NEXUS INDUSTRIAL REIT

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and nine months ended September 30, 2024

November 11, 2024

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BASIS OF PRESENTATION

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

The information contained in this MD&A reflects events up to November 11, 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, litigation, 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 measures. The

REIT believes these measures are 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 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 (loss) income and comprehensive (loss) income prepared in accordance with IFRS. Accordingly, NOI is equivalent to net rental income as presented in the consolidated statements of (loss) income and comprehensive (loss) income. NOI excludes certain expenses included in the determination of net (loss) 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 (loss) 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.

Total indebtedness Ratio is defined as Total Indebtedness, less unrestricted cash, divided by the REIT's total assets. 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.

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 (loss) 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, Total Indebtedness Ratio, Adjusted debt and Adjusted EBITDA and NAV as computed by the REIT may differ from similar measures as reported by other trusts or companies in similar or different industries.

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 and developing 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.

The REIT has a development pipeline with high yielding projects, of which three projects have been recently completed with going-in unlevered yields ranging from 5.9% to 8.4% (located in Ontario and Saskatchewan), one project is currently underway in St. Thomas, Ontario, with an estimated going-in unlevered yield of 9.0%, and six projects are currently in the planning stage. See further details in the Development and Expansion section below.

FINANCIAL AND OPERATING HIGHLIGHTS

The following summarizes financial highlights for the three months ended September 30, 2024:

- Net loss was $46.0 million driven by net operating income ("NOI")(1) of $32.6 million, loss on fair value adjustments of Class B LP Units of $47.5 million, loss on fair vale adjustment of derivative financial instruments of $22.2 million and gain on fair value adjustment of investment properties of $11.1 million.
- NOI increased 11.0% year over year to $32.6 million from the acquisition of high-quality, tenanted income-producing industrial properties, and growth in industrial Same Property NOI which totaled $1.4 million or 5.6% compared to a year ago (1).
- Completed the sale of six Old Montreal office properties and contracted for the sale of the legacy retail portfolio, three non-core industrial properties, vacant land, and the remaining Old Montreal office properties.
- Completed construction and tenanted the new 96,000 sq. ft. intensification industrial project in London, ON, and completed construction of the new 115,000 sq. ft. development in Hamilton, ON.
- Completed the lease-up of the newly constructed 325,000 sq. ft. industrial development in Regina, SK. The property will contribute annual stabilized NOI(1) of $3.8 million, exceeding the original investment plan.
- Normalized FFO(1) per unit was $0.188 and Normalized AFFO(1) per unit was $0.158, a reduction of $0.010 and $0.007 versus a year ago.
- NAV(1) per unit of $13.06 grew $0.17 or 1.3% versus a year ago.

Subsequent events:

- Completed the sale of one office property and one mixed-use industrial property in which the REIT held a 50% ownership interest.

(In thousands of Canadian dollars, except per unit amounts)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	$	$	$	$
FINANCIAL INFORMATION				
Operating Results				
Property revenues	45,529	39,752	131,036	115,647
Net operating income (NOI) (1)	32,568	29,331	93,722	82,748
Net (loss) Income	(45,991)	76,954	41,205	157,893
Funds from operations (FFO) (1)	17,613	18,060	48,544	51,283
Normalized FFO (1) (2)	17,717	17,887	49,602	51,604
Adjusted funds from operations (AFFO) (1)	14,795	15,072	40,153	43,120
Normalized AFFO (1) (2)	14,899	14,899	41,211	43,441
Distributions declared (3)	15,063	14,477	44,973	42,711
Same Property NOI (1)	28,012	26,857	72,543	70,727
Industrial Same Property NOI (1)	26,262	24,858	67,312	65,028
Weighted average units outstanding (000s):				
Basic (4)	94,137	90,452	93,675	88,844
Diluted (4)	94,313	90,554	93,851	88,946
Per unit amounts:				
Distributions per unit – basic (3) (4)	0.160	0.160	0.480	0.480
Distributions per unit – diluted (3) (4)	0.160	0.160	0.480	0.480
Normalized FFO per unit – basic (1) (2) (4)	0.188	0.198	0.530	0.581
Normalized FFO per unit – diluted (1) (2) (4)	0.188	0.198	0.529	0.580
Normalized AFFO per unit – basic (1) (2) (4)	0.158	0.165	0.440	0.489
Normalized AFFO per unit – diluted (1) (2) (4)	0.158	0.165	0.439	0.488
AFFO payout ratio – basic (1) (3)	101.8 %	96.1 %	112.0 %	99.1 %
Normalized AFFO payout ratio – basic (1) (2) (3)	101.1 %	97.2 %	109.1 %	98.3 %
Same Property NOI Growth % (1)	4.3 %	2.5 %	2.6 %	4.1 %
Industrial Same Property NOI Growth % (1)	5.6 %	0.5 %	3.5 %	4.4 %

As at September 30, 2024 and December 31, 2023 (In thousands of Canadian dollars, unless stated otherwise)	2024 $	2023 $
PORTFOLIO INFORMATION		
Total Portfolio		
Number of Investment Properties[5]	113	116
Number of Properties Under Development	1	4
Investment Properties Fair Value (excludes assets held for sale)	2,449,960	2,364,027
Gross leasable area ("GLA") (in millions of sq. ft.) (at the REIT's ownership interest)	13.0	12.5
Industrial occupancy rate – in-place and committed (period-end)[6]	97 %	97 %
Weighted average lease term ("WALT") (years)	6.8	6.9
Estimated spread between industrial portfolio market and in-place rents	26.3 %	29.0 %
FINANCING AND CAPITAL INFORMATION		
Financing		
Net debt	1,305,513	1,203,432
Net Indebtedness Ratio	49.98 %	48.90 %
Debt service coverage ratio (times)	1.60	1.72
Secured Indebtedness Ratio	28.6 %	30.4 %
Unencumbered investment properties as a percentage of investment properties	40.8 %	35.6 %
Total assets	2,612,258	2,463,067
Cash and cash equivalents	7,823	5,918
Capital		
Total equity (per condensed consolidated financial statements)	1,023,338	1,000,329
Total equity (including Class B LP Units)	1,229,581	1,199,434
Total number of Units (in thousands)	94,152	93,201
NAV per Unit	13.06	12.87

(1) See Non-IFRS Financial Measures.
(2) Until Q1 2024, Normalized FFO and Normalized AFFO included adjustments for vendor rent obligation amounts due from the vendor of the REIT's Richmond, BC property, until certain conditions were satisfied. During Q2 2024, these conditions were satisfied and the vendor settled all outstanding amounts.
(3) Includes distributions payable to holders of Class B LP Units which are accounted for as finance expense in the consolidated financial statements.
(4) Weighted average number of units includes Class B LP Units.
(5) Includes 21 properties (4 properties - December 31, 2023) classified as assets held for sale.
(6) Includes committed new leases for future occupancy.

OUTLOOK

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

Through the remainder of 2024, the REIT expects to benefit from positive rental fundamentals in the markets in which it has leases expiring. Overall, the REIT anticipates mid-single digit Same Property NOI growth in its industrial portfolio for the full year.

In 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 occupancy April 1st and the remaining space is tenanted effective February 2025. The property is expected to contribute a yield of 7.9% on total development costs of $48 million.

- In the third quarter of 2024, the REIT completed construction of the 96,000 sq ft Hubrey Rd. expansion project in London, ON. This project was tenanted in July, contributing a yield of 8.4% on total development costs of $14 million.

- In the third quarter of 2024, the REIT completed construction of the 115,000 sq ft Glover Rd. new development in Hamilton, ON. This property 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 being actively marketed for a tenant.

- The REIT 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 expenditures during the construction phase, and will earn a contractual going-in yield of 9.0% on the total development costs of $49 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 is targeting asset sales of approximately $110 million in the second half of 2024, and will use the proceeds to reduce its debt balance.

