



## **Nexus Industrial REIT**

Condensed Consolidated Interim Financial Statements  
(Unaudited)

For the three and six months ended June 30, 2024

# Nexus Industrial REIT

## Consolidated Statements of Financial Position

As at June 30, 2024 and December 31, 2023

(In thousands of Canadian dollars) (Unaudited)

	Note(s)	June 30, 2024 \$	December 31, 2023 \$
<b>Non-current assets</b>			
Investment properties	3,4	2,408,859	2,364,027
Equity investment in joint venture		11,342	11,038
Restricted cash		1,453	1,444
Derivative financial instruments	14	11,454	10,194
Right-of-use assets		1,123	1,183
Other investment		7,950	7,950
Other assets		333	373
		2,442,514	2,396,209
<b>Current assets</b>			
Cash		7,868	5,918
Tenant and other receivables		3,239	11,142
Deposits		300	3,000
Prepaid expenses		4,379	2,713
Derivative financial instruments	14	571	1,747
Other assets		13,926	13,188
Assets held for sale	5	121,127	29,150
		151,410	66,858
<b>Total assets</b>		<b>2,593,924</b>	<b>2,463,067</b>
<b>Non-current liabilities</b>			
Mortgages payable	3,7	543,105	601,796
Credit Facilities	8	582,259	453,563
Lease liabilities		10,671	10,715
Derivative financial instruments		6,035	10,399
Class B LP Units	9	18,612	27,052
Other liabilities	10	7,779	8,322
		1,168,461	1,111,847
<b>Current liabilities</b>			
Mortgages payable	3,7	40,952	57,508
Credit Facilities	8	64,994	64,981
Class B LP Units	9	137,012	172,053
Distributions payable		3,769	3,658
Accounts payable and other liabilities		36,516	37,886
Liabilities associated with assets held for sale	5,7	62,025	14,805
		345,268	350,891
<b>Total liabilities</b>		<b>1,513,729</b>	<b>1,462,738</b>
<b>Equity</b>			
Unitholders' equity	11	662,964	648,171
Retained earnings		417,231	352,158
<b>Total unitholders' equity</b>		<b>1,080,195</b>	<b>1,000,329</b>
<b>Total liabilities and unitholders' equity</b>		<b>2,593,924</b>	<b>2,463,067</b>

Subsequent event 17

On behalf of the Board:

"Benjamin Rodney" Trustee

"Floriana Cipollone" Trustee

The accompanying notes are an integral part of the consolidated financial statements.

# Nexus Industrial REIT

## Consolidated Statements of Income and Comprehensive Income

For the three and six months ended June 30, 2024 and 2023

(In thousands of Canadian dollars) (Unaudited)

	Note(s)	Three months ended		Six months ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
		\$	\$	\$	\$
<b>Net rental income</b>					
Property revenues	13	43,910	38,419	85,507	75,895
Property expenses		(12,293)	(10,730)	(24,353)	(22,478)
Net rental income		31,617	27,689	61,154	53,417
General and administrative expense		(1,847)	(1,694)	(4,277)	(4,099)
Fair value adjustment of investment properties	4,5	13,560	33,031	28,743	30,316
Fair value adjustment of Class B LP Units	9	21,057	25,129	31,885	22,521
Fair value adjustment of Incentive units	10	138	130	147	121
Fair value adjustment of derivative financial instruments	14	(3,042)	6,400	4,449	2,571
Income from equity accounted investment in joint venture		77	323	304	417
Loss on disposal	3	(251)	(807)	(251)	(807)
Unrealized foreign exchange gain (loss)		(229)	218	(359)	237
Other income		62	239	120	888
		61,142	90,658	121,915	105,582
<b>Finance expense</b>					
Net interest expense	7,8	(13,768)	(10,133)	(26,932)	(18,162)
Distributions on Class B LP Units	9	(3,849)	(3,303)	(7,787)	(6,481)
		(17,617)	(13,436)	(34,719)	(24,643)
<b>Net income and comprehensive income</b>		<b>43,525</b>	<b>77,222</b>	<b>87,196</b>	<b>80,939</b>

The accompanying notes are an integral part of the consolidated financial statements.

# Nexus Industrial REIT

## Consolidated Statements of Changes in Unitholders' Equity

For the six months ended June 30, 2024 and 2023

(In thousands of Canadian dollars) (Unaudited)

	Note	Units	Unitholders' Equity \$	Retained Earnings \$	Total \$
<b>Balance – January 1, 2024</b>		68,589,606	648,171	352,158	1,000,329
Net income and comprehensive income		—	—	87,196	87,196
Distributions		—	—	(22,123)	(22,123)
Units issued under distribution reinvestment plan	12	356,436	2,626	—	2,626
Units issued under Incentive Plan	10	65,383	526	—	526
Units issued under Employee Purchase Plan	10	5,788	45	—	45
Class B LP Units exchanged for REIT Units		1,657,863	11,596	—	11,596
<b>Balance – June 30, 2024</b>		<b>70,675,076</b>	<b>662,964</b>	<b>417,231</b>	<b>1,080,195</b>

	Note	Units	Unitholders' Equity \$	Retained Earnings \$	Total \$
<b>Balance – January 1, 2023</b>		67,322,644	636,776	235,764	872,540
Net income and comprehensive income		—	—	80,939	80,939
Distributions		—	—	(21,753)	(21,753)
Units issued under distribution reinvestment plan	12	269,764	2,499	—	2,499
Units issued under Incentive Plan	10	65,692	651	—	651
Units issued under Employee Purchase Plan	10	10,249	91	—	91
Units cancelled		(375)	(4)	—	(4)
Unit issuance costs		—	(75)	—	(75)
Class B LP Units exchanged for REIT Units		455,481	4,814	—	4,814
<b>Balance – June 30, 2023</b>		<b>68,123,455</b>	<b>644,752</b>	<b>294,950</b>	<b>939,702</b>

The accompanying notes are an integral part of the consolidated financial statements.

