NEXUS INDUSTRIAL REIT

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and six months ended June 30, 2024

August 14, 2024

CONTENTS

BASIS OF PRESENTATION

The following management's discussion and analysis ("**MD&A**") of Nexus Industrial REIT ("the **REIT**") for the three and six months ended June 30, 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 and six months ended June 30, 2024.

The information contained in this MD&A reflects events up to August 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, unrealized foreign exchange gain (loss), 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 that 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. In addition, the REIT has a development pipeline with high yielding projects that are currently underway - see further details in the Development and Expansion section below.

FINANCIAL AND OPERATING HIGHLIGHTS

(In thousands of Canadian dollars, except per unit amounts)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	$	$	$	$
FINANCIAL INFORMATION				
Operating Results				
Property revenues	43,910	38,419	85,507	75,895
Net operating income (NOI) (1)	31,617	27,689	61,154	53,417
Net Income	43,525	77,222	87,196	80,939
Funds from operations (FFO) (1)	16,576	16,775	30,931	33,223
Normalized FFO (1) (2)	16,642	17,266	31,885	33,717
Adjusted funds from operations (AFFO) (1)	13,770	14,100	25,358	28,048
Normalized AFFO (1) (2)	13,836	14,591	26,312	28,542
Distributions declared (3)	14,970	14,192	29,910	28,234
Same Property NOI (1)	24,867	24,063	48,452	47,766
Weighted average units outstanding (000s):				
Basic (4)	93,541	88,310	93,441	88,027
Diluted (4)	93,717	88,412	93,617	88,129
Per unit amounts:				
Distributions per unit – basic (3) (4)	0.160	0.160	0.320	0.320
Distributions per unit – diluted (3) (4)	0.160	0.160	0.320	0.320
Normalized FFO per unit – basic (1) (2) (4)	0.178	0.196	0.341	0.383
Normalized FFO per unit – diluted (1) (2) (4)	0.178	0.195	0.341	0.383
Normalized AFFO per unit – basic (1) (2) (4)	0.148	0.165	0.282	0.324
Normalized AFFO per unit – diluted (1) (2) (4)	0.148	0.165	0.281	0.324
AFFO payout ratio – basic (1) (3)	108.7 %	100.7 %	118.0 %	100.7 %
Normalized AFFO payout ratio – basic (1) (2) (3)	108.2 %	97.3 %	113.7 %	98.9 %

As at June 30, 2024 and December 31, 2023	2024 $	2023 $
PORTFOLIO INFORMATION		
Total Portfolio		
Number of Investment Properties[5]	118	116
Number of Properties Under Development	3	4
Investment Property Fair Value (excludes assets held for sale)	2,408,859	2,364,027
Gross leasable area (“GLA”) (in millions of sq. ft.) (at the REIT's ownership interest)	12.9	12.5
Industrial occupancy rate – in-place and committed (period-end)[6]	98 %	97 %
Weighted average lease term (“WALT”) (years)	6.9	6.9
Estimated spread between industrial portfolio market and in-place rents	25.1 %	29.0 %
FINANCING AND CAPITAL INFORMATION		
Financing		
Net debt	1,296,226	1,203,432
Net Indebtedness Ratio	49.97 %	48.90 %
Debt service coverage ratio (times)	1.61	1.72
Secured Indebtedness Ratio	28.1 %	30.4 %
Unencumbered investment properties as a percentage of investment properties	41.8 %	35.6 %
Total assets	2,593,924	2,463,067
Cash and cash equivalents	7,868	5,918
Capital		
Total equity (per condensed consolidated financial statements)	1,080,195	1,000,329
Total equity (including Class B LP Units)	1,235,819	1,199,434
Total number of Units (in thousands)	93,628	93,201
NAV per Unit	13.20	12.87

(1) See Non-IFRS Financial Measures.
(2) Prior to Q2 2024, Normalized FFO and Normalized AFFO include adjustments for vendor rent obligation amounts related to the REIT’s Richmond, BC property, which were payable from the vendor of the property until the buildout of the property was complete and all tenants are occupying and paying rent. The vendor rent obligation amount was not included in NOI for accounting under IFRS, but the estimated total amount of vendor rent obligation was recorded in other income. Normalized FFO and Normalized AFFO excluded estimated future vendor rent obligation amounts included in other income in the consolidated statements of income and comprehensive income and included the scheduled quarterly rents receivable in the form of vendor rent obligation. During the quarter ended June 30, 2024, the vendor has settled all outstanding amounts, and the property is now fully leased-up and contributed NOI of $0.9 million for the quarter ended June 30, 2024.
(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.
(5) Includes 26 properties classified as assets held for sale.
(6) Includes committed new leases for future occupancy.

ACQUISITIONS, DISPOSITIONS AND ASSETS HELD FOR SALE

ACQUISITION OF INCOME-PRODUCING PROPERTIES

The following table provides details on the acquisitions completed during the six months ended June 30, 2024:

(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
			$	$	$	$
Kelowna, BC	May 15th	135,676	34,950	—	856	35,806
Dorval, QC	February 7th	—	1,463	—	32	1,495
Rocky View, AB	January 3rd	82,500	35,060	—	267	35,327
		218,176	71,473	—	1,155	72,628

(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.

On May 15, 2024, the REIT acquired a 135,676 square foot industrial property located in Kelowna, British Columbia for a purchase price of $35.0 million. The purchase price was settled in cash from borrowings under the REIT's Credit Facilities.

DISPOSITION

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 $5.1 million. Net of selling costs of $0.3 million (reflected as a loss on disposal in the REIT's statement of income and comprehensive income), the REIT received cash proceeds of $4.8 million. At the time of the disposal, the REIT repaid a mortgage against the property of $3.6 million.

ASSETS HELD FOR SALE

As part of its capital-recycling program, the REIT intends to sell 26 investment properties with a carrying value of $121.1 million as at June 30, 2024. These properties are being marketed for sale. During the quarter, the REIT completed the disposition of an office property located in Blainville, Quebec, as noted above.

DEVELOPMENT AND EXPANSION

During the six months ended June 30, 2024, the REIT incurred $35.9 million on development projects.

During the quarter, the REIT completed the construction of its industrial development project at Titan Park, Saskatchewan, representing approximately 312,000 square feet with an unlevered yield of 7.5%. This project was also partially leased up during the quarter for 200,000 square feet and contributed $0.5 million in NOI during the quarter ended June 30, 2024.

The following table provides development project details that are either currently underway or in the planning stage as at June 30, 2024:

(in millions of Canadian dollars)

Property location	Type of project	Additional GLA at the REIT's share (square feet)	Costs incurred to date	Total estimated costs	Estimated unlevered yield	Estimated substantial completion
Underway						
Glover Rd. Hamilton, ON [1]	New Development	92,000	18.5	25.3	5.9 %	Q3 2024
Hubrey Rd. London, ON	Intensification	96,000	10.5	14.0	8.0 %	Q3 2024
Dennis Rd, St. Thomas, ON [2]	Hybrid	325,000	22.8	46.0	9.0 %	Q1 2025
Total underway		513,000	51.8	85.3	7.9 %	
Planning						
102 Ave, SE Calgary, AB	Intensification	115,000	0.1			
Richard Ruston Dr. Windsor, ON	Intensification	60,000	—			
Cuddy Blvd. London, ON	Intensification	40,000	0.1			
Exeter Rd. London, ON	Intensification	210,000	—			
Clarke Rd. London, ON	Intensification	300,000	—			
South Service Rd. Hamilton, ON [1]	New Development	194,400	16.2			
Total planning		919,400	16.4			
Total underway and planning		1,432,400	68.2			

(1) Reflects the REIT's 80% interest in this development.
(2) The REIT has a lease agreement with the tenant to construct a 325,000 square foot property, which increased by 85,000 square feet during Q2 2024, pursuant to finalized site plans.