ACQUISITIONS, DISPOSITIONS AND ASSETS HELD FOR SALE

ACQUISITIONS OF INCOME PRODUCING PROPERTIES

The following table provides details on the acquisitions completed during the nine months ended September 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
			$	$	$	$
Sherbrooke, QC	July 2nd	62,000	16,567	(1,425)	580	15,722
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
		280,176	88,040	(1,425)	1,735	88,350

(1) Fair value adjustment for Class B LP Units issued.

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.

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.

DISPOSITIONS

On June 21, 2024, the REIT sold the office property located at 955 Michele-Bohec Blainville, Quebec for a selling price of $5.1 million. This property had been classified as an asset held for sale. Net of selling costs of $0.3 million, 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. The REIT recognized a loss on the disposal of $0.3 million.

On September 11, 2024, the REIT completed the sale of six office properties in which it held a 50% ownership interest. These properties, previously classified as assets held for sale, were located in Montreal, Quebec and sold for a price of $34.5 million ($17.25 million at the REIT's 50% ownership interest). Net of selling costs of $0.2 million the REIT received cash proceeds of $17.1 million. At the time of disposal, the REIT repaid mortgages against the properties of $28.1 million ($14.05 million at the REIT's 50% ownership interest). The REIT recognized a loss on the disposal of $0.2 million.

On September 26, 2024, the REIT sold excess land associated with an income property located in Fort St. John, British Columbia for a selling price of $2.4 million. Net of selling costs of $0.1 million the REIT recorded a receivable of $2.2 million and the cash proceeds were received subsequent to September 30, 2024. The REIT recognized a loss on the disposal of $0.1 million.

ASSETS HELD FOR SALE

As part of its capital-recycling program, the REIT intends to sell twenty one investment properties with a carrying value of $104.2 million as at September 30, 2024. These properties are being marketed for sale, or are in various stages of the contractual agreement process. During the quarter, the REIT completed the disposition of six office properties located in Montreal, Quebec, as noted above.

DEVELOPMENT AND EXPANSION

During the nine months ended September 30, 2024, the REIT incurred $51.3 million on development projects.

During the quarter, the REIT completed the construction of its industrial development projects at Hubrey Road, London, ON and Glover Road, Hamilton, ON, representing an aggregate of 188,000 incremental square feet of GLA. The incremental area at Hubrey Road, London, ON was fully leased up upon the completion of construction and contributed $0.3 million in NOI during the quarter ended September 30, 2024, representing an unlevered yield of 8.4% annualized. The Glover Road, Hamilton, ON property is a new development and the space is actively been marketed for tenancy.

The following table provides development project details that are either currently underway or in the planning stage as at September 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						
Dennis Road, St. Thomas, ON	Hybrid	325,000	34.2	48.9	9.0 %	Q1 2025
Total underway		325,000	34.2	48.9	9.0 %	
Planning						
102 Ave, SE Calgary, AB	Intensification	115,000	0.3			
Richard Ruston Drive, Windsor, ON	Intensification	60,000	—			
Cuddy Blvd. London, ON	Intensification	40,000	0.1			
Exeter Road, London, ON	Intensification	210,000	—			
Clarke Road, London, ON	Intensification	300,000	—			
South Service Road, Hamilton, ON(1)	New Development	194,400	20.4			
Total planning		919,400	20.8			
Total underway and planning		1,244,400	55.0			

(1) Reflects the REIT's 80% interest in this development.

PORTFOLIO OVERVIEW

As at September 30, 2024, the REIT owns a portfolio of 113 properties (including twenty one investment properties held for sale) comprising approximately 13.0 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 September 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 – 102 Ave, SE, Calgary	28,499	28,499	100%
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	0%
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	96%
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%
		2,762,914	2,762,914	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	100%
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	52%
44	905 Park St, Regina	313,899	313,899	65%
		1,962,249	1,962,249	90%
	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	97%
51	1036 Green Valley Rd, London	136,596	136,596	100%
52	1285 Hubrey Rd, London	297,901	297,901	100%
53	375 Exeter Rd, London	220,935	220,935	100%
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)	—	—	0%
64	190 Glover Road, Hamilton (3)	115,000	92,000	0%
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%
		5,383,059	5,118,380	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%
88	4590 Portland Blvd, Sherbrooke	62,000	62,000	100%
		1,298,629	1,125,413	98%
	New Brunswick			
89	675 St-George Blvd, Moncton	93,443	93,443	100%
90	10 Deware Dr, Moncton	226,135	226,135	100%
91	775 Frenette, Ave, Moncton	124,655	124,655	100%
		444,233	444,233	100%
	Total Industrial	**12,321,630**	**11,883,735**	**97%**

	Property Address	GLA (Square Feet)	GLA (Square Feet) at REIT Ownership Interest	In-place Occupancy
	RETAIL			
	Québec			
92	1094-1100 boul. Des Chutes, Beauport [(1)]	32,406	16,203	94%
93	1700 rue Sherbrooke, Magog [(1)]	133,832	66,916	82%
94	1971 rue Bilodeau, Plessisville [(1)]	99,696	49,848	91%
95	14000 boul. Henri-Bourassa, Québec City [(1)]	44,619	22,310	100%
96	6700 rue St-Georges, Lévis [(1)]	43,018	21,509	81%
97	10516 boul. Sainte-Anne, Ste-Anne-de-Beaupré [(1)]	88,951	44,476	81%
98	9550 boul. L'Ormière, Québec [(1)]	115,197	57,598	96%
99	333 Côte Joyeuse, St-Raymond [(1)]	64,511	32,256	85%
100	161 Route 230 Ouest, La Pocatière [(1)]	204,950	102,475	63%
101	25 Route 138, Forestville [(1)]	56,314	28,157	94%
102	2000 boul. Louis-Fréchette, Nicolet [(1)]	88,383	44,192	93%
103	3856 boul. Taschereau, Greenfield Park [(1)]	213,982	106,991	99%
104	250 boul. Fiset, Sorel [(1)]	116,348	58,174	100%
105	8245 boul. Taschereau, Brossard [(1)]	43,234	21,617	100%
106	340 rue Belvédère Sud, Sherbrooke [(1)]	172,981	86,490	84%
107	7500 boul. Les Galeries d'Anjou, Anjou [(1)]	105,813	52,907	91%
	Total Retail	**1,624,235**	**812,119**	**88%**
	OFFICE			
	Québec			
108	2045 rue Stanley, Montréal [(1)] [(4)]	112,500	56,250	96%
109	72 rue Laval, Gatineau [(1)]	69,341	34,671	85%
110	10500 Ave Ryan, Dorval	52,372	52,372	100%
111	1600 rue Montgolfier, Laval	27,097	27,097	100%
112	63 rue des Brésoles, Montréal [(1)]	39,710	19,855	43%
		301,020	190,245	90%
	New Brunswick			
113	400 Main St, St. John	159,989	159,989	40%
	Total Office	**461,009**	**350,234**	**67%**
	Total Portfolio [(5)]	**14,406,874**	**13,046,088**	**95%**

(1) The REIT owns a 50% interest in these properties.
(2) During the quarter ended September 30, 2024, this property, consisting of two industrial buildings was fully leased.
(3) As at September 30, 2024, 1540 South Service Road is held for development and 190 Glover Road was transferred to Income producing properties upon completion during the quarter. 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 September 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	2,367,630	74,108	2,441,738	2,271	2,444,009	95.7 %
Retail	—	—	—	79,260	79,260	3.1 %
Office	8,222	—	8,222	22,639	30,861	1.2 %
Total Portfolio	2,375,852	74,108	2,449,960	104,170	2,554,130	100.0 %

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

(in thousands of Canadian dollars)