# Nexus Industrial REIT

## Consolidated Statements of Cash Flows

For the three and six months ended June 30, 2024 and 2023

(In thousands of Canadian dollars) (Unaudited)

	Note(s)	Three months ended		Six months ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
		\$	\$	\$	\$
<b>Operating activities</b>					
Net income for the period		43,525	77,222	87,196	80,939
Adjustment for items not involving cash:					
Incentive unit expense	10	198	160	983	859
Share of net income from equity accounted investment in joint venture		(77)	(323)	(304)	(417)
Loss on disposals		251	807	251	807
Amortization of deferred financing costs		288	345	654	600
Amortization of mortgage fair value adjustments	7	(18)	(26)	(26)	(55)
Amortization of right-of-use assets		30	23	60	46
Amortization of tenant incentives and leasing costs	4	384	285	657	581
Straight-line adjustments of rent		(1,203)	(1,197)	(2,367)	(2,214)
Fair value adjustments		(31,713)	(64,690)	(65,224)	(55,529)
Unrealized foreign exchange (gain) loss		229	(218)	359	(237)
Changes in non-cash operating items	16	(8,144)	5,581	(2,984)	(596)
Total cash generated by operating activities		3,750	17,969	19,255	24,784
<b>Investing activities</b>					
Acquisition of income-producing investment properties	3,4	(25,942)	(103,010)	(62,773)	(222,339)
Acquisition of investments properties under development		—	(4,600)	—	(4,600)
Additions to investment properties under development	4	(18,080)	(1,865)	(35,916)	(3,935)
Net proceeds on disposal of investment properties	3	4,806	27,552	4,806	27,552
Capital expenditures, tenant incentives and leasing costs	4	(1,883)	(6,980)	(5,987)	(9,450)
Total cash used in investing activities		(41,099)	(88,903)	(99,870)	(212,772)
<b>Financing activities</b>					
Financing costs	7, 8	(104)	(77)	(874)	(1,363)
Lease principal repayments		(16)	(17)	(20)	(32)
Mortgage principal repayments	7	(22,256)	(33,836)	(26,939)	(38,892)
Net borrowing on the Credit Facilities	8	68,554	111,671	129,784	243,940
Unit issuance costs		—	(75)	—	(75)
Distributions to unitholders		(9,791)	(9,456)	(19,386)	(19,211)
Total cash generated by financing activities		36,387	68,210	82,565	184,367
<b>Change in cash during the period</b>		(962)	(2,724)	1,950	(3,621)
<b>Cash - beginning of period</b>		8,830	10,636	5,918	11,533
<b>Cash - end of period</b>		7,868	7,912	7,868	7,912

Supplemental cash flow and non-cash information 16

The accompanying notes are an integral part of the consolidated financial statements.

# Nexus Industrial REIT

## Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

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

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### 1 Organization

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. Nexus Industrial REIT and its subsidiaries, (together, "the REIT") own and operate commercial real estate properties across Canada. The registered office of the REIT is located at 105-586 Argus Road, Oakville, ON, L6J 3J3.

### 2 Material accounting policies

#### Statement of compliance

The condensed consolidated interim financial statements of the REIT have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting, and do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements as at and for the year ended December 31, 2023.

#### Basis of presentation

The condensed consolidated interim financial statements have been prepared on a going concern basis and under the historical cost convention, except for the revaluation of investment properties, unit options, restricted share units and financial instruments classified as fair value through profit or loss ("FVTPL"), which are presented at fair value. These condensed consolidated interim financial statements are presented in thousands of Canadian dollars, which is the functional currency of the REIT. The condensed consolidated interim financial statements were authorized for issue by the board of trustees of the REIT on August 14, 2024.

Certain comparative figures have been re-classified to conform to the current period presentation.

#### Significant accounting judgments, estimates and assumptions

The preparation of financial statements in compliance 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 assets, liabilities and equity in these condensed consolidated interim financial statements are based on information available to the REIT as at the end of the reporting period.

#### 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.

# Nexus Industrial REIT

## Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

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

The REIT adopted the amendments to IAS 1 described above on January 1, 2024. The amendments 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 unrestricted rights to convert the Class B Units to REIT Units, or where such unrestricted rights will become available within 12 months of the balance sheet date, are classified as current liabilities. See note 9 for further details.

### 3 Acquisitions and dispositions

#### Acquisition of income-producing properties

The impact of the acquisitions of income-producing properties completed during the six months ended June 30, 2024, is as follows:

Property location	Acquisition date	Contractual purchase price	Fair value adjustment <sup>(1)</sup>	Transaction costs	Income-producing properties acquired	Working capital acquired	Mortgages assumed <sup>(2)</sup>	Net assets acquired
		\$	\$	\$	\$	\$	\$	\$
Kelowna, BC	May 15th	34,950	—	856	35,806	(9,864)	—	25,942
Dorval, QC	February 7th	1,463	—	32	1,495	9	—	1,504
Rocky View, AB	January 3rd	35,060	—	267	35,327	—	—	35,327
		<u>71,473</u>	<u>—</u>	<u>1,155</u>	<u>72,628</u>	<u>(9,855)</u>	<u>—</u>	<u>62,773</u>

<sup>(1)</sup> Fair value adjustment for Class B LP units issued and mortgage assumed on acquisition.

