



NEXUS INDUSTRIAL REIT ANNOUNCES FULL YEAR 2021 AND FOURTH QUARTER RESULTS AND MARCH DISTRIBUTION

Toronto, Ontario and Montreal, Quebec, March 15, 2022 – Nexus Industrial REIT (the "REIT") (TSX: NXR.UN) announced today its results for the year and quarter ended December 31, 2021.

Highlights

- Graduated to the Toronto Stock Exchange in Q1 2021, increased market capitalization from \$265 million at December 31, 2020 to \$971 million at December 31, 2021 and increased total assets by \$948 million in 2021 to \$1.7 billion.
- Successfully completed a \$148.3 million bought deal financing on November 22, 2021, completed \$295.3 million of bought deal equity offerings in 2021.
- Completed a total of \$416 million of industrial property acquisitions during Q4 2021 and \$674 million in 2021; increasing NOI from industrial properties to approximately 81% of Q4 NOI.
- Subsequent to December 31, 2021, the REIT has completed a total of \$236.5 million of industrial acquisitions. The REIT's acquisition pipeline continues to be very strong.
- On November 22, 2021, an Ontario retail property purchased for \$6.6 million was sold for gross proceeds of \$11.0 million.
- Occupancy of 96% at December 31, 2021, was up from 95% at September 30, 2021 and 93% at December 31, 2020.
- YTD 2021 net operating income of \$56 million increased \$16.7 million or 42.6% as compared to 2020 net operating income of \$39.2 million. Q4 2021 net operating income of \$19.1 million increased by \$9.4 million or 97% as compared to Q4 2020 net operating income of \$9.7 million and by \$5.0 million or 35% as compared to Q3 2021 net operating income of \$14.1 million.
- Q4 2021 Same Property NOI⁽¹⁾ of \$9.7 million increased by \$0.2 million or 1.7% as compared to Q4 2020. Same property NOI for the year ended December 31, 2021 decreased by \$0.3 million or 0.9% as compared to the prior year. The decrease is primarily attributable to a 25,000 square foot industrial vacancy in Calgary.
- YTD 2021 Normalized FFO⁽¹⁾ per unit of \$0.770, as compared to \$0.860 for 2020; Q4 2021 Normalized FFO per unit of \$0.194, as compared to \$0.191 for Q3 2021 and \$0.206 for Q4 2020.
- YTD 2021 Normalized AFFO⁽¹⁾ per unit of \$0.692, as compared to \$0.771 for 2020; Q4 2021 Normalized AFFO per unit of \$0.173, as compared to \$0.174 for Q3 2021 and \$0.185 for Q4 2020.
- YTD 2021 Normalized AFFO payout ratio⁽¹⁾ of 94.7% compared to 82.4% for 2020; Q4 2021 Normalized AFFO payout ratio of 96.5%, as compared to 95.9% for Q3 2021 and 86.1% for Q4 2020.
- Ended 2021 with \$82.3 million of cash and full availability of \$45.5 million on revolving Credit Facilities.
- Weighted average interest rate on mortgages payable decreased to 3.28% at December 31, 2021 from 3.49% at September 30, 2021 and 3.66% at December 31, 2020. At the same time, the weighted average term to maturity increased to 6.61 years at December 31, 2021 from 3.95 years at September 30, 2021 and 3.95 years at December 31, 2020.
- NAV⁽¹⁾ per unit of \$12.18 at December 31, 2021 as compared to \$11.55 at September 30, 2021 and \$10.15 at December 31, 2020.
- Management of the REIT will host a conference call on Wednesday March 16th at 11AM EST to review results and operations.

(1) Non-IFRS Financial Measure

“2021 was a banner year for Nexus.” commented Kelly Hanczyk, the REIT’s Chief Executive Officer. “We successfully accessed the capital markets three times in 2021 to fuel the rapid growth of the REIT. We have both grown our market capitalization and high graded our industrial portfolio and have executed on our strategy of becoming a pure play industrial REIT. We continued to deploy capital in the first quarter of 2022, closing on acquisitions of 9 properties in 6 transactions for an aggregate purchase price of \$236.5 million while maintaining liquidity to continue to acquire. We’ve had a strong start to 2022, and we are hopeful that 2022 will be as successful a year as 2021. Same property NOI was up Q4 year over year, demonstrating strong operational performance, and we are seeing opportunities for NOI growth in the London portfolio acquired in 2021 beginning to materialize. We have approximately 345,000 square feet expiring this year in the London Market where we will see considerable growth in rent. In 2022, we will explore opportunities to add GLA at several of the properties we recently acquired.”