Portfolio	Value as at September 30, 2024	GLA (millions of square feet)	Value ($) per sq ft.	Weighted average cap rate based on carrying value
Alberta	540,981	2.8	193	5.93 %
Saskatchewan	345,056	2.0	173	6.01 %
Ontario	897,254	5.1	176	5.88 %
Quebec	310,411	1.1	282	5.37 %
Other	273,928	0.9	304	5.47 %
Total	2,367,630	11.9	199	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 September 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	2,719,130	23.7 %	10.94	12.31	12.5 %	6.1
Saskatchewan	1,767,011	15.4 %	10.19	10.81	6.1 %	6.5
Ontario	5,014,247	43.7 %	8.34	12.12	45.4 %	6.7
Quebec	1,098,210	9.6 %	13.92	18.34[(1)]	31.7 %	9.9
Other	888,302	7.6 %	14.16	16.6	17.3 %	9.7
Total	11,486,900	100.0 %	10.22	12.91	26.3 %	7.1

(1) Includes an industrial property with 93,000 square feet of mezzanine space that is not included in the GLA. If included in the GLA, the weighted average in-place rental rate would be $12.83 per square foot and the estimated weighted average market rental rate would be $16.91 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	33,418	205,096	231,187	128,662	37,853	2,082,914	2,719,130
Net rent - $ per square foot	13.56	8.57	16.62	8.31	8.68	10.70	10.94
% of GLA	1%	8%	9%	5%	1%	76%	100%
Saskatchewan							
Occupied GLA	21,198	73,739	—	57,419	—	1,614,655	1,767,011
Net rent - $ per square foot	10.58	13.04	—	9.06	—	10.09	10.19
% of GLA	1%	4%	—%	3%	—%	92%	100%
Ontario							
Occupied GLA	20,121	698,962	607,675	39,098	472,272	3,176,119	5,014,247
Net rent - $ per square foot	9.15	6.91	7.38	10.44	6.65	9.06	8.34
% of GLA	—%	14%	12%	1%	9%	64%	100%
Quebec							
Occupied GLA	—	109,690	18,669	129,848	37,226	802,777	1,098,210
Net rent - $ per square foot	—	8.19	8.09	12.82	7.76	15.30	13.92
% of GLA	—%	10%	2%	12%	3%	73%	100%
Other							
Occupied GLA	13,526	53,212	40,050	—	144,221	637,293	888,302
Net rent - $ per square foot	12.50	13.39	21.00	—	27.78	10.74	14.16
% of GLA	2%	6%	5%	—%	16%	71%	100%
Total Industrial							
Occupied GLA	88,263	1,140,699	897,581	355,027	691,572	8,313,758	11,486,900
Net rent - $ per square foot	11.68	8.03	10.38	10.31	11.23	10.40	10.22
% of GLA	1%	10%	8%	3%	6%	72%	100%
WALT - 7.1 years							
Total Retail							
Occupied GLA	66,928	86,776	134,019	107,409	77,993	239,928	713,053
% of GLA	9%	12%	19%	15%	11%	34%	100%
WALT - 3.4 years							
Total Office							
Occupied GLA	13,416	36,653	34,506	36,791	17,680	96,884	235,930
% of GLA	6%	16%	15%	16%	7%	40%	100%
WALT - 4.5 years							
Total Portfolio							
Occupied GLA	168,607	1,264,128	1,066,106	499,227	787,245	8,650,570	12,435,883
% of GLA	1%	10%	9%	4%	6%	70%	100%
WALT - 6.8 years							

Expiring Annual Base Rent		
Year	$ millions	% of total
Remainder of 2024	1.6	1.2%
2025	10.5	8.2%
2026	10.9	8.5%
2027	5.4	4.2%
2028	9.0	7.0%
2029 and after	91.1	70.9%
Total	128.5	100.0%

INDUSTRIAL LEASING ACTIVITY DURING THE QUARTER

During the quarter, the REIT renewed five industrial tenants in Alberta, Saskatchewan, Quebec and other provinces ranging from 3 to 5 year terms, with rental increases on average of $2.87 per square foot.

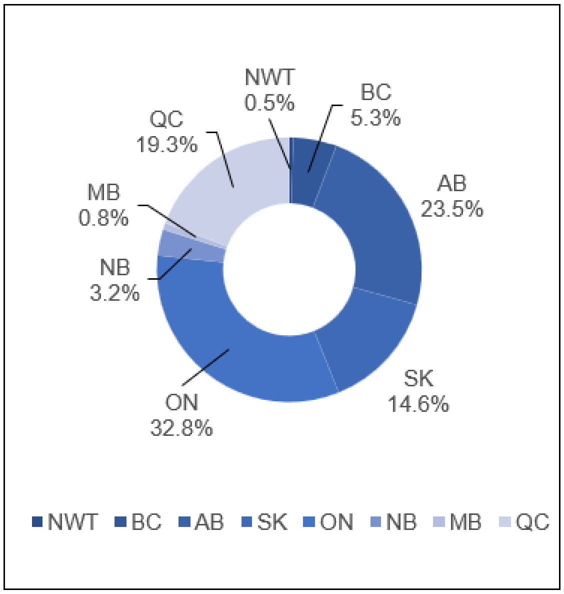
Lease Renewals of Current and Future Expiries		
	GLA	Rental rate growth (%)
Alberta	31,449	36 %
Saskatchewan	9,805	5 %
Quebec	10,636	183 %
Other	129,443	15 %
Total	181,333	28 %

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

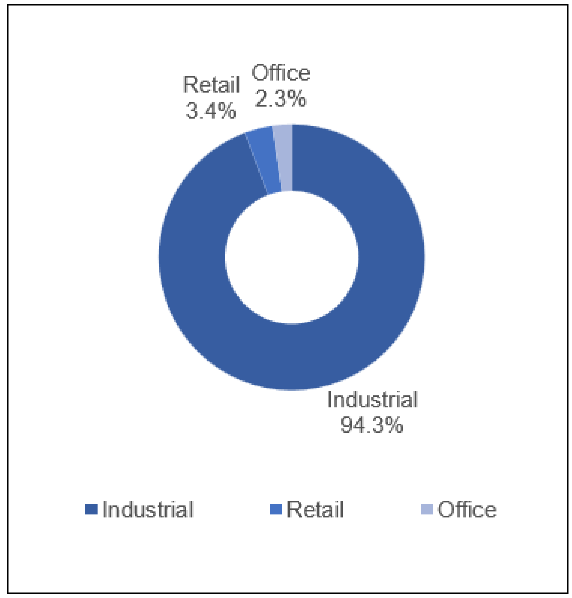
Vacant Space Leased Within the Quarter	
	GLA
Saskatchewan	7,660
Total	7,660

PROPERTY COMPOSITION DIVERSITY

Geographic Mix (Q3 NOI)



Asset Class Mix (Q3 NOI)



TOP TEN TENANTS

	Tenant	% of Annualized Base Rent
1	Loblaws	10.9 %
2	Westcan Bulk Transport	4.7 %
3	Ford Motor Company of Canada	3.7 %
4	Sobeys	3.2 %
5	MTE Logistix	3.1 %
6	Canusa	2.6 %
7	Drexel 3PL Inc	2.6 %
8	Yokohama Tire Canada	2.4 %
9	Valard Construction	2.3 %
10	AP Plasman	2.2 %
		37.7 %

SUMMARY OF RESULTS

FINANCIAL RESULTS

	Three months ended September 30,			Nine months ended September 30,		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
	$	**$**	**$**	**$**	**$**	**$**
Property revenues	45,529	39,752	5,777	131,036	115,647	15,389
Property expenses	(12,961)	(10,421)	(2,540)	(37,314)	(32,899)	(4,415)
Net operating income (NOI)	32,568	29,331	3,237	93,722	82,748	10,974
General and administrative expense	(1,905)	(1,402)	(503)	(6,182)	(5,501)	(681)
Fair value adjustments:						
Investment properties	11,081	30,112	(19,031)	39,824	60,428	(20,604)
Class B LP Units	(47,477)	28,663	(76,140)	(15,592)	51,184	(66,776)
Incentive units	(322)	131	(453)	(175)	252	(427)
Derivative financial instruments	(22,243)	3,766	(26,009)	(17,794)	6,337	(24,131)
Income from investment in JV[1]	79	209	(130)	383	626	(243)
Loss on disposal of investment properties	(282)	—	(282)	(533)	(807)	274
Unrealized foreign exchange gain (loss)	152	(178)	330	(207)	59	(266)
Other income	60	882	(822)	180	1,770	(1,590)
	(28,289)	91,514	(119,803)	93,626	197,096	(103,470)
Finance expense						
Net interest expense	(13,957)	(11,005)	(2,952)	(40,889)	(29,167)	(11,722)
Distributions on Class B LP Units	(3,745)	(3,555)	(190)	(11,532)	(10,036)	(1,496)
	(17,702)	(14,560)	(3,142)	(52,421)	(39,203)	(13,218)
Net (loss) income	(45,991)	76,954	(122,945)	41,205	157,893	(116,688)

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

Net (Loss) Income

Net loss for the three months ended September 30, 2024 was $46.0 million or $122.9 million lower than Q3 2023 net income, primarily due to a lower gain on the fair value adjustment of Class B LP Units by $76.1 million, a lower gain on derivative financial instruments by $26.0 million, a lower gain on investment properties by $19.0 million, and higher net interest expense of $3.0 million, partially offset by higher net operating income of $3.2 million.