Consideration:

<sup>(2)</sup> Fair value of mortgages assumed

Cash	62,773
	<u>62,773</u>

The impact of the acquisitions of income producing properties completed during the year ended December 31, 2023, is as follows:

Property location	Acquisition date	Contractual purchase price	Fair value adjustment <sup>(1)</sup>	Transaction costs	Income-producing properties acquired	Working capital acquired	Mortgages assumed <sup>(2)</sup>	Net assets acquired
		\$	\$	\$	\$	\$	\$	\$
London, ON	November 1st	55,794	(11,112)	1,237	45,919	(324)	—	45,595
Burlington, ON	July 4th	48,370	—	2,218	50,588	(545)	—	50,043
London, ON	June 15th	56,358	(3,791)	1,290	53,857	(358)	(32,379)	21,120
Laval, QC	June 1st	64,701	—	2,553	67,254	(2,167)	—	65,087
London, ON	April 21st	36,000	—	808	36,808	(87)	—	36,721
Casselman, ON	March 7th	116,516	—	2,599	119,115	214	—	119,329
		<u>377,739</u>	<u>(14,903)</u>	<u>10,705</u>	<u>373,541</u>	<u>(3,267)</u>	<u>(32,379)</u>	<u>337,895</u>

<sup>(1)</sup> Fair value adjustment for Class B LP units issued and mortgage assumed on acquisition.

Consideration:

<sup>(2)</sup> Fair value of mortgages assumed

Cash	302,028
Class B LP Units issued	35,867
	<u>337,895</u>

# Nexus Industrial REIT

## Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

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

### Acquisitions of properties held for development

There were no acquisitions of properties held for development during the six months ended June 30, 2024.

On June 5, 2023, the REIT acquired a parcel of land in St. Thomas, Ontario for a contractual purchase price of \$4,500. The purchase price was settled in cash. The parcel acquired is adjacent to another property owned by the REIT.

### Dispositions of income-producing properties

On June 21, 2024, the REIT sold an office property (previously classified as an asset held for sale) located in Blainville, Quebec for a selling price of \$5,057. Net of selling costs of \$251 (reflected as a loss on disposal in the REIT's statement of income and comprehensive income), the REIT received cash proceeds of \$4,806. At the time of the disposal, the REIT repaid a mortgage against the property of \$3,602.

## 4 Investment properties

	June 30, 2024	December 31, 2023
	\$	\$
Income-producing properties	2,309,038	2,256,677
Properties held for development	99,821	107,350
Balance, end of period	2,408,859	2,364,027

	Note	Income- producing properties \$	Properties held for development \$	Investment properties \$
Balance – January 1, 2024		2,256,677	107,350	2,364,027
Acquisitions	3	71,133	—	71,133
Transfers from properties held for development to income producing properties		66,303	(66,303)	—
Transfers from income producing properties to properties held for development		(6,000)	6,000	—
Additions – capital expenditures		3,792	—	3,792
Additions – tenant incentives and leasing costs		2,195	—	2,195
Additions – development		—	35,916	35,916
Amortization of tenant incentives and leasing costs		(657)	—	(657)
Fair value adjustment		28,185	16,858	45,043
Investment properties reclassified as assets held for sale	5	(112,590)	—	(112,590)
Balance – June 30, 2024		2,309,038	99,821	2,408,859



# Nexus Industrial REIT

## Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

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

	Note	Income-producing properties \$	Properties held for development \$	Investment properties \$
Balance - January 1, 2023		1,797,109	25,530	1,822,639
Acquisitions	3	373,541	4,600	378,141
Additions - capital expenditures		14,354	—	14,354
Additions - tenant incentives and leasing costs		4,579	—	4,579
Additions - development		—	53,511	53,511
Amortization of tenant incentives and leasing costs		(1,171)	—	(1,171)
Investment properties reclassified as properties held for development		(8,600)	8,600	—
Investment properties reclassified as assets held for sale	5	(12,288)	—	(12,288)
Fair value adjustment		89,153	15,109	104,262
Balance – December 31, 2023		2,256,677	107,350	2,364,027

Acquisitions of income-producing properties include \$1,155 of transaction costs (December 31, 2023 - \$10,705).

During the six months ended June 30, 2024, the REIT capitalized \$1,365 of borrowing cost (December 31, 2023 - \$2,315) to qualifying development properties.

The REIT obtains third party appraisals to supplement internal management valuations in support of the determination of the fair market value of investment properties. Investment properties with an aggregate fair value of \$185,800 were valued by qualified external valuation professionals during the six months ended June 30, 2024.

The fair value of the investment properties as at June 30, 2024, represents the REIT's best estimate based on available information as at the end of the reporting period.

The key valuation metrics used in determining the fair value of the investment properties are as detailed below:

	June 30, 2024	December 31, 2023
Weighted average capitalization rate	5.80%	5.89%
Range of capitalization rates	4.35% - 10.00%	4.35% - 10.00%
Stabilized net operating income	\$ 137,736	\$ 136,278

The fair value of the investment properties is most sensitive to changes in capitalization rates. As at June 30, 2024, a 0.25% increase in the weighted average capitalization rate would result in a decrease of approximately \$98,100 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 \$107,000 in the determination of the fair value of the investment properties. Further, an increase (decrease) of 1% in stabilized net operating income would result in an increase (decrease) of approximately \$23,700 in the determination of the fair value of the investment properties.

# Nexus Industrial REIT

## Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

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

The calculation of the fair value of investment properties using the direct income capitalization method results in the measurement being classified as Level 3 in the fair value hierarchy. Significant unobservable inputs used in the Level 3 valuation of the investment properties are the capitalization rate and the stabilized net operating income applied in the valuations. Generally, an increase in stabilized net operating income or a decrease in capitalization rates will result in an increase in the fair value of investment properties. Conversely, a decrease in stabilized net operating income or an increase in capitalization rates will generally result in a decrease in the fair value of investment properties.

### 5 Assets held for sale

As at June 30, 2024, 26 investment properties with a combined fair value of \$121,127 are classified as assets held for sale. The mortgages associated with these properties are classified as liabilities associated with assets held for sale, totaling \$62,025. During the six months ended June 30, 2024, a fair value adjustment (loss) of \$16,300 was recognized directly in the statement of income and comprehensive income for the investment properties classified as assets held for sale.