Summary of Results

Included in the tables that follow and elsewhere in this news release are non-IFRS financial measures that should not be construed as an alternative to net income / loss, cash from operating activities or other measures of financial performance calculated in accordance with IFRS and may not be comparable to similar measures as reported by other issuers. Certain additional disclosures for these non-IFRS financial measures have been incorporated by reference and can be found on page 3 in the REIT’s Management’s Discussion and Analysis for the year ended December 31, 2021, available on SEDAR at www.sedar.com and on the REIT’s website under Investor Relations. See Appendix A of this earnings release for a reconciliation of the non-IFRS financial measures to the primary financial statement measures.

(In thousands of Canadian dollars)	Three Months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Financial Results				
Property revenues	27,537	15,648	83,559	61,386
Net operating income (NOI)	19,071	9,698	55,952	39,227
Net income	44,760	9,831	93,539	35,235

(In thousands of Canadian dollars, except per unit amounts)	Three Months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Financial Highlights				
Funds from operations (FFO) ⁽¹⁾	14,079	6,613	39,658	27,458
Normalized FFO ^{(1) (2)}	13,288	6,992	39,954	28,263
Adjusted funds from operations (AFFO) ⁽¹⁾	12,619	5,909	35,646	24,522
Normalized AFFO ^{(1) (2)}	11,828	6,288	35,942	25,327
Same Property NOI ⁽¹⁾	9,736	9,574	36,734	37,058
Distributions declared ⁽³⁾	11,419	5,414	34,025	20,865
Weighted average units outstanding (000s) - basic ⁽⁴⁾	68,508	34,015	51,914	32,858
Weighted average units outstanding (000s) - diluted ⁽⁴⁾	68,695	34,037	52,066	32,880
Per unit amounts:				
Distributions per unit - basic ^{(3) (4)}	0.167	0.159	0.655	0.635
FFO per unit - basic ^{(1) (4)}	0.206	0.194	0.764	0.836
Normalized FFO per unit - basic ^{(1) (2) (4)}	0.194	0.206	0.770	0.860
AFFO per unit - basic ^{(1) (4)}	0.184	0.174	0.687	0.746
Normalized AFFO per unit - basic ^{(1) (2) (4)}	0.173	0.185	0.692	0.771
NAV per unit ⁽¹⁾	12.18	10.15	12.18	10.15
Normalized AFFO payout ratio - basic ^{(1) (2) (3)}	96.5%	86.1%	94.7%	82.4%
Debt to total assets ratio	41.0%	48.2%	41.0%	48.2%

- (1) Non-IFRS Financial Measure
- (2) See Appendix A – Non-IFRS Financial Measures
- (3) Includes distributions payable to holders of Class B LP Units which are accounted for as interest expense in the consolidated financial statements.
- (4) Weighted average number of units includes the Class B LP Units.

For the three months ended December 31, 2021, NOI of \$19.1 million was \$9.4 million higher than Q4 2020 NOI of \$9.7 million. Acquisitions generated incremental NOI of \$8.9 million in Q4 2021 as compared to Q4 2020. Q4 2021 Same Property NOI increased \$0.2 million over Q4 2020 primarily due to rental steps and favourable new and renewal leasing at certain of the REIT's industrial properties. Straight-line rents also contributed \$0.3 million to the increase over the prior year period. Occupancy remained strong at 96% at December 31, 2021 compared to 95% at September 30, 2021 and 93% at December 31, 2020.

For the year ended December 31, 2021, NOI of \$56.0 million was \$16.7 million higher than the prior year NOI of \$39.2 million. Acquisitions generated incremental NOI of \$17.1 million for the year. Same Property NOI for the year decreased \$0.3 million over the prior year primarily due to a 25,000 square foot vacancy at one of the REIT's industrial properties in Calgary, Alberta. An increase in straight-line rents of \$0.3 million was partially offset by a decrease in termination fees of \$0.2 million.