Net income for the nine months ended September 30, 2024 was $41.2 million or $116.7 million lower than the same period in 2023, primarily due to a lower gain on the fair value adjustment of Class B LP Units by $66.8 million, a lower gain on investment properties by $20.6 million, a lower gain of derivative financial instruments by $24.1 million, higher net interest expense by $11.7 million, and higher distributions on Class B LP Units by $1.5 million, partially offset by higher net operating income by $11.0 million.

Net Operating Income

Net operating income for the three months ended September 30, 2024 was $32.6 million or $3.2 million higher than Q3 2023, which was primarily due to $2.7 million from acquisitions of industrial income producing property completed subsequent to Q3 2023 and an increase in same property NOI of $1.2 million from lease up of 1751-1771 Savage Rd, Richmond, BC, partially offset by $0.2 million relating to dispositions completed since Q3 2023, $0.2 million relating to straight-line adjustments of rent and $0.2 million relating to tenant incentives and leasing costs amortization.

Net operating income for the nine months ended September 30, 2024 was $93.7 million or $11.0 million higher than the same period in 2023, which was primarily due to $11.1 million from acquisitions of industrial income producing property completed subsequent to Q3 2023 and an increase in same property NOI of $1.8 million, partially offset by $0.6 million relating to development projects, $0.9 million relating to dispositions completed since Q3 2023 and $0.2 million relating to tenant incentives and leasing costs amortization.

General and administrative expense

General and administrative expense for the three and nine months ended September 30, 2024 increased by $0.5 million and $0.7 million respectively, as compared to the three and nine months ended September 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 September 30, 2024, totalled $11.1 million. The REIT engaged external appraisers to value properties totaling $69.5 million in the quarter, resulting in a net write-up of income producing properties of $2.1 million. Overall, fair value gains recorded for the REIT's portfolio primarily consists of $6.0 million relating to changes in stabilized NOI and capitalization rates, $1.4 million from the remeasurement of Class B LP Units issued as part of an acquisition in the quarter, $2.4 million relating to fair value gains from the sale of an excess land at Fort St-John, BC and $5.4 million relating to properties held for development based on development progress relative to the as-completed appraisal value. Partially offsetting this is $1.4 million of capital expenditures that were not deemed to increase the fair value of the properties and therefore fair valued to zero, $0.6 million of fair value losses related to transaction costs from an acquisition completed during the quarter and $2.2 million of fair value loss relating to investment property sale price adjustment.

The fair value adjustment of investment properties for the nine months ended September 30, 2024, totalled $39.8 million. The fair value adjustment reflects the net write up of income properties primarily due to $23.0 million relating to changes in stabilized NOI and capitalization rates, $2.4 million relating to fair value gains from the sale of an excess land at Fort St-John, BC, $1.4 million from the remeasurement of Class B LP Units issued as part of an acquisition in Q3 2024, and $22.3 million in respect of properties held for development. Partially offsetting this is $5.2 million of capital expenditures that were not deemed to increase the fair value of the properties and therefore fair valued to zero, $1.7 million of fair value losses related to transaction costs from acquisitions completed during the period, and $2.3 million relating to revaluation adjustments to investment properties prior to disposition.

Fair value adjustment of Class B LP Units

Fair value adjustment 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 September 30, 2024, was $8.81 as compared to $6.78 as at June 30, 2024, and $8.09 per unit as at December 31, 2023, resulting in an unrealized loss of $47.5 million in the three months ended September 30, 2024 (2023: $28.7 million gain) and an unrealized loss of $15.6 million in the nine months ended September 30, 2024 (2023: $51.2 million gain). As at September 30, 2024, 23,410,193 Class B LP Units were outstanding.

Fair value adjustment of derivative financial instruments

Unrealized losses from the adjustment of derivative financial instruments to fair value were $22.2 million for the three months ended September 30, 2024 (2023: $3.8 million gain) and unrealized losses of $17.8 million for the nine months ended September 30, 2024 (2023: $6.3 million gain). The losses were primarily due to a decrease in market interest rates from June 30, 2024, to September 30, 2024 and from January 1, 2024 to September 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 $642.3 million of debt drawn on its credit facilities and on $147.9 million of its floating-rate mortgages.

Net interest expense

Net interest expense of $14.0 million for the three months ended September 30, 2024, (2023: $11.0 million) increased by $3.0 million over the same period in 2023 primarily due to $2.5 million resulting from higher borrowings to fund acquisitions and development expenditures, and lower capitalized interest expense of $0.5 million to account for adjustments recorded in the nine months ended September 30, 2023. Partially offsetting the increase was lower mortgage interest expense of $0.2 million following the repayment of various mortgages since Q3 2023.

Net interest expense of $40.9 million for the nine months ended September 30, 2024, (2023: $29.2 million) increased by $11.7 million over the same period in 2023 primarily due to $13.0 million resulting from higher borrowings to fund acquisitions and development expenditures and $0.7 million due to mortgages assumed following acquisitions since 2023. Partially offsetting the increase was higher capitalization of interest expense of $0.8 million on the development properties, and lower mortgage interest expense of $1.1 million following the sale of the Victoriaville and Blainville property in Q2 2023 and Q2 2024 respectively, and the repayment of various mortgages throughout 2023 and 2024.

SELECT BALANCE SHEET DATA

(In thousands of Canadian dollars)	**September 30, 2024**	**December 31, 2023**
	$	**$**
Investment properties	2,449,960	2,364,027
Cash	7,823	5,918
Total assets	**2,612,258**	**2,463,067**
Non-current liabilities:		
Mortgages payable	566,100	601,796
Credit facilities	567,428	453,563
Lease liabilities	10,639	10,715
Class B LP Units	24,185	27,052
Total non-current liabilities	**1,197,380**	**1,111,847**
Current liabilities:		
Mortgages payable	48,530	57,508
Credit facilities	72,922	64,981
Lease liabilities	95	64
Liabilities associated with assets held for sale	47,622	14,805
Class B LP Units	182,058	172,053
Total current liabilities	**391,540**	**350,891**
Total liabilities	**1,588,920**	**1,462,738**
Total unitholders' equity	**1,023,338**	**1,000,329**

NAV per unit

(In thousands of Canadian dollars, except per unit amounts)	September 30, 2024	December 31, 2023
NAV per unit (1)	**$**	**$**
Total assets	**2,612,258**	**2,463,067**
Less: Total liabilities	(1,588,920)	(1,462,738)
	1,023,338	1,000,329
Add: Class B LP Units	206,243	199,105
Net asset value (NAV)	**1,229,581**	**1,199,434**
Units outstanding (000s) – basic:		
REIT Units	70,742	68,590
Class B LP Units	23,410	24,611
	94,152	93,201
NAV per unit – basic	**13.06**	**12.87**

(1) See Non-IFRS Financial Measures.