PORTFOLIO OVERVIEW

As at June 30, 2024, the REIT owns a portfolio of 118 properties (including two properties held for development in which the REIT has an 80% interest, and including 26 investment properties held for sale) comprising approximately 12.9 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 June 30, 2024:

	Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership Interest	In-place Occupancy
	INDUSTRIAL			
	British Columbia			
1	988 Great St, Prince George	53,126	53,126	100%
2	9929 Swanson St, Fort St. John	26,477	26,477	0%
3	1751-1771 Savage Rd, Richmond (2)	162,005	162,005	100%
4	555 Adams Road, Kelowna	135,676	135,676	100%
		377,284	377,284	93%
	Alberta			
5	4700 & 4750 – 102 Ave, SE, Calgary	29,471	29,471	0%
6	3780 & 4020 – 76th Ave, SE, Calgary	58,937	58,937	100%
7	41 Royal Vista Dr, NW, Calgary	35,338	35,338	100%
8	8001 – 99 St, Clairmont	26,638	26,638	100%
9	12104 & 12110 – 17th St, NE, Edmonton	116,582	116,582	100%
10	14801 – 97th St, Grande Prairie	42,120	42,120	100%
11	3501 Giffen Rd North & 3711 – 36 St North, Lethbridge	229,000	229,000	100%
12	5406 – 59th Ave, Lloydminster	12,425	12,425	100%
13	4301 – 45 Ave, Rycroft	22,110	22,110	100%
14	2301 – 8 St, Nisku	21,506	21,506	100%
15	2303A – 8 St, Nisku	39,649	39,649	100%
16	1010 Brier Park Dr, Medicine Hat	11,920	11,920	100%
17	27323 – 144 Township Rd 394, Blackfalds	25,000	25,000	100%
18	261177-261185 Wagon Wheel Way, Balzac	95,180	95,180	100%
19	9110 – 23 Ave NW, Edmonton	72,356	72,356	100%
20	11510 – 168 St NW, Edmonton	35,800	35,800	23%
21	6777 Edgar Industrial Dr, Red Deer	153,052	153,052	100%
22	10774 – 42 St E, Calgary	165,418	165,418	100%
23	12745 – 149 St NW, Edmonton	104,727	104,727	100%
24	14504-14598 – 121A Ave NW, Edmonton	214,144	214,144	100%
25	7740 – 40 Ave, Red Deer	189,625	189,625	100%
26	502-25 Ave, Nisku	141,930	141,930	100%
27	2039 Airport Perimeter Road, Edmonton	210,249	210,249	100%
28	18403 – 18439 104 Ave NW, Edmonton	72,420	72,420	100%
29	14711 - 128 Ave, Edmonton	54,510	54,510	100%

	Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership Interest	In-place Occupancy
30	11250 - 189 Street NW, Edmonton	501,279	501,279	100%
31	135 High Plains Drive, Rocky View	82,500	82,500	100%
		2,763,886	2,763,886	98%
	Northwest Territories			
32	348 - 352 Old Airport Rd, Yellowknife	53,212	53,212	100%
	Saskatchewan			
33	110 – 71st St, Saskatoon	74,796	74,796	100%
34	15 Peters Ave, Saskatoon	38,160	38,160	100%
35	1414 Fletcher Rd, Saskatoon	86,000	86,000	100%
36	850 Manitoba St E & 15 – 9th Ave, NE, Moose Jaw	18,800	18,800	100%
37	4271 – 5 Ave E, Prince Albert	24,600	24,600	100%
38	1117 -1135 Pettigrew Ave, Regina	39,922	39,922	81%
39	320 Industrial Dr, Regina	60,000	60,000	100%
40	332 Industrial Dr, Regina	85,260	85,260	100%
41	101 Jahn St, Estevan	11,846	11,846	100%
42	2101 Fleming Rd, Regina	1,029,675	1,029,675	100%
43	855 Park St, Regina	179,291	179,291	89%
44	905 Park St, Regina	312,395	312,395	65%
		1,960,745	1,960,745	93%
	Manitoba			
45	97 Nicola Dr, Headingley	40,050	40,050	100%
	Ontario			
46	455 Welham Rd, Barrie	109,366	109,366	100%
47	200 Sheldon Dr, Cambridge	150,000	150,000	100%
48	241-377 Fairall St, 332-360 Frankcom St & 97-121 McMaster Ave, Ajax (1)	483,359	241,680	100%
49	1000 Clarke Rd, London	223,190	223,190	100%
50	1020 Adelaide St S, London	266,164	266,164	99%
51	1036 Green Valley Rd, London	136,596	136,596	100%
52	1285 Hubrey Rd, London	201,578	201,578	100%
53	375 Exeter Rd, London	220,935	220,935	69%
54	5 Cuddy Blvd, London	146,945	146,945	100%
55	70 Dennis Rd, St. Thomas	130,500	130,500	100%
56	446 Jutras Dr S, Windsor	120,000	120,000	100%
57	490 Richard Ruston Dr, Windsor	101,073	101,073	100%
58	1040 Wilton Grove Rd, London	383,309	383,309	100%
59	1950 Oxford St E, London	99,367	99,367	100%
60	650 Riverview Dr, Chatham	293,146	293,146	98%
61	980 Green Valley Rd, London	38,000	38,000	100%

	Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership Interest	In-place Occupancy
62	1005 Adelaide St. South, London	18,380	18,380	100%
63	1540 South Service Road, Hamilton	—	—	—% (3)
64	190 Glover Road, Hamilton	—	—	—% (3)
65	605 Boundary Road, Hamilton	34,800	34,800	100%
66	5250 Outer Dr, Windsor	132,976	132,976	100%
67	5245 Burke St, Windsor	125,701	125,701	100%
68	418 Silvercreek Industrial Dr, Windsor	97,185	97,185	100%
69	24 Industrial Park Rd, Tilbury	79,846	79,846	100%
70	626 Principale St, Casselman	532,415	532,415	100%
71	15745 Robin's Hill Road, London	264,600	264,600	100%
72	2290 Scanlan Street, London	304,323	304,323	100%
73	3430 Harvester Road, Burlington	141,534	141,534	100%
74	1005 Wilton Grove Rd, London	336,448	336,448	100%
		5,171,736	4,930,057	98%
	Québec			
75	935-965 rue Reverchon, Saint-Laurent	113,892	113,892	100%
76	1901 rue Dickson / 5780 rue Ontario Est, Montréal	91,068	91,068	100%
77	6810 boul. Des Grandes Prairies, Montréal	60,786	60,786	100%
78	3330 2e rue, Saint-Hubert	60,741	60,741	100%
79	3550 1ère rue, Saint-Hubert	22,428	22,428	100%
80	3600 1ère rue, Saint-Hubert	38,742	38,742	100%
81	3490-3504 rue Griffith, Saint-Laurent	40,665	40,665	41%
82	425 rue Guy, Montréal (1)	37,433	18,717	83%
83	2400 Trans-Canada Highway, Pointe-Claire	309,000	154,500	100%
84	1251 rue Louis-Bleriot, Mascouche	101,315	101,315	100%
85	50 rue de Lisbonne, St-Augustin-de- Desmaures	94,000	94,000	100%
86	21800 Clark-Graham, Baie-D'Urfe	74,681	74,681	100%
87	3701 Gaumont Road (Yokohama)	191,878	191,878	100%
		1,236,629	1,063,413	97%
	New Brunswick			
88	675 St-George Blvd, Moncton	93,443	93,443	100%
89	10 Deware Dr, Moncton	226,135	226,135	100%
90	775 Frenette, Ave, Moncton	124,655	124,655	100%
		444,233	444,233	100%
	Total Industrial	**12,047,775**	**11,632,880**	**97%**

	Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership Interest	In-place Occupancy
	RETAIL			
	Québec			
91	1094-1100 boul. Des Chutes, Beauport (1)	32,406	16,203	94%
92	1700 rue Sherbrooke, Magog (1)	133,832	66,916	88%
93	1971 rue Bilodeau, Plessisville (1)	99,706	49,853	88%
94	14000 boul. Henri-Bourassa, Québec City (1)	44,619	22,310	100%
95	6700 rue St-Georges, Lévis (1)	43,023	21,512	67%
96	10516 boul. Sainte-Anne, Ste-Anne-de-Beaupré (1)	87,667	43,834	82%
97	9550 boul. L'Ormière, Québec (1)	115,197	57,598	96%
98	333 Côte Joyeuse, St-Raymond (1)	64,511	32,256	85%
99	161 Route 230 Ouest, La Pocatière (1)	205,631	102,816	63%
100	25 Route 138, Forestville (1)	56,314	28,157	93%
101	2000 boul. Louis-Fréchette, Nicolet (1)	88,383	44,192	93%
102	3856 boul. Taschereau, Greenfield Park (1)	213,982	106,991	99%
103	250 boul. Fiset, Sorel (1)	116,348	58,174	100%
104	8245 boul. Taschereau, Brossard (1)	43,234	21,617	100%
105	340 rue Belvédère Sud, Sherbrooke (1)	172,981	86,490	84%
106	7500 boul. Les Galeries d'Anjou, Anjou (1)	105,789	52,895	90%
	Total Retail	**1,623,623**	**811,814**	**88%**
	OFFICE			
	Québec			
107	2045 rue Stanley, Montréal (1) (4)	112,500	56,250	97%
108	72 rue Laval, Gatineau (1)	69,341	34,671	100%
109	10500 Ave Ryan, Dorval	52,372	52,372	100%
110	1600 rue Montgolfier, Laval	27,097	27,097	100%
111	353 rue St-Nicolas, Montréal (1)	33,891	16,946	85%
112	410 rue St-Nicolas, Montréal (1)	154,931	77,466	63%
113	360 rue Notre-Dame Ouest, Montréal (1)	29,620	14,810	69%
114	321 rue de la Commune, Montréal (1)	11,502	5,751	100%
115	329 rue de la Commune, Montréal (1)	21,027	10,514	97%
116	127, 137 & 145 rue St-Pierre, Montréal (1)	35,472	17,736	100%
117	63 rue des Brésoles, Montréal (1)	39,710	19,855	43%
		587,463	333,468	87%
	New Brunswick			
118	400 Main St, St. John	159,989	159,989	40%
	Total Office	**747,452**	**493,457**	**73%**

Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership Interest	In-place Occupancy
Total Portfolio (5)	**14,418,850**	**12,938,151**	**96%**

(1) The REIT owns a 50% interest in these properties.
(2) During the quarter ended June 30, 2024, this property, consisting of two industrial buildings, was fully leased.
(3) As at June 30, 2024, 1540 South Service Road and 190 Glover Road are held for development. The REIT owns an 80% interest in these properties.
(4) Property is accounted for as an equity investment in joint venture.
(5) 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 AND PER SQUARE FOOT

The following tables summarizes the REIT's portfolio values by asset class and according to classification on the consolidated financial statements as at June 30, 2024:

(in thousands of Canadian dollars)

Asset Class	Income-Producing Properties	Properties Held For development	Total Investment properties	Assets Held For Sale	Total Investment Properties including Assets Held for Sale	% by Asset Class
Industrial	2,300,426	99,821	2,400,247	—	2,400,247	94.9 %
Retail	—	—	—	79,293	79,293	3.1 %
Office	8,612	—	8,612	41,834	50,446	2.0 %
Total Portfolio	2,309,038	99,821	2,408,859	121,127	2,529,986	100.0 %

The combined carrying value of 1771 & 1751 Savage Road, Richmond, BC, is $124.5 million, and is classified as an industrial asset.

The following table summarizes the REIT's industrial portfolio by dollar value, value per square foot and the weighted average cap rate as at June 30, 2024:

(in thousands of Canadian dollars)

Portfolio	Value as at June 30, 2024	GLA (millions of square feet)	Value ($) per sq ft.	Weighted average cap rate based on carrying value
Alberta	540,679	2.8	193	5.93 %
Saskatchewan	349,504	2.0	175	6.01 %
Ontario	843,639	4.9	172	5.87 %
Quebec	293,278	1.1	267	5.35 %
Other	273,326	0.8	342	5.52 %
Total	2,300,426	11.6	198	5.80 %

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 June 30, 2024.

	Occupied GLA	GLA as a % of Total occupied GLA	Weighted average in-place rental rate (sq. ft.)	Estimated weighted average market rent rate (sq. ft.)	Spread between estimated market rental rates and in-place rental rates	WALT (years)
Alberta	2,706,865	23.9 %	10.97	12.07	10.0 %	6.3
Saskatchewan	1,824,394	16.1 %	10.21	10.79	5.7 %	6.6
Ontario	4,853,119	42.9 %	8.12	11.64	43.4 %	6.9
Quebec	1,036,210	9.2 %	13.46	18.97(1)	40.0 %	10.2
Other	888,302	7.9 %	14.15	16.16	14.2 %	9.2
Total	11,308,890	100.0 %	10.1	12.64	25.1 %	7.2

(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 $12.89 per square foot and the estimated weighted average market rental rate would be $18.16 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	231,187	128,662	37,853	2,022,966	2,706,865
Net rent - $ per square foot	10.86	8.45	16.62	8.31	8.68	10.81	10.97
% of GLA	2%	8%	9%	5%	1%	75%	100%
SASKATCHEWAN							
Occupied GLA	87,745	73,739	—	57,419	9,805	1,595,686	1,824,394
Net rent - $ per square foot	10.36	12.87	—	9.06	10.50	10.12	10.21
% of GLA	5%	4%	—%	3%	1%	87%	100%
ONTARIO							
Occupied GLA	23,781	698,962	607,675	39,098	472,272	3,011,331	4,853,119
Net rent - $ per square foot	8.50	7.25	7.38	10.40	6.64	8.68	8.12
% of GLA	—%	14%	13%	1%	10%	62%	100%
QUEBEC							
Occupied GLA	10,636	109,690	18,669	129,848	37,226	730,141	1,036,210
Net rent - $ per square foot	5.65	8.07	7.09	12.42	7.65	15.03	13.46
% of GLA	1%	11%	2%	13%	4%	69%	100%
OTHER							
Occupied GLA	53,126	146,655	40,050	—	144,221	504,250	888,302
Net rent - $ per square foot	12.07	8.94	21.00	—	27.78	11.44	14.15
% of GLA	6%	17%	5%	—%	16%	56%	100%
TOTAL INDUSTRIAL							
Occupied GLA	236,931	1,253,600	897,581	355,027	701,377	7,864,374	11,308,890
Net rent - $ per square foot	10.47	8.06	10.36	10.16	11.21	10.29	10.10
% of GLA	2%	11%	8%	3%	6%	70%	100%
WALT - 7.2 years							
TOTAL RETAIL							
Occupied GLA	86,490	85,204	134,019	98,842	78,395	229,278	712,228
% of GLA	12%	12%	19%	14%	11%	32%	100%
WALT - 3.5 years							
TOTAL OFFICE							
Occupied GLA	30,035	47,019	57,314	49,916	53,207	111,499	348,990
% of GLA	9%	13%	16%	14%	15%	33%	100%
WALT - 4.2 years							
TOTAL PORTFOLIO							
Occupied GLA	353,456	1,385,823	1,088,914	503,785	832,979	8,205,151	12,370,108
% of GLA	3%	11%	9%	4%	7%	66%	100%
WALT - 6.9 years							

Expiring Annual Base Rent Year	$ millions	% of total
Remainder of 2024	3.6	2.8%
2025	11.5	9.1%
2026	11.1	8.8%
2027	5.6	4.4%
2028	9.6	7.6%
2029 and after	85.3	67.3%
Total	126.7	100.0%

INDUSTRIAL LEASING ACTIVITY DURING THE QUARTER

During the quarter, the REIT renewed three industrial tenants in Ontario ranging from 1 to 3 year terms, with rental increases on average of $2.23 per square foot.