Fair value adjustments of investment properties of \$32.0 million were recorded in Q4 2021 reflecting \$51.3 million of fair value gains primarily related to compression of capitalization rates for industrial properties located in certain markets in Ontario, Western Canada and New Brunswick (\$18.1 million, \$24.5 million and \$2.7 million, respectively), as well as the REIT's Quebec retail properties (\$4.2 million). The REIT also recognized a \$1.0 million fair value gain on a property sold during Q4. These amounts were partially offset by \$19.6 million related to transaction costs and acquisition accounting adjustments of properties acquired during the quarter with Class B LP Units issued as consideration or mortgages assumed.

Fair value adjustments of investment properties of \$132.4 million were recorded for the year ended December 31, 2021, primarily reflecting increases in the value of the REIT's industrial properties located in certain markets in Ontario, Quebec, Western Canada and New Brunswick driven by a compression of capitalization rates, resulting in fair value gains of \$61.5 million, \$20.3 million, \$38.3 million and \$2.7 million, respectively. The carrying value of the REIT's Richmond, BC property was also increased by \$56.3 million in Q3, partially offset by a value enhancement payment payable to the vendor of the property, estimated at \$32.3 million, and partially settled during the quarter. Additionally, the REIT recorded a \$2.8 million fair value gain on a retail property sold during the year and \$10 million in respect of a Montreal area retail property for which an offer to purchase excess land was received. Certain of the REIT's Quebec retail and office properties were also revalued during the year, resulting in fair value gains of approximately \$8.5 million. Partially offsetting fair value gains were a \$3.3 million fair value loss with respect to an office property located in New Brunswick, and \$33.8 million related to transaction costs and acquisition accounting adjustments of properties acquired during the year with Class B LP Units issued as consideration or mortgages assumed.

Earnings Call

Management of the REIT will host a conference call at 11:00 AM Eastern Standard Time on Wednesday March 16, 2022 to review the financial results and operations. To participate in the conference call, please dial 416-915-3239 or 1-800-319-4610 (toll free in Canada and the US) at least five minutes prior to the start time and ask to join the Nexus Industrial REIT conference call.

A recording of the conference call will be available until April 16, 2022. To access the recording, please dial 604-674-8052 or 1-855-669-9658 (toll free in Canada and the US) and enter access code 8631.

March 2022 Distribution

The REIT will make a cash distribution in the amount of \$0.05333 per unit, representing \$0.64 per unit on an annualized basis, payable April 15, 2022 to unitholders of record as of March 31, 2022.

The REIT's distribution reinvestment plan ("DRIP") entitles eligible unitholders to elect to receive all, or a portion of the cash distributions of the REIT reinvested in units of the REIT. Eligible unitholders who so elect will receive a bonus distribution of units equal to 4% of each distribution that was reinvested by them under the DRIP.

About Nexus Industrial REIT

Nexus is a growth-oriented real estate investment trust focused on increasing unitholder value through the acquisition of industrial properties located in primary and secondary markets in Canada and potentially including the United States, and the ownership and management of its portfolio of properties. The REIT currently owns a portfolio of 106 properties comprising approximately 10.5 million square feet of gross leasable area. The REIT has approximately 57,365,000 Units issued and outstanding. Additionally, there are Class B LP Units of subsidiary limited partnerships of Nexus issued and outstanding, which are convertible into approximately 21,230,000 Units.

Forward Looking Statements

Certain statements contained in this news release 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. 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 news release. 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 news release. 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.

For further information please contact:
Kelly C. Hanczyk, CEO at (416) 906-2379 or
Rob Chiasson, CFO at (416) 613-1262.