The REIT's NAV per unit as at September 30, 2024, was $13.06 as compared to $12.87 as at December 31, 2023. The increase is mainly due to net operating income of $93.7 million and fair value gains on the REIT's investment properties of $39.8 million, partially offset by $17.8 million of fair value loss on the REIT's derivative instruments, $52.4 million of finance expense, general & administrative expense of $6.2 million, the issuance of 456,700 Class B LP Units at a deemed value of $10 as purchase price consideration and a slightly higher number of REIT Units outstanding due to issuances under the REIT's DRIP, unit compensation programs, and the exchange of Class B LP Units for REIT Units.

Total Indebtedness Ratio

(In thousands of Canadian dollars)	September 30, 2024	December 31, 2023
Total Indebtedness Ratio(1)	**$**	**$**
Current and non-current:		
Mortgages payable	614,630	659,304
Credit facilities	640,350	518,544
Lease liabilities	10,734	10,779
Liabilities associated with assets held for sale	47,622	14,805
Total indebtedness	**1,313,336**	**1,203,432**
less: unrestricted cash	(7,823)	—
Total indebtedness less unrestricted cash	**1,305,513**	**1,203,432**
Total assets	**2,612,258**	**2,463,067**
Total indebtedness ratio	**49.98 %**	**48.86 %**

(1) See Non-IFRS Financial Measures.

The REIT's total indebtedness ratio as at September 30, 2024, was 50.0% as compared to 48.9% as at December 31, 2023. The increase is primarily related to borrowings for acquisitions of investment properties, additions to properties held for development, and capital expenditures.

SUMMARY OF QUARTERLY RESULTS

(In thousands of Canadian dollars)	Q3 2024 $	Q2 2024 $	Q1 2024 $	Q4 2023 $
Property revenues	45,529	43,910	41,597	42,005
Property expenses	(12,961)	(12,293)	(12,060)	(12,780)
Net operating income (NOI)	32,568	31,617	29,537	29,225
Net (loss) income	(45,991)	43,525	43,671	2,137
Weighted average number of units (000s) - basic (1)	94,137	93,541	93,341	92,275
Weighted average number of units (000s) - diluted (1)	94,313	93,717	93,449	92,377

	Q3 2023 $	Q2 2023 $	Q1 2023 $	Q4 2022 $
Property revenues	39,752	38,419	37,476	36,856
Property expenses	(10,421)	(10,730)	(11,748)	(11,907)
Net operating income (NOI)	29,331	27,689	25,728	24,949
Net (loss) income	76,954	77,222	3,717	(16,891)
Weighted average number of units (000s) - basic (1)	90,452	88,310	87,741	81,494
Weighted average number of units (000s) - diluted (1)	90,554	88,412	87,843	81,596

(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, restricted share units and derivative financial instruments.

SAME PROPERTY RESULTS

(In thousands of Canadian dollars)

	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
	$	$	$	$	$	$
Property revenues	45,529	39,752	5,777	131,036	115,647	15,389
Property expenses	(12,961)	(10,421)	(2,540)	(37,314)	(32,899)	(4,415)
NOI	**32,568**	**29,331**	**3,237**	**93,722**	**82,748**	**10,974**
Add/(Deduct):						
Amortization of tenant incentives and leasing costs	445	273	172	1,102	854	248
Straight-line adjustments of rent	(1,215)	(1,435)	220	(3,582)	(3,649)	67
Development and expansion	(264)	(309)	45	(290)	(928)	638
Acquisitions	(3,282)	(560)	(2,722)	(17,036)	(5,978)	(11,058)
Disposals	(230)	(443)	213	(1,226)	(2,168)	942
Termination fees and other non-recurring items	(10)	—	(10)	(147)	(152)	5
Same property NOI	**28,012**	**26,857**	**1,155**	**72,543**	**70,727**	**1,816**
Industrial same property NOI	**26,262**	**24,858**	**1,404**	**67,312**	**65,028**	**2,284**

Same property NOI for the three months ended September 30, 2024, increased by $1.2 million as compared to the same period in 2023 primarily due to the lease-up of 1751-1771 Savage Road, Richmond, BC, which contributed $1.0 million in the 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 September 30, 2024 was $26.3 million as compared to $24.9 million for the same period in 2023. The increase of $1.4 million was primarily due to the lease-up of 1751-1771 Savage Road, Richmond, BC, as discussed above.

Same Property NOI for the nine months ended September 30, 2024, increased by $1.8 million as compared to the same period in 2023 primarily due to the lease-up of 1751-1771 Savage Road, Richmond, BC.

Same Property NOI for the REIT's industrial portfolio for the nine months ended September 30, 2024 was $67.3 million as compared to $65.0 million for the same period in 2023. The increase of $2.3 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 September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
FFO	$	$	$	$	$	$
Net (loss) income	(45,991)	76,954	(122,945)	41,205	157,893	(116,688)
Adjustments:						
Loss on disposal of investment properties	282	—	282	533	807	(274)
Fair value adjustment of investment properties	(11,081)	(30,112)	19,031	(39,824)	(60,428)	20,604
Fair value adjustment of Class B LP Units	47,477	(28,663)	76,140	15,592	(51,184)	66,776
Fair value adjustment of incentive units	322	(131)	453	175	(252)	427
Fair value adjustment of derivative financial instruments	22,243	(3,766)	26,009	17,794	(6,337)	24,131
Adjustments for equity accounted joint venture (1)	224	(55)	279	295	(125)	420
Distributions on Class B LP Units expensed	3,745	3,555	190	11,532	10,036	1,496
Amortization of tenant incentives and leasing costs	445	272	173	1,102	853	249
Lease principal payments	(25)	(17)	(8)	(45)	(49)	4
Amortization of right-of-use assets	30	23	7	90	69	21
Net effect of unrealized foreign exchange on USD debt and related hedges	(58)	—	(58)	95	—	95
Funds from operations (FFO)	**17,613**	**18,060**	**(447)**	**48,544**	**51,283**	**(2,739)**
Weighted average units outstanding (000s)	94,137	90,452	3,685	93,675	88,844	4,831
FFO per unit – basic	**0.187**	**0.200**	**(0.013)**	**0.518**	**0.577**	**(0.059)**
FFO	**17,613**	**18,060**	**(447)**	**48,544**	**51,283**	**(2,739)**
Add: Vendor rent obligation (2)	—	628	(628)	628	1,923	(1,295)
Less: Other income (2)	—	(801)	801	—	(1,602)	1,602
Add: Non-recurring personnel transition costs	18	—	18	344	—	344
Add: Non-recurring write-offs associated with dispositions of non-core legacy assets	86	—	86	86	—	86
Normalized FFO	**17,717**	**17,887**	**(170)**	**49,602**	**51,604**	**(2,002)**
Weighted average units outstanding (000s)	94,137	90,452	3,685	93,675	88,844	4,831
Normalized FFO per unit – basic	**0.188**	**0.198**	**(0.010)**	**0.530**	**0.581**	**(0.051)**

(In thousands of Canadian dollars, except per unit amounts)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
AFFO	$	$	$	$	$	$
FFO	**17,613**	**18,060**	**(447)**	**48,544**	**51,283**	**(2,739)**
Adjustments:						
Straight-line adjustments ground lease and rent	(1,218)	(1,438)	220	(3,591)	(3,663)	72
Capital reserve (3)	(1,600)	(1,550)	(50)	(4,800)	(4,500)	(300)
Adjusted funds from operations (AFFO)	**14,795**	**15,072**	**(277)**	**40,153**	**43,120**	**(2,967)**
Weighted average units outstanding (000s)	94,137	90,452	3,685	93,675	88,844	4,831
AFFO per unit – basic	**0.157**	**0.167**	**(0.010)**	**0.429**	**0.485**	**(0.056)**
AFFO	**14,795**	**15,072**	**(277)**	**40,153**	**43,120**	**(2,967)**
Add: Vendor rent obligation (2)	—	628	(628)	628	1,923	(1,295)
Less: Other income (2)	—	(801)	801	—	(1,602)	1,602
Add: Non-recurring personnel transition costs	18	—	18	344	—	344
Add: Non-recurring balance sheet write-offs associated with dispositions of non-core legacy assets	86	—	86	86	—	86
Normalized AFFO	**14,899**	**14,899**	**—**	**41,211**	**43,441**	**(2,230)**
Weighted average units outstanding (000s) Basic (4)	94,137	90,452	3,685	93,675	88,844	4,831
Normalized AFFO per unit – basic	**0.158**	**0.165**	**(0.007)**	**0.440**	**0.489**	**(0.049)**

(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 a fair value adjustment of the joint venture investment property.