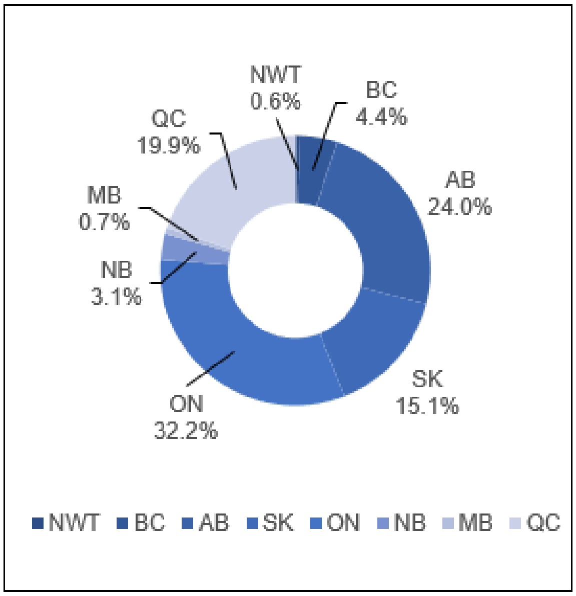
LEASE RENEWALS OF CURRENT AND FUTURE EXPIRIES	GLA	Rental rate growth (%)
Ontario	256,307	28 %
Total	256,307	28 %

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

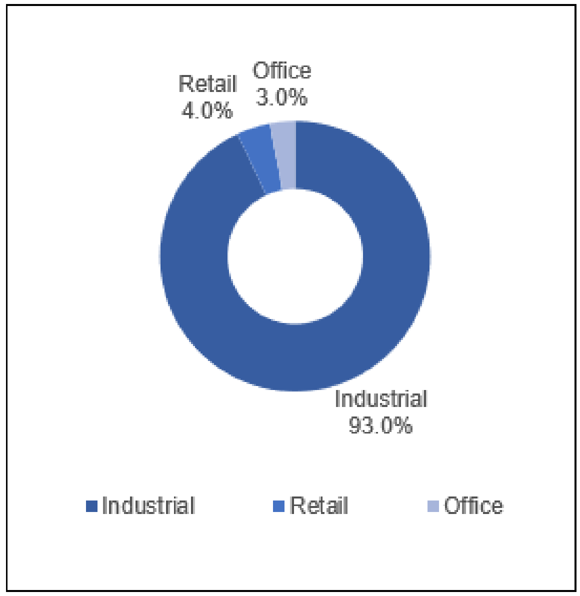
VACANT SPACE LEASED WITHIN THE QUARTER	GLA
Alberta	40,419
Ontario	164,788
Quebec	1,263
Total	206,470

PROPERTY COMPOSITION DIVERSITY

GEOGRAPHIC MIX (Q2 NOI)



ASSET CLASS MIX (Q2 NOI)



TOP TEN TENANTS

	Tenant	% of Annualized Base Rent
1	Loblaws	11.1 %
2	Westcan Bulk Transport	4.8 %
3	Ford Motor Company of Canada	3.7 %
4	Sobeys	3.2 %
5	MTE Logistix	3.1 %
6	Canusa	2.7 %
7	Drexel 3PL Inc	2.6 %
8	Yokohama Tire Canada	2.4 %
9	Valard Construction	2.3 %
10	AP Plasman	2.2 %
		38.1 %

SUMMARY OF RESULTS

FINANCIAL RESULTS

	Three months ended June 30,			Six months ended June 30,		
	2024	2023	Change	2024	2023	Change
	$	$	$	$	$	$
Property revenues	43,910	38,419	5,491	85,507	75,895	9,612
Property expenses	(12,293)	(10,730)	(1,563)	(24,353)	(22,478)	(1,875)
Net operating income (NOI)	31,617	27,689	3,928	61,154	53,417	7,737
General and administrative expense	(1,847)	(1,694)	(153)	(4,277)	(4,099)	(178)
Fair value adjustments:			—			—
Investment properties	13,560	33,031	(19,471)	28,743	30,316	(1,573)
Class B LP Units	21,057	25,129	(4,072)	31,885	22,521	9,364
Incentive units	138	130	8	147	121	26
Derivative financial instruments	(3,042)	6,400	(9,442)	4,449	2,571	1,878
Income from investment in JV(1)	77	323	(246)	304	417	(113)
Loss on disposal of investment properties	(251)	(807)	556	(251)	(807)	556
Unrealized foreign exchange gain (loss)	(229)	218	(447)	(359)	237	(596)
Other income	62	239	(177)	120	888	(768)
	61,142	90,658	(29,516)	121,915	105,582	16,333
Finance expense						
Net interest expense	(13,768)	(10,133)	(3,635)	(26,932)	(18,162)	(8,770)
Distributions on Class B LP Units	(3,849)	(3,303)	(546)	(7,787)	(6,481)	(1,306)
	(17,617)	(13,436)	(4,181)	(34,719)	(24,643)	(10,076)
Net income	43,525	77,222	(33,697)	87,196	80,939	6,257

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

Net Income

Net Income for the three months ended June 30, 2024 was $43.5 million or $33.7 million lower than Q2 2023, primarily due to a lower gain on the fair value adjustment of investment properties by $19.5 million, of derivative financial instruments by $9.4 million, and of Class B LP Units by $4.1 million, and higher net interest expense of $3.6 million.

Net Income for the six months ended June 30, 2024 was $87.2 million or $6.3 million higher than the same period in 2023, primarily due to a higher gain on the fair value adjustment of Class B LP units by $9.4 million, a higher net operating income by $7.7 million, higher gain on derivative financial instruments of $1.9 million, partially offset by higher net interest expense by $8.8 million, lower gain on fair value adjustment of investment properties by $1.6 million, higher distributions on Class B LP Units by $1.3 million, and lower unrealized foreign exchange gains and other income by $1.4 million.

Net Operating Income

Net Operating Income for the three months ended June 30, 2024 was $31.6 million or $3.9 million higher than Q2 2023, which was primarily due to $3.9 million from acquisitions of industrial income producing property completed subsequent to Q2 2023 and an increase in Same Property NOI of $0.8 million principally due to the completed lease up of 1751-1771 Savage Rd, Richmond, BC, partially offset by $0.4 million relating to redevelopment of an investment property that was reclassified to properties under development during the quarter, $0.2 million relating to dispositions completed since Q2 2023, and a lower termination fee of $0.1 million.

Net Operating Income for the six months ended June 30, 2024 was $61.2 million or $7.7 million higher than the same period in 2023, which was primarily due to $8.3 million from acquisitions of industrial income producing property completed subsequent to Q2 2023, an increase in Same Property NOI of $0.7 million and $0.2 million higher straight-line rents largely attributed to recent acquisitions, partially offset by $0.6 million relating to redevelopment and $0.7 million relating to dispositions completed since Q2 2023.

General and administrative expense

General and administrative expense for the three and six months ended June 30, 2024 increased by $0.2 million as compared to the three and six months ended June 30, 2023, primarily due to higher legal and professional fees.

Fair value adjustment of investment properties

The fair value adjustment of investment properties for the three months ended June 30, 2024, totalled $13.6 million which was primarily due to $13.7 million fair value gains resulting from appraisals received during the quarter, principally due to an $11.8 million write-up for an industrial property in Edmonton, AB; $8.4 million fair value gains relating to properties held for development based on development progress relative to the as-completed appraised value; and $3.0 million net fair value gains relating to changes in NOI/market rent assumptions. Offsetting the gains were net write-downs of $10.5 million to align values that are currently listed as assets held for sale with their expected disposal amounts, and a $1.0 million loss relating to investment property sale price adjustments and transaction costs.