The following table summarizes the fair value changes in properties classified as assets held for sale:

	Note	June 30, 2024 \$	December 31, 2023 \$
Balance, beginning of period		29,150	70,885
Acquisition	3	1,495	—
Investment properties reclassified as assets held for sale	4	112,590	12,288
Fair value adjustment		(16,300)	(8,125)
Disposal of an investment property	3	(5,057)	(46,002)
Other adjustments <sup>(1)</sup>		(751)	104
Balance, end of period		121,127	29,150

<sup>(1)</sup> Other adjustments comprise the reclassification of straight-line rent relating to assets held for sale from other current assets. The adjustment for the six months ended June 30, 2024, also includes the termination of a ground lease asset of \$1,348, which was terminated on acquisition of the leased land on February 7, 2024.

### 6 Tenant and other receivables

The REIT leases industrial, office and retail properties to tenants under operating leases. Minimum rental commitments on non-cancellable tenant operating leases over their remaining terms are as follows:

	June 30, 2024 \$
Remainder of 2024	51,476
2025	109,534
2026	101,710
2027	91,832
2028	87,325
Thereafter	484,944
Balance as at June 30, 2024	926,821

# Nexus Industrial REIT

## Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

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

### 7 Mortgages payable

As at June 30, 2024, the mortgages payable are secured by charges against 68 of the REIT's investment properties. The weighted average interest rate, including deferred financing costs and interest rate swap agreements, of the mortgages payable is 3.39% (December 31, 2023 – 3.37%) and the weighted average term to maturity is 5.55 years (December 31, 2023 – 5.84 years). The breakdown of future principal repayments, including mortgage maturity, is presented in the following table:

	Scheduled repayments	Principal maturities	Total
	\$	\$	\$
Remainder of 2024	8,944	15,185	24,129
2025	17,225	45,240	62,465
2026	15,196	89,123	104,319
2027	12,703	61,754	74,457
2028	11,821	18,577	30,398
Thereafter	78,338	273,461	351,799
Balance as at June 30, 2024	144,227	503,340	647,567

The following table summarizes the changes in mortgages payable for the six months ended June 30, 2024, and year ended December 31, 2023:

	Note	June 30, 2024	December 31, 2023
		\$	\$
Mortgages payable, beginning of period		674,506	738,359
Mortgages refinanced/repaid		(14,232)	(58,849)
Principal repaid on disposal of investment properties	3	(3,602)	(17,476)
Mortgages assumed on acquisition of investment properties	3	—	31,780
Principal repayments		(9,105)	(19,308)
Mortgages payable, end of period		647,567	674,506
Less: Deferred financing costs, beginning of period		(2,138)	(2,664)
Less: Additions to deferred financing costs		(92)	(83)
Plus: Amortization of deferred financing costs		301	609
Plus: Fair value adjustment of mortgages, beginning of period		470	(57)
Plus: Additions to fair value adjustment of mortgages	3	—	599
Less: Amortization of fair value adjustments		(26)	(72)
Balance, end of period		646,082	672,838
Less: Current portion		(40,952)	(57,508)
Less: Mortgages payable associated with assets held for sale		(62,025)	(13,534)
Non-current balance, end of period		543,105	601,796

# Nexus Industrial REIT

## Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

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

### 8 Credit Facilities

As at June 30, 2024, the REIT had the following credit facilities (the "Credit Facilities"):

Facility	Interest Rate	Maturity Date	Security	Facility Limit \$	Amount Drawn \$
<b>Secured Credit Facility 1:</b>					
Revolving facility <sup>(1)</sup>	Prime rate + 1.25% or 30-day bankers' acceptance rate + 1.50%	September 15, 2024	12 investment properties	57,500	57,500
Term facility	Prime rate + 1.25% or 30-day bankers' acceptance rate + 1.50%	September 15, 2024	12 investment properties	7,500	7,500
Operating facility	Prime rate + 1.00% or floating bankers' acceptance rate +2.00%	September 15, 2024	12 investment properties	5,000	Undrawn
<b>Secured Credit Facility 2:</b>					
Revolving facility	Prime rate + 1.00%	-	4 investment properties	500	Undrawn
<b>Secured Credit Facility 3:</b>					
Term construction facility <sup>(3)</sup>	Prime rate + 1.25% or floating CORRA + 2.85%	August 31, 2025	1 investment property	15,048	5,901
<b>Unsecured Credit Facilities:</b>					
Revolving facility <sup>(2) (4)</sup>	Prime rate + 0.70% or floating CORRA or SOFR + fixed CORRA or SOFR adjustment spread +1.70% <sup>(1)</sup>	March 1, 2027	Unsecured	440,000	403,434
Term loan facility <sup>(4)</sup>	Prime rate + 0.70% or floating CORRA or SOFR + fixed CORRA or SOFR adjustment spread +1.70% <sup>(1)</sup>	March 1, 2027	Unsecured	175,000	174,919
Swingline facility	Prime rate + 0.70% or floating CORRA or SOFR + fixed CORRA or SOFR adjustment spread +1.70% <sup>(1)</sup>	March 1, 2027	Unsecured	10,000	8
				<b>710,548</b>	<b>649,262</b>

(Secured Credit Facility 1, Secured Credit Facility 2, Secured Credit Facility 3, and Unsecured Credit Facilities, collectively "the Credit Facilities")

(1) Represents the spreads in effect as at June 30, 2024. The Canadian Overnight Repo Rate Average (CORRA) adjustment spread is fixed at 0.29547% for an interest period of one month and is fixed at 0.32138% for an interest period of 3 months. The Secured Overnight Financing Rate (SOFR) adjustment spread is fixed at 0.10%. The applicable spread is set based on the REIT's total debt to total assets, unless the REIT receives an external credit rating, at which time the applicable spread will be based on the REIT's external credit rating.

(2) On March 11, 2024, the revolving facility limit was increased from \$340,000 to \$440,000.

(3) Balances presented are at the REIT's 80% interest. Includes a non-revolving letter of credit facility totalling \$1,600.