(2) Until Q1 2024, Normalized FFO and Normalized AFFO included adjustments for vendor rent obligation amounts due from the vendor of the REIT's Richmond, BC property, until certain conditions were satisfied. During Q2 2024, these conditions were satisfied and the vendor settled all outstanding amounts.

(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 September 30,			Nine months ended September 30,		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
	$	**$**	**$**	**$**	**$**	**$**
Capital reserve	1,600	1,550	50	4,800	4,500	300
Average square feet of GLA	12,654,124	12,172,451	481,673	11,576,230	11,683,700	(107,470)
Annualized capital reserve per square foot of GLA	$ 0.51	$ 0.51	$ —	$ 0.55	$ 0.51	$ 0.04
Actual tenant incentives and leasing costs [(1)]	920	734	186	3,115	3,157	(42)
Actual maintenance capital expenditures [(2)]	1,170	4,324	(3,154)	4,039	5,809	(1,770)
Total spending funded by the REIT	2,090	5,058	(2,968)	7,154	8,966	(1,812)
Average square feet of GLA	12,654,124	12,172,451	481,673	11,576,230	11,683,700	(107,470)
Annualized capital spent per square foot of GLA unadjusted for capital reserve	$ 0.66	$ 1.66	$ (1.00)	$ 0.82	$ 1.02	$ (0.20)

(1) Excludes tenant incentives costs incurred in the three and nine months ended September 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 nine months ended September 30, 2024, in the amounts of $0.01 million (2023 –$1.6 million) and $0.9 million (2023 – $6.3 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 $7.2 million for the nine months ended September 30, 2024, is $2.4 million higher than the $4.8 million capital reserve included in AFFO. During the nine months ended September 30, 2024, the REIT incurred $2.4 million of major capital expenditures, which are primarily 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 September 30,			Nine months ended September 30,		
	2024	2023	Change	2024	2023	Change
	$	$	$	$	$	$
Cash flows generated by operating activities	10,869	8,927	1,942	30,124	33,711	(3,587)
Adjustments:						
Changes in non-cash working capital	3,029	4,314	(1,285)	5,741	4,221	1,520
Changes in other non-current assets	(14)	203	(217)	(54)	204	(258)
Changes in restricted cash	(1,453)	8	(1,461)	(1,444)	(37)	(1,407)
Changes in other non-current liabilities	427	98	329	730	831	(101)
Distributions on Class B LP Units expensed	3,745	3,555	190	11,532	10,036	1,496
Adjustments for equity accounted joint venture	224	(55)	279	295	(125)	420
Share of net income (loss) from equity accounted investment in joint venture	79	209	(130)	383	626	(243)
Straight-line rent adjustments of equity accounted joint venture	(3)	(3)	—	(9)	(14)	5
Incentive unit expense	(198)	(162)	(36)	(1,181)	(1,021)	(160)
Amortization of deferred financing fees	(383)	(286)	(97)	(1,037)	(886)	(151)
Amortization of mortgage fair value adjustments	4	9	(5)	30	64	(34)
Lease principal repayments	(25)	(17)	(8)	(45)	(49)	4
Capital reserve	(1,600)	(1,550)	(50)	(4,800)	(4,500)	(300)
Unrealized foreign exchange gain (loss)	152	(178)	330	(207)	59	(266)
Net effect of unrealized foreign exchange on USD debt and related hedges	(58)	—	(58)	95	—	95
AFFO	14,795	15,072	(277)	40,153	43,120	(2,967)

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.

	September 30, 2024 $	December 31, 2023 $
Working capital deficit	**(254,965)**	**(284,033)**
Add:		
Current portion of mortgage payables	48,530	57,508
Current portion of credit facilities	72,922	64,981
Current portion of Class B Units	182,058	172,053
Liabilities associated with assets held for sale	47,622	14,805
Less:		
Assets held for sale	104,170	29,150
Adjusted working capital deficit	(8,003)	(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 on operating facilities of $60.8 million as at September 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 September 30,			Nine months ended September 30,		
	2024 $	2023 $	Change $	2024 $	2023 $	Change $
Cash generated by (used in)						
Operating activities	10,869	8,927	1,942	30,124	33,711	(3,587)
Investing activities	(9,994)	(68,121)	58,127	(109,864)	(280,893)	171,029
Financing activities	(920)	66,966	(67,886)	81,645	251,333	(169,688)
Change in cash	(45)	7,772	(7,817)	1,905	4,151	(2,246)
Cash – beginning of period	7,868	7,912	(44)	5,918	11,533	(5,615)
Cash – end of period	7,823	15,684	(7,861)	7,823	15,684	(7,861)

Cash generated from operating activities for the three months ended September 30, 2024, of $10.9 million increased by $1.9 million compared to $8.9 million for the same period in 2023. The increase was mainly due to $3.2 million increase in net operating income and a $2.6 million increase in total changes in non-cash operating items. Partially offsetting this was an increase of $3.1 million in net interest expense and Class B Unit distributions.

Cash generated from operating activities for the nine months ended September 30, 2024 of $30.1 million decreased by $3.6 million compared to $33.7 million for the same period in 2023. The decrease was mainly due to a $13.2 million increase in net interest expense and Class B Unit distributions, partially offset by an increase of $11.0 million in net operating income and and an increase of $0.2 million in total changes in non-cash operating items.

Cash used in investing activities for the three months ended September 30, 2024 of $10.0 million is primarily due to $12.4 million of cash used to acquire an income producing property, $12.6 million used to develop properties held for development and $2.1 million used in investing activities relates to tenant incentives, leasing costs and capital spending, partially offset by $17.1 million of net proceeds from the disposal of six office properties.

Cash used in investing activities for the nine months ended September 30, 2024 of $109.9 million is primarily due to $75.2 million of cash used to acquire three income producing properties, $48.5 million used to develop properties held for development and $8.1 million for tenant incentives, leasing costs and capital spending, partially offset by $21.9 million of net proceeds from the disposal of seven office properties.

Cash used in financing activities for the three months ended September 30, 2024 of $0.9 million is primarily related to proceeds from new mortgage financing of $34.8 million, partially offset by $5.9 million of net repayments on the Credit Facilities, mortgage principal repayments of $18.6 million, and cash distributions to Unitholders' of $10.9 million.

Cash generated from financing activities for the nine months ended September 30, 2024 of $81.6 million is primarily related to $123.9 million of net borrowing on the Credit Facilities and proceeds from new mortgage financing of $34.8 million, partially offset by mortgage principal repayments of $45.6 million, and cash distributions to Unitholders' of $30.3 million.

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

MORTGAGES PAYABLE

As at September 30, 2024, mortgages payable are secured by charges against 61 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 3.45% (December 31, 2023 – 3.37%) and the weighted average term to maturity is 5.50 years (December 31, 2023 – 5.84 years). The breakdown of future principal repayments, including mortgage maturity, are as follows:

(In thousands of Canadian dollars)	Scheduled repayments $	Principal maturities $	Total $	Weighted average interest rate of maturing mortgages [(1)]
Remainder of 2024	4,499	15,099	19,598	5.77 %
2025	17,595	45,240	62,835	3.43 %
2026	15,586	89,123	104,709	3.04 %
2027	13,444	48,731	62,175	4.07 %
2028	12,709	18,577	31,286	4.15 %
Thereafter	82,139	301,008	383,147	3.34 %
Total	145,972	517,778	663,750	3.45 %

(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 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. The swingline can be drawn in Canadian dollars and bears interest payable monthly based on the Prime rate.