The fair value adjustment of investment properties for the six months ended June 30, 2024, totaled $28.7 million, which was primarily due to $16.9 million value gains relating to properties held for development based on development progress relative to the as-completed appraised value; $13.7 million fair value gains resulting from appraisals received during the period, principally due to an $11.8 million write-up for an industrial property in Edmonton, AB; $12.5 million net fair value gains relating to changes in NOI/market rent assumptions. Offsetting the gains were net write-downs of $10.5 million to align values that are currently listed as assets held for sale with their expected disposal amounts, $2.9 million in capital expenditures fair valued to zero and $1.0 million loss relating to investment property sale price adjustments and transaction costs.

Fair value adjustment of Class B LP Units

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 June 30, 2024, was $6.78 as compared to $7.65 as at March 31, 2024, and $8.09 per unit as at December 31, 2023, resulting in an unrealized gain of $21.1 million in the three months ended June 30, 2024 (2023: $25.1 million gain) and an unrealized gain of $31.9 million in the six months ended June 30, 2024 (2023: $22.5 million gain). As at June 30, 2024, 22,953,493 Class B LP Units were outstanding.

Fair value adjustment of derivative financial instruments

Unrealized loss from the adjustment of derivative financial instruments to fair value were $3.0 million for the three months ended June 30, 2024 (2023: $6.4 million gain) and unrealized gain of $4.4 million for the six months ended June 30, 2024 (2023: $2.6 million gain). The loss was primarily due to a decrease in market interest rates from March 31, 2024, to June 30, 2024 and from January 1, 2024 to June 30, 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 $647.3 million of debt drawn on its credit facilities and on $149.1 million of its floating-rate mortgages.

Net interest expense

Net interest expense of $13.8 million for the three months ended June 30, 2024, (2023: $10.1 million) increased by $3.6 million over the same period in 2023 primarily due to $4.4 million resulting from higher borrowings to fund acquisitions and development expenditures and $0.3 million due to mortgages assumed following acquisitions since Q2 2023. Partially offsetting the increase was capitalization of interest expense of $0.4 million on the development properties, and lower mortgage interest expense of $0.4 million following the sale of the Victoriaville property in Q2 2023 and repayment of various mortgages throughout 2023.

Net interest expense of $26.9 million for the six months ended June 30, 2024, (2023: $18.2 million) increased by $8.8 million over the same period in 2023 primarily due to $10.5 million resulting from higher borrowings to fund acquisitions and development expenditures and $0.6 million due to mortgages assumed following acquisitions since Q2 2023. Partially offsetting the increase was capitalization of interest expense of $1.4 million on the development properties, and lower mortgage interest expense of $1.0 million following the sale of the Victoriaville property in Q2 2023 and repayment of various mortgages throughout 2023.

SELECT BALANCE SHEET DATA

(In thousands of Canadian dollars)	**June 30, 2024 $**	**December 31, 2023 $**
Investment properties	2,408,859	2,364,027
Cash	7,868	5,918
Total assets	**2,593,924**	**2,463,067**
Non-current liabilities:		
Mortgages payable	543,105	601,796
Credit Facilities	582,259	453,563
Lease Liabilities	10,671	10,715
Class B LP Units	18,612	27,052
Total non-current liabilities	**1,168,461**	**1,111,847**
Current liabilities:		
Mortgages payable	40,952	57,508
Credit Facilities	64,994	64,981
Lease liabilities	88	64
Liabilities associated with assets held for sale	62,025	14,805
Class B LP Units	137,012	172,053
Total current liabilities	**345,268**	**350,891**
Total liabilities	**1,513,729**	**1,462,738**
Total unitholders' equity	**1,080,195**	**1,000,329**

NAV per unit

(In thousands of Canadian dollars, except per unit amounts) **NAV per unit** [(1)]	**June 30, 2024** **$**	**December 31, 2023** **$**
Total assets	**2,593,924**	**2,463,067**
Less: Total liabilities	(1,513,729)	(1,462,738)
	1,080,195	1,000,329
Add: Class B LP Units	155,624	199,105
Net asset value (NAV)	**1,235,819**	**1,199,434**
Units outstanding (000s) – basic:		
REIT Units	70,675	68,590
Class B LP Units	22,953	24,611
	93,628	93,201
NAV per unit – basic	**13.20**	**12.87**

(1) See Non-IFRS Financial Measures.

The REIT's NAV per unit as at June 30, 2024, was $13.20 as compared to $12.87 as at December 31, 2023. The increase is primarily attributable to i) an increase of $28.7 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 and the exchange of Class B LP Units for REIT Units.

Total Indebtedness Ratio

(In thousands of Canadian dollars) **Total Indebtedness Ratio**[(1)]	**June 30, 2024** **$**	**December 31, 2023** **$**
Current and non-current:		
Mortgages payable	584,057	659,304
Credit Facilities	647,253	518,544
Lease liabilities	10,759	10,779
Liabilities associated with assets held for sale	62,025	14,805
Total Indebtedness	**1,304,094**	**1,203,432**
less: unrestricted cash	(7,868)	—
Total Indebtedness less unrestricted cash	**1,296,226**	**1,203,432**
Total assets	**2,593,924**	**2,463,067**
Total Indebtedness Ratio	**49.97 %**	**48.86 %**

(1) See Non-IFRS Financial Measures.

The REIT's Total Indebtedness Ratio as at June 30, 2024, was 49.97% as compared to 48.86% 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)	Q2 2024 $	Q1 2024 $	Q4 2023 $	Q3 2023 $
Property revenues	43,910	41,597	42,005	39,752
Property expenses	(12,293)	(12,060)	(12,780)	(10,421)
Net operating income (NOI)	31,617	29,537	29,225	29,331
Net income (loss)	43,525	43,671	2,137	76,954
Weighted average number of units (000s) - basic (1)	93,541	93,341	92,275	90,452
Weighted average number of units (000s) - diluted (1)	93,717	93,449	92,377	90,554

	Q2 2023 $	Q1 2023 $	Q4 2022 $	Q3 2022 $
Property revenues	38,419	37,476	36,856	34,424
Property expenses	(10,730)	(11,748)	(11,907)	(9,551)
Net operating income (NOI)	27,689	25,728	24,949	24,873
Net income (loss)	77,222	3,717	(16,891)	40,055
Weighted average number of units (000s) - basic (1)	88,310	87,741	81,494	79,208
Weighted average number of units (000s) - diluted (1)	88,412	87,843	81,596	79,336

(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 June 30,			Six months ended June 30,		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
	$	**$**	**$**	**$**	**$**	**$**
Property revenues	43,910	38,419	5,491	85,507	75,895	9,612
Property expenses	(12,293)	(10,730)	(1,563)	(24,353)	(22,478)	(1,875)
NOI	**31,617**	**27,689**	**3,928**	**61,154**	**53,417**	**7,737**
Add/(Deduct):						
Amortization of tenant incentives	384	284	100	657	581	76
Straight-line adjustments of rent	(1,203)	(1,197)	(6)	(2,367)	(2,214)	(153)
Development and expansion	45	(309)	354	(26)	(619)	593
Acquisitions	(5,864)	(1,989)	(3,875)	(10,616)	(2,364)	(8,252)
Disposals	(10)	(190)	180	(213)	(883)	670
Termination fees and other non-	(102)	(225)	123	(137)	(152)	15
Same Property NOI	**24,867**	**24,063**	**804**	**48,452**	**47,766**	**686**

Same Property NOI for the three months ended June 30, 2024, increased by $0.8 million as compared to the same period in 2023 primarily due to the lease-up of 1751-1771 Savage Road, Richmond, BC, which contributed $0.9 million this quarter, as well as general increases in rental steps, CPI increases and lease renewals, partially offset by new vacancies in 2024.

Same Property NOI for the REIT's industrial portfolio for the three months ended was $23.7 million as compared to $22.9 million for the same period in 2023. The increase of $0.8 million was primarily due to the lease-up of 1751-1771 Savage Road, Richmond, BC, as discussed above.