(4) The Credit Facility can be drawn in Canadian or US dollars at the REIT's option, and bears interest payable monthly based on Banker's Acceptance and Prime rates for Canadian dollar loans and based on the Secured Overnight Financing Rate (SOFR) for US dollar loans. As at June 30, 2024, the Revolving facility and Term loan facility were drawn in US dollars for US\$294,757 (\$403,434 equivalent) and US\$127,800 (\$174,919 equivalent) respectively.

# Nexus Industrial REIT

## Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

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

Amounts drawn against the Credit Facilities are as follows:

	June 30, 2024	December 31, 2023
	\$	\$
SOFR borrowings	578,348	517,995
Prime rate borrowings	70,914	2,130
Total drawn against the Credit Facilities	649,262	520,125
Less: Deferred financing costs	(2,009)	(1,581)
Balance, end of period	647,253	518,544
Less: Current portion	(64,994)	(64,981)
Non-current balance, end of period	582,259	453,563

A new risk-free benchmark interest rate, the Canadian Overnight Repo Rate Average (CORRA) was introduced as a fallback rate to the Canadian Dollar Offered Rate (CDOR), which was eliminated under IBOR reform effective June 30, 2024. The REIT transitioned its mortgages, credit facilities, and their respective interest rate hedging derivatives from CDOR to CORRA by June 30, 2024.

Details of the amounts drawn under the Credit Facilities on June 30, 2024, are as follows:

	Total Principal amount	Weighted Average Interest rate	Repricing date
	\$		
SOFR borrowings covered by fixed interest rate swaps <sup>(1)</sup>	573,489	5.54% <sup>(2)</sup>	Variable <sup>(2)</sup>
SOFR borrowings not covered by fixed interest rate swaps <sup>(1)</sup>	4,859	6.66 %	July 31, 2024
Prime rate borrowings covered by fixed interest rate swaps	65,000	4.76 %	July 15, 2024
Prime rate borrowings not covered by fixed interest rate swaps	5,914	7.65 %	Variable
Total drawn against the Credit Facilities	649,262		

<sup>(1)</sup> Amounts are represented in CAD equivalents inclusive of revaluation gain of \$647 relating to the REIT's US denominated debt.

<sup>(2)</sup> Represents the weighted average interest rate net of the effect of swaps in place. The REIT is party to swaps that effectively fix the interest rate on the borrowings under the Credit Facilities as follows.

# Nexus Industrial REIT

## Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

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

Effective date	Swapped interest rate	Maturity date	Original notional amount \$	Current notional amount \$
September 2019	2.900 %	September 13, 2024	65,000	65,000
December 2020	3.610 %	December 1, 2025	18,500	16,799
November 2023	4.260 %	June 1, 2028	8,272	7,332
March 2023	3.260 %	February 29, 2028	50,000	50,000
August 2023	4.180 %	August 31, 2028	100,000	100,000
September 2023	4.045 %	September 29, 2028	50,000	50,000
October 2023	4.140 %	October 31, 2028	25,000	25,000
October 2023	4.156 %	October 31, 2028	50,000	50,000
October 2023	4.110 %	October 31, 2028	25,000	25,000
October 2023	4.140 %	October 31, 2028	25,000	25,000
October 2023	4.055 %	October 31, 2028	25,000	25,000
May 2024	3.440 %	May 31, 2029	50,000	50,000
May 2024	3.430 %	May 31, 2029	50,000	50,000
June 2024	3.090 %	June 29, 2029	50,000	50,000
June 2024	3.095 %	July 1, 2029	50,000	50,000
			641,772	639,131

To reduce interest expense, at June 30, 2024, debt of \$578,353 (Canadian dollar equivalent) was drawn in US dollars, representing US\$422,556. To mitigate the foreign exchange risk on these drawings, the REIT entered into cross-currency interest rate swaps to economically convert the US dollar drawings into Canadian dollars. These swaps involve exchanging principal and interest payments in US dollars for Canadian dollar payments. Gain/losses resulting from these swaps are recorded under unrealized foreign exchange gain (loss) in the consolidated statement of income and comprehensive income. The following table summarizes the cross-currency interest rate swaps at June 30, 2024:

Effective date	Pay / Receive interest rate	Maturity date	Notional Amount \$
June 2024	CORRA(CAD) / SOFR(USD)	July 31, 2024	250,000
June 2024	CORRA(CAD) / SOFR(USD)	July 31, 2024	164,000
June 2024	CORRA(CAD) / SOFR(USD)	July 31, 2024	165,000
			579,000

# Nexus Industrial REIT

## Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

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The following table summarizes the changes in the Credit Facilities for the six months ended June 30, 2024, and year ended December 31, 2023:

	June 30, 2024	December 31, 2023
	\$	\$
Drawn against Credit Facilities, beginning of period	520,125	113,000
Net borrowings	129,137	407,125
Drawn against Credit Facilities, end of period	649,262	520,125
Less: Deferred financing costs, beginning of period	(1,580)	(468)
Less: Deferred financing costs incurred	(782)	(1,689)
Plus: Amortization of deferred financing costs	353	576
Balance, end of period	647,253	518,544

The primary financial covenants of the REIT's Credit Facilities are interest coverage, distribution, and loan to value covenants, for which non-compliance would result in an event of default, allowing the lender to demand repayment of amounts outstanding under the Credit Facilities. As at June 30, 2024, the REIT was in compliance with all of the financial covenants contained within the Credit Facilities and the mortgages.

### 9 Class B LP Units

The following table summarizes the changes in Class B LP Units for the six months ended June 30, 2024:

	Units	Amount \$
Balance – January 1, 2024	24,611,356	199,105
Class B LP Units exchanged for REIT Units	(1,657,863)	(11,596)
Fair value adjustment	n/a	(31,885)
Balance – June 30, 2024	22,953,493	155,624
Less: Current portion, end of period	(20,208,199)	(137,012)
Non-current portion, end of period	2,745,294	18,612

Distributions in the amount of \$3,849 (2023 - \$3,303) and \$7,787 (2023 - \$6,481) were declared payable to holders of Class B LP Units for the three and six months ended June 30, 2024. These amounts have been recognized as finance expense in the consolidated statement of income and comprehensive income. Distributions payable to holders of Class B LP Units in the amount of \$1,224 were accrued as at June 30, 2024 (December 31, 2023 - \$1,313).