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 September 30, 2024, the revolving facility and term loan facility were drawn in US dollars for US$291.9 million (C$394.8 million equivalent) (December 31, 2023 – $278 million)) and US$129.0 million (C$174.5 million equivalent) (December 31, 2023 – $175 million)) respectively, and the swingline facility was undrawn (December 31, 2023 – $2.1 million)

The Unsecured Facilities include, 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 45%, (iii) will not allow the Debt Service Coverage Ratio to be less than 1:40:1, (iv) will not allow Adjusted Unitholders' Equity to be less than $600 million plus 75% of net proceeds in connection with any equity offering by the REIT after March 1, 2023, (v) will not allow Unencumbered Asset Value Ratio to be less than 1.40:1. As at September 30, 2024, the REIT was in compliance with these covenants. The Unsecured Facilities also contain 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 secured 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.

On September 15, 2024, the REIT refinanced its existing secured credit facility from a fixed-term facility of $65 million and a revolving facility of $5 million to a revolving facility of $70 million (Collectively "**Secured Credit Facility 1**"). Secured Credit Facility 1 matures on September 15, 2025, and is secured against 12 of the REIT's investment properties. The REIT expects to extend the facility at maturity. The revolving facility bears interest based on CORRA + 1.50% + standard ISDA one-month credit spread adjustment. Concurrent with the refinancing, the REIT entered into interest rate swap agreements totaling $60 million to swap CORRA rates for a fixed rate of 2.73%, such that the interest rate on the fixed-term facility, including the 150 basis point credit spread and the one-month 29.547 basis point CORRA spread adjustment is fixed at 4.53%. As at September 30, 2024, $65.0 million was drawn on this facility (December 31, 2023 - $65.0 million).

Secured 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 secured 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 (on a trailing twelve months basis) shall not be less than 2.25:1.00. As at September 30, 2024, RW LP was in compliance with both of these covenants. Secured 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 secured credit facility when due, failure to observe covenants and involuntary insolvency.

Total Funded Debt to Real Property Ratio is a defined term contained in Secured Credit Facility 1. Total Funded Debt to Real Property Ratio is calculated as the total amount drawn against Secured 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 Secured 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 Secured Credit Facility 1 agreement.

The REIT has a $18.8 million secured credit facility ("**Secured Credit Facility 2**", formerly known as "**Secured 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 September 30, 2024, the REIT's share of drawings on the facility was $8.0 million (December 31, 2023 – undrawn).

The former **"Secured Credit Facility 2"** of $0.5 million revolving line of credit as disclosed in **Q2 2024**, has subsequently expired and is no longer being extended by the REIT.

Secured Credit Facility 1, Secured Credit Facility 2 and Unsecured Facilities are collectively referred to as "the **Credit Facilities**".

As at September 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:

	September 30, 2024	**December 31, 2023**
	$	**$**
Total drawn against the Credit Facilities	642,263	520,125
Less: Deferred financing costs	(1,913)	(1,581)
Balance, end of period	640,350	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 September 30, 2024, are as follows:

	Total Principal amount	Weighted Average Interest rate	Repricing date
	$		
Credit Facility borrowings covered by fixed interest rate swaps[1]	573,904	5.45% [2]	October 31, 2024 [2]
Credit Facility borrowings not covered by fixed interest rate swaps[1]	60,332	6.17 %	October 31, 2024
Prime rate borrowings not covered by fixed interest rate swaps	8,027	7.45 %	Variable
Total drawn against the Credit Facilities	642,263		

(1) Amounts are represented in CAD equivalents inclusive of revaluation gain of $1,786 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 fix the interest rate on the borrowings under the Credit Facilities:

Effective date	Swapped interest rate	Maturity date	Original notional amount	Current notional amount
			$	$
December 2020	3.610 %	December 1, 2025	18,500	16,669
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
November 2023	4.260 %	June 1, 2028	8,272	7,235
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
October 2024	2.730 %	October 2, 2029	60,000	60,000
			636,772	633,904

To reduce interest expense, at September 30, 2024, debt of $569.2 million (Canadian dollar equivalent) was drawn in US dollars, representing US$420.9 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. Gains and losses resulting from these swaps are recorded as unrealized foreign exchange gains (losses) in the consolidated statement of (loss) income and comprehensive (loss) income. The following table summarizes the cross-currency interest rate swaps at September 30, 2024:

Effective date	Pay / Receive interest rate	Maturity date	Notional Amount $
September 2024	CORRA(CAD) / SOFR(USD)	October 31, 2024	246,195
September 2024	CORRA(CAD) / SOFR(USD)	October 31, 2024	162,400
September 2024	CORRA(CAD) / SOFR(USD)	October 31, 2024	162,400
			570,995

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 September 30, 2024, a 0.25% increase in the weighted average capitalization rate would result in a decrease of approximately $100.2 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 $109.3 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, or where such unrestricted rights will become available within 12 months of the balance sheet date, 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 September 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 nine months ended September 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	35,792	126	—	18,276	19,598	5,237	79,029
2025	1,129	524	73,022	33,157	62,835	20,252	190,919
2026	1,167	525	—	30,537	104,709	17,693	154,631
2027	1,206	526	569,241	4,914	62,175	14,680	652,742
2028	1,247	528	—	—	31,286	13,168	46,229
Thereafter	3,385	21,511	—	—	383,147	38,012	446,055
	43,926	23,740	642,263	86,884	663,750	109,042	1,569,605

(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 September 30, 2024, there was a total of $801.9 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 September 30, 2024, the REIT has interest rate swap agreements totaling $781.9 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. The interest rate swap agreements expire coterminous with the maturity of the corresponding mortgages, with the remaining agreements expiring through February 23, 2032.

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	Fixed interest rate on swap	Maturity date	Original notional amount $	Current notional amount $	Fair value asset (liability) $
April 2019	3.740% (1)	April 24, 2026	12,500	11,020	174
April 2019	3.870% (1)	April 24, 2029	12,500	10,990	248
November 2020	2.820% (1)	November 2, 2027	7,650	6,797	389
December 2020	3.610% (1)	December 1, 2025	18,500	16,669	481
December 2020	3.350% (1)	December 30, 2030	18,000	16,372	1,286
April 2021	3.080% (1)	April 1, 2026	19,750	17,859	456
November 2021	4.080% (1)	June 1, 2028	22,600	20,403	189
February 2022	3.280% (1)	February 23, 2032	29,500	27,942	773
February 2022	3.280% (1)	February 23, 2032	20,000	18,943	524
March 2022	3.410% (1)	March 1, 2027	17,800	16,622	352
March 2022	3.760% (1)	April 1, 2025	1,500	1,001	11
March 2023	3.260%	February 29, 2028	50,000	50,000	(506)
August 2023	4.180%	August 31, 2028	100,000	100,000	(4,714)
September 2023	4.045%	September 29, 2028	50,000	50,000	(2,153)
October 2023	4.140% (4)	October 31, 2028	25,000	25,000	(1,193)
October 2023	4.156% (4)	October 31, 2028	50,000	50,000	(2,416)
October 2023	4.110% (4)	October 31, 2028	25,000	25,000	(1,160)
October 2023	4.140% (4)	October 31, 2028	25,000	25,000	(1,189)
October 2023	4.055% (4)	October 31, 2028	25,000	25,000	(1,107)
November 2023	4.260% (1)(3)	June 1, 2028	8,272	7,235	19
May 2024	3.440% (2)	May 31, 2029	50,000	50,000	(1,902)
May 2024	3.430% (2)	May 31, 2029	50,000	50,000	(1,877)
June 2024	3.090% (2)	June 29, 2029	50,000	50,000	(1,256)
June 2024	3.095% (2)	July 1, 2029	50,000	50,000	(1,324)
October 2024	2.730%	October 2, 2029	60,000	60,000	(359)
			798,572	781,854	(16,254)