Same Property NOI for the six months ended June 30, 2024, increased by $0.7 million as compared to the same period in 2023 primarily due to the reasons noted in the quarterly analysis above.

Same Property NOI for the REIT's industrial portfolio for the six months ended June 30, 2024 was $44.2 million as compared to $43.2 million for the same period in 2023. The increase of $1.0 million was primarily due to the lease-up of 1751-1771 Savage Road, Richmond, BC, as discussed above.

FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

(In thousands of Canadian dollars, except per unit amounts)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	Change	2024	2023	Change
FFO	$	$	$	$	$	$
Net income	43,525	77,222	(33,697)	87,196	80,939	6,257
Adjustments:						
Loss on disposal of investment properties	251	807	(556)	251	807	(556)
Fair value adjustment of investment properties	(13,560)	(33,031)	19,471	(28,743)	(30,316)	1,573
Fair value adjustment of Class B LP Units	(21,057)	(25,129)	4,072	(31,885)	(22,521)	(9,364)
Fair value adjustment of incentive units	(138)	(130)	(8)	(147)	(121)	(26)
Fair value adjustment of derivative financial instruments	3,042	(6,400)	9,442	(4,449)	(2,571)	(1,878)
Adjustments for equity accounted joint venture (1)	113	(158)	271	71	(70)	141
Distributions on Class B LP Units expensed	3,849	3,303	546	7,787	6,481	1,306
Amortization of tenant incentives and leasing costs	384	285	99	657	581	76
Lease principal payments	(16)	(17)	1	(20)	(32)	12
Amortization of right-of-use assets	30	23	7	60	46	14
Net effect of unrealized f/x on USD debt and respective USD economic hedges	153	—	153	153	—	153
Funds from operations (FFO)	**16,576**	**16,775**	**(199)**	**30,931**	**33,223**	**(2,292)**
Weighted average units outstanding (000s)	93,541	88,310	5,231	93,441	88,027	5,414
FFO per unit – basic	**0.177**	**0.190**	**(0.013)**	**0.331**	**0.377**	**(0.046)**
FFO	**16,576**	**16,775**	**(199)**	**30,931**	**33,223**	**(2,292)**
Add: Vendor rent obligation (2)	—	691	(691)	628	1,295	(667)
Less: Other income (2)	—	(200)	200	—	(801)	801
Add: Non-recurring personnel transition costs	66	—	66	326	—	326
Normalized FFO	**16,642**	**17,266**	**(624)**	**31,885**	**33,717**	**(1,832)**
Weighted average units outstanding (000s)	93,541	88,310	5,231	93,441	88,027	5,414
Normalized FFO per unit – basic	**0.178**	**0.196**	**(0.018)**	**0.341**	**0.383**	**(0.042)**

(In thousands of Canadian dollars, except per unit amounts)	Three months ended June 30,			Six months ended June 30,		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
AFFO	**$**	**$**	**$**	**$**	**$**	**$**
FFO	**16,576**	**16,775**	**(199)**	**30,931**	**33,223**	**(2,292)**
Adjustments:						
Straight-line adjustments ground lease and rent	(1,206)	(1,125)	(81)	(2,373)	(2,225)	(148)
Capital reserve (3)	(1,600)	(1,550)	(50)	(3,200)	(2,950)	(250)
Adjusted funds from operations (AFFO)	**13,770**	**14,100**	**(330)**	**25,358**	**28,048**	**(2,690)**
Weighted average units outstanding (000s)	93,541	88,310	5,231	93,441	88,027	5,414
AFFO per unit – basic	**0.147**	**0.160**	**(0.013)**	**0.271**	**0.319**	**(0.048)**
AFFO	**13,770**	**14,100**	**(330)**	**25,358**	**28,048**	**(2,690)**
Add: Vendor rent obligation (2)	—	691	(691)	628	1,295	(667)
Less: Other income (2)	—	(200)	200	—	(801)	801
Add: Non-recurring personnel transition costs	66	—	66	326	—	326
Normalized AFFO	**13,836**	**14,591**	**(755)**	**26,312**	**28,542**	**(2,230)**
Weighted average units outstanding (000s) Basic (4)	93,541	88,310	5,231	93,441	88,027	5,414
Normalized AFFO per unit – basic	**0.148**	**0.165**	**(0.017)**	**0.282**	**0.324**	**(0.042)**

(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) Prior to Q2 2024, Normalized FFO and Normalized AFFO include adjustments for vendor rent obligation amounts related to the REIT's Richmond, BC property, which were payable from the vendor of the property until the buildout of the property was complete and all tenants are occupying and paying rent. The vendor rent obligation amount was not included in NOI for accounting under IFRS, but the estimated total amount of vendor rent obligation was recorded in other income. Normalized FFO and Normalized AFFO excluded estimated future vendor rent obligation amounts included in other income in the consolidated statements of income and comprehensive income and included the scheduled quarterly rents receivable in the form of vendor rent obligation. During the quarter ended June 30, 2024, the vendor has settled all outstanding amounts, and the property is now fully leased-up and contributed NOI of $0.9 million for the quarter ended June 30, 2024.

(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 June 30,			Six months ended June 30,		
	2024	2023	Change	2024	2023	Change
	$	$	$	$	$	$
Capital reserve	1,600	1,550	50	3,200	2,950	250
Average square feet of GLA	12,657,739	11,662,836	994,903	12,625,189	11,436,056	1,189,133
Annualized capital reserve per square foot of GLA	$ 0.51	$ 0.53	$ (0.02)	$ 0.51	$ 0.52	$ (0.01)
Actual tenant incentives and leasing costs (1)	966	1,860	(894)	2,195	2,423	(228)
Actual maintenance capital expenditures (2)	941	444	497	2,869	1,485	1,384
Total spending funded by the REIT	1,907	2,304	(397)	5,064	3,908	1,156
Average square feet of GLA	12,657,739	11,662,836	995	12,625,189	11,436,056	1,189
Annualized capital spent per square foot of GLA unadjusted for capital reserve	$ 0.60	$ 0.79	$ (0.19)	$ 0.80	$ 0.68	$ 0.12

(1) Excludes tenant incentives costs incurred in the three and six months ended June 30, 2024, in the amounts of $nil (2023 – $nil million) and $nil (2023 – $0.8 million), respectively, for the repurposing of a previous industrial space into significantly higher yielding uses.

(2) Excludes capital expenditures incurred in the three and six months ended June 30, 2024, in the amounts of $0.02 million (2023 – $4.4 million) and $0.9 million (2023 – $4.7 million), respectively, for the repurposing of a previous industrial space into significantly higher yielding uses.

Actual capital spending and tenant incentive and leasing costs of $5.1 million for the six months ended June 30, 2024, is $1.9 million higher than the $3.2 million capital reserve included in AFFO. During the six months ended June 30, 2024, the REIT incurred $1.9 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 June 30,			Six months ended June 30,		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
	$	**$**	**$**	**$**	**$**	**$**
Cash flows generated by operating activities	3,750	17,969	(14,219)	19,255	24,784	(5,529)
Adjustments:						
Changes in non-cash working capital	7,985	(6,077)	14,062	2,712	(93)	2,805
Changes in other non-current assets	(26)	19	(45)	(40)	1	(41)
Changes in restricted cash	—	9	(9)	9	(45)	54
Changes in other non-current liabilities	185	468	(283)	303	733	(430)
Distributions on Class B LP Units expensed	3,849	3,303	546	7,787	6,481	1,306
Adjustments for equity accounted joint venture	113	(158)	271	71	(70)	141
Share of net income (loss) from equity accounted investment in joint venture	77	323	(246)	304	417	(113)
Straight-line rent adjustments of equity accounted joint venture	(3)	72	(75)	(6)	(11)	5
Incentive unit expense	(198)	(160)	(38)	(983)	(859)	(124)
Amortization of deferred financing fees	(288)	(345)	57	(654)	(600)	(54)
Amortization of mortgage fair value adjustments	18	26	(8)	26	55	(29)
Lease principal repayments	(16)	(17)	1	(20)	(32)	12
Capital reserve	(1,600)	(1,550)	(50)	(3,200)	(2,950)	(250)
Unrealized foreign exchange gain (loss)	(229)	218	(447)	(359)	237	(596)
Net effect of unrealized f/x on USD debt and respective USD economic hedges	153	—	153	153	—	153
AFFO	13,770	14,100	(330)	25,358	28,048	(2,690)

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.