Those Class B Units where the holder has unrestricted rights to convert the Class B Units to REIT Units, or where such unrestricted rights will become available within 12 months of the balance sheet date, are classified as current liabilities. Conversion of certain Class B Units to REIT units is restricted by date, i.e., the holder of such Class B Units can only exercise the conversion option on or after a specified date.

# Nexus Industrial REIT

## Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

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

### 10 Other Liabilities

Other liabilities are comprised of the following:

	June 30, 2024	December 31, 2023
	\$	\$
Unit-based compensation	60	300
Deferred consideration	7,719	8,022
	7,779	8,322

Unit-based compensation comprises the following:

#### 1) *Incentive unit plan*

The REIT adopted an incentive unit plan (the “Incentive Plan”) effective June 22, 2018. Under the Incentive Plan, the Board of Trustees may grant restricted share units (“RSUs”) or performance share units (“PSUs”) of the REIT (collectively, the “Incentive Units”) to trustees, officers and employees of the REIT and consultants. The REIT is authorized to issue up to 1,112,176 Incentive Units under the Incentive Plan. The maximum number of Incentive Units that may be reserved under the Incentive Plan is 10% of the outstanding units of the REIT.

On March 20, 2024, the REIT granted an aggregate of 160,988 Incentive Units, which comprised the following:

- 26,020 RSUs to trustees with a fair value at the grant date of \$7.69. These RSUs vested on the date of issuance;
- 52,849 RSUs to an employee with a fair value at the grant date of \$7.69. These RSUs vest one third on the date of issuance, one third on March 20, 2025 and one third on March 20, 2026;
- 29,270 RSUs to an employee with a fair value at the grant date of \$7.69. These RSUs vest on July 8, 2025;
- 52,849 PSUs to an employee with a fair value at the grant date of \$7.69. These PSUs vest on March 20, 2027.

On January 15, 2024, the REIT granted an aggregate of 12,422 RSUs to employees with a fair value at the grant date of \$8.31. These RSUs vest one third on the date of issuance, one third on January 15, 2025 and one third on January 15, 2026.

The initial fair value of each Incentive Unit granted is determined based on the volume-weighted average trading price of units of the REIT for the five trading days prior to the valuation date. The Incentive Units are remeasured to fair value at each reporting date with gains and losses reported within the condensed consolidated interim statement of income and comprehensive income.

During the three and six months ended June 30, 2024, a total of \$198 (2023 - \$160) and \$983 (2023 - \$860) of expense for Incentive Units granted under the plan was recognized in general and administrative expense, respectively.

#### 2) *Employee unit purchase plan*

The REIT adopted an employee unit purchase plan (the “Employee Purchase Plan”) effective August 30, 2021. Under the Employee Purchase Plan, employees of the REIT may contribute up to \$7.5 per calendar year to the plan (“Employee Contributions”), and Employee Contributions will be matched by a contribution from the REIT equivalent to 100% of the Employee Contributions (“REIT Contributions”). REIT Contributions



# Nexus Industrial REIT

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will vest one year following each purchase date. All contributions received in respect of each participant in the Employee Purchase Plan shall be paid in full on behalf of such participant to purchase REIT Units from treasury or, at the election of the REIT, through market purchases carried out by an independent broker through the facilities of the TSX. REIT Units issued from treasury will be issued at the volume weighted average trading price of REIT Units for the five trading days prior to each respective purchase date.

During the three months ended June 30, 2024, 2,927 REIT Units (2023 – 9,120 REIT Units) were issued from treasury at \$7.41 per unit in respect of \$13 of Employee Contributions, and \$9 of REIT Contributions net of withholding taxes.

During the six months ended June 30, 2024, 5,788 REIT Units (2023 – 9,542 REIT Units) were issued from treasury at an average of \$7.75 per unit in respect of \$26 of Employee Contributions, and \$19 of REIT Contributions net of withholding taxes.

7,647 REIT Units issued in respect of REIT Contributions remain in the Employee Purchase Plan at June 30, 2024 (2023 – 15,963 REIT Units), of which, 3,313 REIT Units are unvested.

### **3) Deferred Consideration**

As at June 30, 2024 of \$7,719 (\$5,639 USD) (December 31, 2023 - \$8,022 (\$6,020 USD)) represents deferred consideration related to the acquisition of an investment property. The deferred consideration is denominated in US dollars and payable in quarterly installments amortized over a 10-year period which commenced October 1, 2021.

## **11 Unitholders' equity**

The REIT is authorized to issue an unlimited number of units and special voting units. Each unit entitles the holder to a single vote at any meeting of unitholders and entitles the holder to receive a pro rata share of all distributions and in the event of termination or winding up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. The units are redeemable at any time at the demand of the holders to receive a price per unit as determined by the REIT's declaration of trust. Among other conditions for redemption, the total amount payable by the REIT in respect of units surrendered for redemption shall not exceed \$50 in any one calendar month.

The declaration of trust provides for the issuance of special voting units which have no economic entitlement in the REIT or in the distribution of assets of the REIT but are used to provide voting rights proportionate to the votes of the units to holders of securities exchangeable into units, including Class B LP Units.

## **12 Distribution reinvestment plan**

The REIT adopted a distribution reinvestment plan ("DRIP") on February 20, 2014, pursuant to which resident Canadian holders 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. On June 21, 2024, the REIT suspended the distribution reinvestment Plan effective, July 16, 2024.

