finalized construction at its Savage Rd. sports complex in Richmond, BC, and the primary tenant is expected to take occupancy shortly.

In 2024, the REIT expects to benefit from the completion of four significant development projects. Combined, these properties will add annual stabilized NOI of over \$10 million when complete:

- In the second quarter of 2024, the REIT completed the Park Street intensification project in Regina, SK. The primary tenant took possession on April 1st, and once fully tenanted, 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 96,000 sq ft Hubrey Rd. expansion project in London, ON, and the 115,000 sq ft Glover Rd. new development in Hamilton, ON. These projects will contribute estimated going-in yields of 8.0% and 5.6% on total development costs of \$14 million and \$33 million respectively. The Hubrey Rd. property is leased effective July 1 and the Glover Rd. property is currently being actively marketed.
- In the late fourth quarter of 2024, the REIT expects to complete the 240,000 sq ft Dennis Rd. expansion project in St. Thomas, ON for an existing tenant. This project will contribute a contractual going-in yield of 9.0% on total development costs of approximately \$45 million.

The REIT will continue to prioritize unitholder distributions. The REIT believes that its normalized AFFO payout ratio has peaked and will improve to a more sustainable level for the balance of the year.

The REIT is focused on building its industrial portfolio. As a result, the REIT is 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.