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

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 $61.3 million 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.

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

(In thousands of Canadian dollars)	Three months ended June 30,			Six months ended June 30,		
	2024 $	2023 $	Change $	2024 $	2023 $	Change $
Cash generated by (used in)						
Operating activities	3,750	17,969	(14,219)	19,255	24,784	(5,529)
Investing activities	(41,099)	(88,903)	47,804	(99,870)	(212,772)	112,902
Financing activities	36,387	68,210	(31,823)	82,565	184,367	(101,802)
Change in cash	(962)	(2,724)	1,762	1,950	(3,621)	5,571
Cash – beginning of period	8,830	10,636	(1,806)	5,918	11,533	(5,615)
Cash – end of period	7,868	7,912	(44)	7,868	7,912	(44)

Cash generated from operating activities for the three months ended June 30, 2024, of $3.8 million decreased by $14.2 million compared to $18.0 million for the same period in 2023. The decrease was due to $4.2 million increase in net interest expense and distributions on Class B Units included in net income, a decrease of $0.2 million in other income and a decrease in total changes in non-cash operating items of $13.7 million primarily due to a decrease in accounts payable and other liabilities of $14.1 million, $2.3 million decrease in deposits in respect of potential acquisitions, and $2.6 million increase in trade and other receivables and prepaid expenses. Partially offsetting this was an increase of $3.9 million in net operating income.

Cash generated from operating activities for the six months ended June 30, 2024, of $19.3 million decreased by $5.5 million compared to $24.8 million for the same period in 2023. The decrease was due to $10.1 million increase in net interest expense and distributions on Class B Units included in net income, a decrease of $0.8 million in other income and a decrease in total changes in non-cash operating items of $2.4 million, primarily due to a decrease in accounts payable and other liabilities of $9.1 million, $1.1 million decrease in deposits in respect of potential acquisitions, $7.4 million increase in trade and other receivables and prepaid expenses and $0.4 million increase in other non-current liabilities. Partially offsetting this was an increase of $7.7 million in net operating income.

Cash used in investing activities for the three months ended June 30, 2024, of $41.1 million is primarily related to $25.9 million of cash used to acquire an income-producing property, $18.1 million of cash used to develop properties held for development and $1.9 million of cash used in investing activities relates to tenant incentives, leasing costs and capital spending, partially offset by $4.8 million of net proceeds from the disposal of an office property.

Cash used in investing activities for the six months ended June 30, 2024, of $99.9 million is primarily related to $62.8 million of cash used to acquire three income-producing properties, $35.9 million of cash used to develop properties held for development and $6.0 million of cash used in investing activities relates to tenant incentives, leasing costs and capital spending, partially offset by $4.8 million of net proceeds from the disposal of an office property.

Cash generated from financing activities for the three months ended June 30, 2024, of $36.4 million is primarily related to $68.6 million of net borrowing on the Credit Facilities, partially offset by mortgage principal repayments of $22.3 million, cash distributions to Unitholders' of $9.8 million and financing costs of $0.1 million.

Cash generated from financing activities for the six months ended June 30, 2024, of $82.6 million is primarily related to $129.8 million of net borrowing on the Credit Facilities, partially offset by mortgage principal repayments of $26.9 million, cash distributions to Unitholders' of $19.4 million and financing costs of $0.9 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 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:

(In thousands of Canadian dollars)	Scheduled repayments $	Principal maturities $	Total $	Weighted average interest rate of maturing mortgages (1)
Remainder of 2024	8,944	15,185	24,129	5.97 %
2025	17,225	45,240	62,465	3.43 %
2026	15,196	89,123	104,319	3.04 %
2027	12,703	61,754	74,457	4.03 %
2028	11,821	18,577	30,398	4.15 %
Thereafter	78,338	273,461	351,799	3.21 %
Total	144,227	503,340	647,567	3.39 %

(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 revolving 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.

The term loan and revolver credit facility can be drawn in Canadian or U.S. dollars and bear interest payable monthly based on the Prime rate and the Canadian Overnight Repo Rate Average (CORRA) for Canadian dollar loans and based on the Secured Overnight Financing Rate (SOFR) for US dollar loans.

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 and SOFR advances bear interest at 170 basis points per annum over their respective reference rates, plus a fixed adjustment spread of 29.547 basis points or 10 basis points respectively.

For a Total Indebtedness Ratio from 50% to 55.5%, prime rate advances bear interest at 95 basis points per annum over the lender's Canadian prime borrowing rate. CORRA and SOFR advances bear interest at 195 basis points per annum over their respective reference rates, plus a fixed adjustment spread of 29.547 basis points or 10 basis points respectively.

For a Total Indebtedness Ratio above 55.5%, prime rate advances bear interest at 125 basis points per annum over the lender's Canadian prime borrowing rate. CORRA and SOFR advances bear interest at 225 basis points per annum over their respective reference rates, plus a fixed adjustment spread of 29.547 basis points or 10 basis points respectively. The unadvanced portion of the Unsecured Facilities is subject to a predetermined standby fee.

As at June 30, 2024, the revolving facility and term loan facility were drawn in US dollars for US$294.8 million (C$403.4 million equivalent) and US$127.8 million (C$174.9 million equivalent) respectively, and $0.008 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 June 30, 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 June 30, 2024, the REIT's share of drawings on the facility was $5.9 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 June 30, 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 15, 2024, and is secured against 12 of the REIT's investment properties. The REIT expects to extend the facility at maturity. Prior to June 30, 2024, the $65 million fixed-term facility bore interest based on the 30-day

Bankers’ acceptance rate plus 150 basis points. After June 30, 2024, the fixed-term facility bears interest based on prime + 1.25%. Concurrent with the refinancing, the REIT entered into interest rate swap agreements totaling $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. Prime rate advances bear interest at 100 basis points per annum over the Canadian prime borrowing rate. As at June 30, 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 June 30, 2024, 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 June 30, 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:

	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

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

Amounts drawn on the Credit Facilities as at June 30, 2024, are as follows:

	Total Principal amount	Weighted Average Interest rate	Repricing date
	$		
SOFR borrowings covered by fixed interest rate swaps[1]	573,489	5.54% [2]	Variable [2]
SOFR borrowings not covered by fixed interest rate swaps[1]	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		

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

(2) 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

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 $578.4 million (Canadian dollar equivalent) was drawn in US dollars, representing US$422.6 million. 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

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 June 30, 2024, a 0.25% increase in the weighted average capitalization rate would result in a decrease of approximately $98.1 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 $107.0 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 June 30, 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;

There were no changes in the REIT's design of internal controls over financial reporting in the six months ended June 30, 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 collusion 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. See additional information in the Financial Condition, Liquidity and Capital Resources section above.

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

	Accounts payable and other liabilities	Lease Liabilities	Credit Facilities principal repayment	Interest on fixed term portion of Credit Facilities(1)	Mortgages payable	Mortgage interest	Total
	$	$	$	$	$	$	$
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
	44,235	23,862	649,262	82,744	647,567	104,154	1,551,824

(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 $802.6 million (December 31, 2023 - $690.3 million) 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 $788.3 million December 31, 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 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.