# Nexus Industrial REIT

## Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

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The following table summarizes units issued under the DRIP:

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	\$	\$	\$	\$
Number of units issued	177,068	162,058	356,436	269,764
Stated value (\$)	1,231	1,424	2,626	2,499

### 13 Property revenues

The following table summarizes the main components of property revenues according to their nature:

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	\$	\$	\$	\$
Rental income	42,081	35,573	80,578	69,669
Revenue from services	1,598	2,617	4,465	5,767
Other revenue	231	229	464	459
Property revenues	43,910	38,419	85,507	75,895

### 14 Financial instruments

#### 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.

	Note	June 30, 2024	December 31, 2023
		\$	\$
<b>Working capital deficit</b>		<b>(193,858)</b>	<b>(284,033)</b>
Excluding:			
Current portion of mortgage payables	7	40,952	57,508
Current portion of credit facilities	8	64,994	64,981
Current portion of Class B Units	9	137,012	172,053
Liabilities associated with assets held for sale		62,025	14,805
Assets held for sale	5	(121,127)	(29,150)
<b>Adjusted working capital deficit - June 30, 2024</b>		<b>(10,002)</b>	<b>(3,836)</b>

The Class B Units are settled in equity and may not be redeemed for cash. The REIT expects that it will be able to renew the mortgages and current portion of the credit facilities on their maturities. The REIT has access to undrawn funds of \$61,286 as at June 30, 2024, under the Credit Facilities and expects to generate sufficient cash from operations to satisfy its financial liabilities as they come due.

# Nexus Industrial REIT

## Notes to Condensed Consolidated Interim Financial Statements

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

	<b>Accounts payable and other liabilities</b>	<b>Lease Liabilities</b>	<b>Credit Facilities principal repayment</b>	<b>Interest on fixed term portion of Credit Facilities<sup>(1)</sup></b>	<b>Mortgages payable</b>	<b>Mortgage interest</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$
Remainder of 2024	35,981	251	65,000	16,103	24,129	10,244	151,708
2025	1,080	524	—	31,188	62,465	19,233	114,490
2026	1,116	524	—	30,537	104,319	16,694	153,190
2027	1,154	524	584,262	4,916	74,457	13,333	678,646
2028	1,193	528	—	—	30,398	11,735	43,854
Thereafter	3,711	21,511	—	—	351,799	32,915	409,936
	<u>44,235</u>	<u>23,862</u>	<u>649,262</u>	<u>82,744</u>	<u>647,567</u>	<u>104,154</u>	<u>1,551,824</u>

(1) Net of interest rate swap agreements where applicable.

### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. There is a risk that the REIT may not be able to renegotiate its mortgages and Credit Facilities at maturity on terms as favourable as the existing mortgages payable and Credit Facilities. As at June 30, 2024, there was a total of \$802,580 (December 31, 2023 - \$690,300) of mortgage and Credit Facilities borrowings which bear interest at CORRA, SOFR 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 June 30, 2024, the REIT has interest rate swap agreements totaling \$788,277 (December 31, 2023 - \$603,505) 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 the Credit Facility 1. The interest rate swap agreements expire coterminous with the maturity of the corresponding mortgages, and Credit Facility 1, with the remaining agreements expiring through July 1, 2029.

The fair value measurements of the interest rate swap agreements have been classified as Level 2, as they are based mainly on observable market data.

# Nexus Industrial REIT

## Notes to Condensed Consolidated Interim Financial Statements

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

Effective date	Fixed interest rate on swap	Maturity date	Original notional amount \$	Current notional amount \$	Fair value (gain) loss \$
April 2019	3.740% <sup>(1)</sup>	April 24, 2026	12,500	11,079	(405)
April 2019	3.870% <sup>(1)</sup>	April 24, 2029	12,500	11,108	(633)
September 2019	2.900% <sup>(1)</sup>	September 13, 2024	65,000	65,000	(548)
November 2020	2.820% <sup>(1)</sup>	November 2, 2027	7,650	6,914	(607)
December 2020	3.610% <sup>(1)</sup>	December 1, 2025	18,500	16,799	(822)
December 2020	3.350% <sup>(1)</sup>	December 30, 2030	18,000	16,500	(1,948)
April 2021	3.080% <sup>(1)</sup>	April 1, 2026	19,750	18,005	(846)
November 2021	4.080% <sup>(1)</sup>	June 1, 2028	22,600	20,607	(818)
February 2022	3.280% <sup>(1)</sup>	February 23, 2032	29,500	28,098	(1,994)
February 2022	3.280% <sup>(1)</sup>	February 23, 2032	20,000	19,050	(1,352)
March 2022	3.410% <sup>(1)</sup>	March 1, 2027	17,800	16,744	(797)
March 2022	3.760% <sup>(1)</sup>	April 1, 2025	1,500	1,040	(23)
March 2023	3.260 %	February 29, 2028	50,000	50,000	(997)
August 2023	4.180% <sup>(2)</sup>	August 31, 2028	100,000	100,000	1,710
September 2023	4.045% <sup>(2)</sup>	September 29, 2028	50,000	50,000	702
October 2023	4.140% <sup>(4)</sup>	October 31, 2028	25,000	25,000	377
October 2023	4.156% <sup>(4)</sup>	October 31, 2028	50,000	50,000	786
November 2023	4.260% <sup>(1)(3)</sup>	June 1, 2028	8,272	7,332	(235)
October 2023	4.110% <sup>(4)</sup>	October 31, 2028	25,000	25,000	343
October 2023	4.140% <sup>(4)</sup>	October 31, 2028	25,000	25,000	373
October 2023	4.055% <sup>(4)</sup>	October 31, 2028	25,000	25,000	288
May 2024	3.440% <sup>(2)</sup>	May 31, 2029	50,000	50,000	506
May 2024	3.430% <sup>(2)</sup>	May 31, 2029	50,000	50,000	469
June 2024	3.090% <sup>(2)</sup>	June 29, 2029	50,000	50,000	3
June 2024	3.095% <sup>(2)</sup>	July 1, 2029	50,000	50,000	21
			803,572	788,277	(6,447)

(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 issued by the REIT in the counterparty's favour with an exercise 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:

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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	74
October 2023	4.156 %	October 31, 2028	50,000	50,000	139
October 2023	4.11 %	October 31, 2028	25,000	25,000	80
October 2023	4.14 %	October 31, 2028	25,000	25,000	92
October 2023	4.055 %	October 31, 2028	25,000	25,000	72
			150,000	150,000	457

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 \$6,000 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 \$2,000.