(1) Effective fixed interest rate of mortgage debt and 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. Subsequent to the reporting period, on Novemebr 1, 2024, the swaptions were not exercised by the counterparty and expired. 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	Swaption fair value asset (liability)
			$	$	$
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	—
			150,000	150,000	—

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 $8.4 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 $16.6 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 September 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 CORRA and Prime rates for Canadian dollar loans and based on SOFR for US dollar loans. As at September 30, 2024, debt of US$420.9 million (C$569.2 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. Gains and losses resulting from these swaps are recorded as unrealized foreign exchange gains (losses) in the consolidated statement of (loss) income and comprehensive (loss) income. The following table summarizes the cross-currency interest rate swaps at September 30, 2024:

Effective date	Pay / Receive interest rate	Maturity date	Current notional amount	Fair value asset (liability)
			$	$
September 2024	CORRA(CAD) / SOFR(USD)	October 31, 2024	246,195	(846)
September 2024	CORRA(CAD) / SOFR(USD)	October 31, 2024	162,400	(483)
September 2024	CORRA(CAD) / SOFR(USD)	October 31, 2024	162,400	(525)
			570,995	(1,854)

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, derivative hedge contracts, and tenant and other receivables. As at September 30, 2024, one tenant accounted for approximately 11% 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 (loss) income and comprehensive (loss) income within property expenses. As at September 30, 2024, the REIT had an allowance for expected credit losses of $0.2 million (December 31, 2023 – $0.4 million).

OUTSTANDING UNIT DATA

The following table presents the changes in outstanding units for the nine months ended September 30, 2024:

(In thousands of Canadian dollars)	**Units (000s)**	**Amount** $
Unitholders' Equity:		
Balance – January 1, 2024	68,590	648,171
Units issued under distribution reinvestment plan	419	3,045
Units issued under Incentive Plan	65	526
Units issued under Employee Purchase Plan	10	78
Class B LP Units exchanged for REIT Units	1,658	11,596
	70,742	663,416
Class B LP Units:		
Balance – January 1, 2024	24,611	199,105
Class B LP Units exchanged for REIT Units	(1,658)	(11,596)
Class B LP Units issued as purchase price consideration	457	3,142
Fair value adjustment	n/a	15,592
	23,410	206,243
Outstanding Units - September 30, 2024	94,152	869,659

As at November 11, 2024, a total of approximately 70,749,000 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 nine months ended September 30, 2024, amounted to $11.3 million (2023 - $10.9 million) and $33.4 million (2023 - $32.7 million), respectively.

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

(In thousands of Canadian dollars)	**Three months ended September 30, 2024**	**Nine months ended September 30, 2024**	**Year ended December 31, 2023**	**Year ended December 31, 2022**
	$	**$**	**$**	**$**
Cash generated from operating activities	10,869	30,124	51,015	41,530
Net (loss) Income	(45,991)	41,205	160,030	120,868
Distributions declared (1)	15,063	44,973	57,482	50,756
Shortfall of cash flows from operating activities over distributions declared	(4,194)	(14,849)	(6,467)	(9,226)
Excess (shortfall) of net income over distributions declared	(61,054)	(3,768)	102,548	70,112

(1) Distributions declared are unadjusted for distributions settled through the issuance of REIT Units under the distribution reinvestment plan. Of the distributions declared in the three and nine months ended September 30, 2024, $0.4 million and $3.0 million respectively were settled through the issuance of REIT Units under the distribution reinvestment plan.

Distributions declared for the three months ended September 30, 2024 of $15.1 million exceeded the net loss for the three months ended September 30, 2024, of $46.0 million by $61.1 million, as a result of non-cash items such as Income from equity accounted investment in joint venture, fair value adjustments of investment properties, Class B LP Units, restricted share units, and derivative financial instruments, which are included in net loss. In addition, distributions declared for the three months ended September 30, 2024 of $15.1 million exceeded Normalized AFFO of $14.9 million by $0.2 million, representing a Normalized AFFO payout ratio of 101.1%, as a result of recently completed development projects yet to be fully tenanted and vacancies in the portfolio.

Distributions declared for the nine months ended September 30, 2024 of $45.0 million exceeded net income for the nine months ended September 30, 2024 of $41.2 million by $3.8 million, as a result of non-cash items such as Income from equity accounted investment in joint venture, fair value adjustments of investment properties, Class B LP Units, restricted share units, and derivative financial instruments, which are included in net loss. In addition, distributions declared for the nine months ended September 30, 2024 of $45.0 million exceeded Normalized AFFO of $41.2 million by $3.8 million, representing a Normalized AFFO payout ratio of 109.1%, as result of recently completed development projects yet to be fully tenanted, vacancies in the portfolio and higher general and administrative expense in the first quarter of the year.

For the three months ended September 30, 2024, cash generated from operating activities of $10.9 million fell short of distributions declared for the three months ended September 30, 2024, of $15.1 million by $4.2 million. The shortfall is mainly as result of recently completed development projects yet to be fully tenanted and vacancies in the portfolio.

For the nine months ended September 30, 2024, cash generated from operating activities of $30.1 million fell short of distributions declared for the nine months ended September 30, 2024, of $45.0 million by $14.9 million. The shortfall is mainly as result of recently completed development projects yet to be fully tenanted, vacancies in the portfolio and higher general and administrative expense in the first quarter of the year.

Net income (loss) prepared in accordance with IFRS recognizes revenue and expenses at time intervals that do not necessarily match the receipt or payment of cash. Therefore, when establishing cash distributions to unitholders, consideration is given to factors such as FFO, AFFO, cash generated from and required for operating activities and forward-looking cash flow information, including forecasts and budgets. Management does not expect current or potential future commitments to replace or maintain its investment properties to adversely affect cash distributions.

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 would 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 nine months ended September 30, 2024, 62,195 units (2023 – 214,723 units) were issued under the DRIP for a stated value of $0.4 million (2023 - $1.7 million) and 418,631 units (2023 – 484,487 units) were issued under the DRIP for a stated value of $3.0 million (2023 - $4.2 million), respectively.

RELATED PARTY TRANSACTIONS

Trustee and key management fees

For the three and nine months ended September 30, 2024, trustee retainer fees in the amount of $0.1 million (2023 - $0.1 million) and $0.4 million (2023 - $0.4 million) were expensed, respectively. Trustee retainer fees in the amount of $0.1 million were accrued as at September 30, 2024 (December 31, 2023 - $0.3 million).

For the three and nine months ended September 30, 2024, key management earned salaries and other short-term employee benefits in the amount of $0.8 million (2023 - $0.7 million) and $2.5 million (2023 - $2.1 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 - $0.04 million) and $0.14 million (2023 - $0.11 million) of guarantee fees during the three and nine months ended September 30, 2024, respectively.

Fees to RFA related entities in respect of the RFA Development Properties totalled $0.2 million (2023 - $0.2 million) and $0.5 million (2023 - $0.5 million) for the three and nine months ended September 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 19.3% of the REIT's outstanding voting units as at September 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 nine months ended September 30, 2024, the REIT incurred fees for property management services totalling $0.1 million (2023 - $0.03 million) and $0.2 million (2023 - $0.2 million), respectively. During the three and nine months ended September 30, 2024, the REIT earned property revenues from an entity related to 1803299 totalling $1.0 million (2023 - $0.9 million) and $2.5 million (2023 - $2.6 million), respectively.

SUBSEQUENT EVENT

On October 8, 2024, the REIT completed the sale of one office property and one industrial property in which it held a 50% interest. These properties were located in Montreal, Quebec and sold for a price of $13.5 million ($6.75 million at the REIT's 50% ownership interest), of which $2.8 million was settled through the issuance of a vendor take back loan (VTB) that matures on April 8, 2025 at an interest rate of prime plus 3%, and the remaining $4.0 million was paid in cash.