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

Effective date	Effective fixed interest rate paid	Maturity date	Original notional amount	Current notional amount	Fair value (gain) loss
			$	$	$
April 2019	3.740% (1)	April 24, 2026	12,500	11,079	(405)
April 2019	3.870% (1)	April 24, 2029	12,500	11,108	(633)
September 2019	2.900% (1)	September 13, 2024	65,000	65,000	(548)
November 2020	2.820% (1)	November 2, 2027	7,650	6,914	(607)
December 2020	3.610% (1)	December 1, 2025	18,500	16,799	(822)
December 2020	3.350% (1)	December 30, 2030	18,000	16,500	(1,948)
April 2021	3.080% (1)	April 1, 2026	19,750	18,005	(846)
November 2021	4.080% (1)	June 1, 2028	22,600	20,607	(818)
February 2022	3.280% (1)	February 23, 2032	29,500	28,098	(1,994)
February 2022	3.280% (1)	February 23, 2032	20,000	19,050	(1,352)
March 2022	3.410% (1)	March 1, 2027	17,800	16,744	(797)
March 2022	3.760% (1)	April 1, 2025	1,500	1,040	(23)
March 2023	3.260 %	February 29, 2028	50,000	50,000	(997)
August 2023	4.180% (2)	August 31, 2028	100,000	100,000	1,710
September 2023	4.045% (2)	September 29, 2028	50,000	50,000	702
October 2023	4.140% (5)	October 31, 2028	25,000	25,000	377
October 2023	4.156% (5)	October 31, 2028	50,000	50,000	786
November 2023	4.260% (1)(3)	June 1, 2028	8,272	7,332	(235)
October 2023	4.110% (5)	October 31, 2028	25,000	25,000	343
October 2023	4.140% (5)	October 31, 2028	25,000	25,000	373
October 2023	4.055% (5)	October 31, 2028	25,000	25,000	288
May 2024	3.440% (1)	May 31, 2029	50,000	50,000	506
May 2024	3.430% (1)	May 31, 2029	50,000	50,000	469
June 2024	3.090% (1)	June 29, 2029	50,000	50,000	3
June 2024	3.095% (1)	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:

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 $6.0 million 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 $2.0 million.

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 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, debt of US$422.6 million (C$578.4 million 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	Original notional amount	Current notional amount	Fair value (gain) loss
			$	$	$
June 2024	*CORRA(CAD) / SOFR(USD)*	July 31, 2024	250,000	250,000	425
June 2024	*CORRA(CAD) / SOFR(USD)*	July 31, 2024	164,000	164,000	233
June 2024	*CORRA(CAD) / SOFR(USD)*	July 31, 2024	165,000	165,000	142
			579,000	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 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 $0.3 million (December 31, 2023 – $0.4 million).

OUTSTANDING UNIT DATA

The following table presents the changes in unitholders' equity for the six months ended June 30, 2024:

(In thousands of Canadian dollars)	**Units (000s)**	**Amount** **$**
Balance – January 1, 2024	68,590	648,171
Units issued under distribution reinvestment plan	356	2,626
Units issued under Incentive Plan	65	526
Units issued under Employee Purchase Plan	6	45
Class B LP Units exchanged for REIT Units	1,658	11,596
Balance – June 30, 2024	70,675	662,964

As at August 14, 2024, a total of approximately 70,742,000 REIT Units and 23,410,000 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 and six months ended June 30, 2024, amounted to $11.1 million (2023 - $10.9 million) and $22.1 million (2023 - $21.8 million), respectively.

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

(In thousands of Canadian dollars)	**Three months ended June 30, 2024**	**Six months ended June 30, 2024**	**Year ended December 31, 2023**	**Year ended December 31, 2022**
	$	**$**	**$**	**$**
Cash generated from operating activities	3,750	19,255	51,015	41,530
Net income	43,525	87,196	160,030	120,868
Actual cash distributions paid or payable during the period [1]	11,121	22,123	43,636	37,705
Excess (shortfall) of cash flows from operating activities over cash distributions paid	(7,371)	(2,868)	7,379	3,825
Excess (shortfall) of net income over cash distributions paid	32,404	65,073	116,394	83,163

(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 the distributions declared in the three and six months ended June 30, 2024, $1.2 million and $2.6 million respectively were settled through the issuance of REIT Units under the distribution reinvestment plan.

For the three months ended June 30, 2024, net income of $43.5 million exceeded actual cash distributions paid or payable for the three months ended June 30, 2024, of $11.1 million by $32.4 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 $31.7 million and excluding other income of $0.1 million resulted in a net income of $11.7 million for the three months ended June 30, 2024, which exceeded actual cash distributions paid or payable by $0.6 million.

For the six months ended June 30, 2024, net income of $87.2 million exceeded actual cash distributions paid or payable for the six months ended June 30, 2024, of $22.1 million by $65.1 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 $65.2 million and excluding other income of $0.1 million resulted in a net income of $21.9 million for the six months ended June 30, 2024, which fell short of actual cash distributions paid or payable by $0.2 million.

For the three months ended June 30, 2024, cash generated from operating activities of $3.8 million fell short of actual cash distributions paid or payable for the three months ended June 30, 2024, of $11.1 million by $7.3 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 $8.2 million, fell short of actual cash distributions paid or payable by $15.5 million.

For the six months ended June 30, 2024, cash generated from operating activities of $19.3 million fell short of actual cash distributions paid or payable for the six months ended June 30, 2024, of $22.1 million by $2.8 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 $3.0 million, fell short of actual cash distributions paid or payable by $5.8 million.

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.

During the three and six months ended June 30, 2024, 177,068 units (2023 – 162,058 units) were issued under the DRIP for a stated value of $1.2 million (2023 - $1.4 million) and 356,436 units (2023 – 269,764 units) were issued under the DRIP for a stated value of $2.6 million (2023 - $2.5 million), respectively.

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 $0.1 million (2023 - $0.1 million) and $0.2 million (2023 - $0.2 million) were expensed, respectively. Trustee retainer fees in the amount of $0.1 million were accrued as at June 30, 2024 (December 31, 2023 - $0.3 million).

For the three and six months ended June 30, 2024, key management earned salaries and other short-term employee benefits in the amount of $0.8 million (2023 - $0.7 million) and $1.7 million (2023 - $1.4 million), respectively.

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

The REIT recognized $0.05 million (2023 - $0.03 million) and $0.09 million (2023 - $0.07 million) 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 $0.1 million (2023 - $0.3 million) and $0.3 million (2023 - $0.5 million) 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 $0.1 million (2023 - $0.1 million) and $0.2 million (2023 - $0.2 million), respectively. During the three and six months ended June 30, 2024, the REIT earned property revenues from an entity related to 1803299 totalling$0.8 million (2023 - $0.9 million) and $1.6 million (2023 - $1.7 million), respectively.

SUBSEQUENT EVENT

On July 2, 2024, the REIT acquired an industrial property located in Sherbrooke, Quebec for a purchase price of $16.6 million. 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 $15.1 million, 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 $16.6 million.

OUTLOOK

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

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 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 also completed construction of the 96,000 sq ft Hubrey Rd. expansion project in London, ON. This project was tenanted in July, and will contribute a going-in yield of 8.0% on total development costs of $14 million.
- In the third quarter of 2024, the REIT completed the 115,000 sq ft Glover Rd. new development in Hamilton, ON. This project will contribute an estimated going-in yield 5.9% on total development costs of $25 million (at the REIT's 80% interest). The Glover Rd. property is actively marketed for a tenant.
- The REIT now expects to complete its 325,000 sq ft Dennis Rd. expansion project in St. Thomas, ON in the first quarter of 2025. This project is being constructed for an existing tenant. The REIT earns 7.8% on capital expenditure during the construction phase, and will earn a contractual going-in yield of 9.0% on the total development costs of $46 million upon completion.

The REIT will continue to prioritize unitholder distributions. The REIT believes that its normalized AFFO payout ratio peaked in the first quarter of 2024 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 disposing its legacy retail and office properties and a group of non-core industrial buildings. The REIT no longer expects to sell its portfolio of western Canada truck terminals. Consequently, the REIT is now targeting non-core assets sales of approximately $110 million in the second half of 2024, and will use the proceeds to reduce its debt balance.