### Foreign exchange risk

Foreign exchange risk arises from the possibility that fluctuations in exchange rates may adversely affect the value of financial instruments. As at June 30, 2024, the REIT is able to draw its unsecured credit facilities in US dollars or Canadian dollars as described in note 8 above. As at June 30, 2024, debt of US\$422,556 (\$578,353 Canadian dollar equivalent) was outstanding under the credit facilities. To mitigate the foreign exchange risk on these drawings, the REIT entered into cross-currency interest rate swaps to economically convert the US dollar drawings into Canadian dollars. These swaps involve exchanging principal and interest payments in US dollars for Canadian dollar payments. Gain/losses resulting from these swaps are recorded under unrealized foreign exchange gain (loss) in the consolidated statement of income and comprehensive income. The following table summarizes the cross-currency interest rate swaps at June 30, 2024:

Effective date	Pay / Receive interest rate	Maturity date	Current notional amount	Fair value (gain) loss
			\$	\$
June 2024	CORRA(CAD) / SOFR(USD)	July 31, 2024	250,000	425
June 2024	CORRA(CAD) / SOFR(USD)	July 31, 2024	164,000	233
June 2024	CORRA(CAD) / SOFR(USD)	July 31, 2024	165,000	142
			579,000	800

### 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 June 30, 2024, one tenant accounted for approximately 13% of the REIT's base rental income, resulting in a concentration of credit risk. The REIT monitors the creditworthiness of its tenants on an ongoing basis. The REIT mitigates credit risk by monitoring the credit ratings of the institutions holding the REIT's deposits.

The REIT has examined its tenant receivables for indications of impairment. The tenant receivables default rate of the REIT is less than 1.0%. The REIT continues to assess the effect of economic conditions on the creditworthiness of its tenants. As part of this assessment, the REIT reviews contractual rent receivables on a regular basis and reduces carrying amounts using an allowance for expected credit losses recognizing the

# Nexus Industrial REIT

## Notes to Condensed Consolidated Interim Financial Statements

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

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amount of any loss in the condensed consolidated interim statements of income and comprehensive income within property expenses. As at June 30, 2024, the REIT had an allowance for expected credit losses of \$256 (December 31, 2023 – \$370).

### 15 Related party transactions

#### Trustee and key management fees

For the three and six months ended June 30, 2024, trustee retainer fees in the amount of \$119 (2023 - \$119) and \$239 (2023 - \$238) were expensed, respectively. Trustee retainer fees in the amount of \$119 were accrued as at June 30, 2024 (December 31, 2023 - \$269).

For the three and six months ended June 30, 2024, key management earned salaries and other short-term employee benefits in the amount of \$827 (2023 - \$705) and \$1,654 (2023 - \$1,410), respectively.

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

The REIT recognized \$47 (2023 - \$34) and \$94 (2023 - \$72) of guarantee fees during the three and six months ended June 30, 2024, respectively.

Fees to RFA related entities in respect of the RFA Development Properties totalled \$141 (2023 - \$298) and \$293 (2023 - \$457) for the three and six months ended June 30, 2024, respectively.

#### Transactions with 1803299 Ontario Inc. ("1803299")

The REIT has purchased several properties from 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 19.4% of the REIT's outstanding voting units as at June 30, 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 and six months ended June 30, 2024, the REIT incurred fees for property management services totalling \$77 (2023 - \$78) and \$178 (2023 - \$186), respectively. During the three and six months ended June 30, 2024, the REIT earned property revenues from an entity related to 1803299 totalling \$786 (2023 - \$869) and \$1,572 (2023 - \$1,654), respectively.

# Nexus Industrial REIT

## Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

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

### 16 Supplemental cash flow and non-cash information

The following details the changes in other non-cash operating items included in operating activities:

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	\$	\$	\$	\$
<b>Changes in non-cash working capital - increase/(decrease) to cash flow:</b>				
Tenant and other receivables	393	(620)	3,953	(253)
Prepaid expenses	(2,053)	(3,624)	(1,747)	(4,946)
Deposits	(300)	2,000	2,700	3,750
Other current assets	588	882	1,110	1,128
Accounts payable and other liabilities	(6,613)	7,439	(8,728)	414
Total changes in non-cash working capital	(7,985)	6,077	(2,712)	93
Changes in other non-current assets	26	(19)	40	(1)
Changes in restricted cash	—	(9)	(9)	45
Changes in other non-current liabilities	(185)	(468)	(303)	(733)
Total changes in other non-cash operating items	(8,144)	5,581	(2,984)	(596)

The following details cash paid included in operating activities and non-cash items included in investing and financing activities:

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	\$	\$	\$	\$
Interest paid included in operating activities	17,586	12,991	35,356	24,111
Non-cash investing and financing activities:				
REIT Units issued under distribution reinvestment plan	1,231	1,424	2,626	2,499
Class B LP Units issued as purchase price consideration	—	19,918	—	19,918
Class B LP Units exchanged for REIT Units	11,596	—	11,596	—

# Nexus Industrial REIT

## Notes to Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2024 and 2023

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

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### 17 Subsequent event

On July 2, 2024, the REIT acquired an industrial property located in Sherbrooke, Quebec for a purchase price of \$16,567. The purchase price was partially satisfied through the issuance of 456,700 Class B LP Units at a deemed value of \$10 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 July 2, 2024 of \$6.88 per unit. The property was initially recorded at \$15,142, the fair value of the consideration paid. The carrying amount of the property was subsequently adjusted to the acquisition fair value of the property of \$16,567.