APPENDIX A – NON-IFRS FINANCIAL MEASURES

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

	Three Months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
FFO				
Net income	44,760	9,831	93,539	35,235
Adjustments:				
Loss on disposal of investment properties	497	-	592	-
Fair value adjustment of investment properties	(32,026)	(13,191)	(132,396)	(10,583)
Fair value adjustment of Class B LP Units	(1,765)	9,264	71,339	(6,982)
Fair value adjustment of warrants	-	-	-	(1)
Fair value adjustment of unit options	(24)	164	1,774	(333)
Fair value adjustment of restricted share units	(9)	70	309	51
Fair value adjustment of derivative financial instruments	(534)	139	(4,920)	6,157
Adjustments for equity accounted joint venture ⁽¹⁾	45	(824)	(257)	(289)
Attribution of grant date fair value of unit options	-	(31)	-	(125)
Distributions on Class B LP Units expensed	2,969	997	8,943	3,619
Amortization of tenant incentives and leasing costs	160	167	669	637
Lease principal payments	(17)	(16)	(67)	(61)
Amortization of right-of-use assets	23	23	93	93
Deferred income taxes	-	20	40	40
Funds from operations (FFO)	14,079	6,613	39,658	27,458
Weighted average units outstanding (000s) - basic ⁽⁵⁾	68,508	34,015	51,914	32,858
FFO per unit – basic	0.206	0.194	0.764	0.836
FFO	14,079	6,613	39,658	27,458
Add: Vendor rent obligation ⁽²⁾	611	560	2,473	2,351
Less: Other income ⁽²⁾	(1,402)	(181)	(2,384)	(1,546)
Add: TSX graduation listing fees ⁽³⁾	-	-	207	-
Normalized FFO	13,288	6,992	39,954	28,263
Weighted average units outstanding (000s) - basic ⁽⁵⁾	68,508	34,015	51,914	32,858
Normalized FFO per unit – basic	0.194	0.206	0.770	0.860

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

	Three Months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
AFFO				
FFO	14,079	6,613	39,658	27,458
Adjustments:				
Straight-line adjustments ground lease and rent	(460)	(129)	(887)	(636)
Capital reserve ⁽⁴⁾	(1,000)	(575)	(3,125)	(2,300)
Adjusted funds from operations (AFFO)	12,619	5,909	35,646	24,522
Weighted average units outstanding (000s) - basic ⁽⁵⁾	68,508	34,015	51,914	32,858
AFFO per unit - basic	0.184	0.174	0.687	0.746
AFFO	12,619	5,909	35,646	24,522
Add: Vendor rent obligation ⁽²⁾	611	560	2,473	2,351
Less: Other income ⁽²⁾	(1,402)	(181)	(2,384)	(1,546)
Add: TSX graduation listing fees ⁽³⁾	-	-	207	-
Normalized AFFO	11,828	6,288	35,942	25,327
Weighted average units outstanding (000s) - basic ⁽⁵⁾	68,508	34,015	51,914	32,858
Normalized AFFO per unit - basic	0.173	0.185	0.692	0.771

- (1) Adjustment for equity accounted joint venture relates to a fair value adjustment of swaps in place at the joint venture to swap floating rate bankers' acceptance rates to a fixed rate and fair value adjustment of the joint venture investment property.
- (2) Normalized FFO and Normalized AFFO include adjustments for vendor rent obligation amounts related to the REIT's Richmond, BC and Ajax properties, which are payable from the vendors of the properties until buildout of the properties is complete and tenants are occupying and paying rent. The vendor rent obligation amount is not included in NOI for accounting, but the estimated total amount of vendor rent obligation is recorded in other income. Normalized FFO and Normalized AFFO exclude estimated future vendor rent obligation amounts included in other income in the consolidated statements of income and comprehensive income and include the scheduled quarterly rents receivable in the form of vendor rent obligation.
- (3) Normalized FFO and Normalized AFFO also include adjustments for \$0.2 million of one-time TSX listing fees related to graduation to the TSX, which are included in general and administrative expense in the year ended December 31, 2021.
- (4) 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.
- (5) Weighted average number of units includes the Class B LP Units.

(In thousands of Canadian dollars)	Three Months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Same Property NOI				
Property revenues	27,537	15,648	83,559	61,386
Property expenses	(8,466)	(5,950)	(27,607)	(22,159)
NOI	19,071	9,698	55,952	39,227
Add/(Deduct):				
Amortization of tenant incentives and leasing costs	160	187	669	642
Straight-line adjustments of rent	(440)	(104)	(803)	(546)
Acquisitions	(8,944)	(53)	(18,562)	(1,513)
Disposals	(99)	(132)	(496)	(500)
Termination fees and non-recurring items	(12)	(22)	(26)	(252)
Same Property NOI	9,736	9,574	36,734	37,058