Nexus Industrial REIT Announces Fourth Quarter and Year End 2024 Financial Results

Q4 Net Operating Income grew 10.0% from accretive acquisitions, development, and 5.1% industrial SPNOI

Advanced the strategic transition to a pure-play industrial REIT

Toronto, Ontario, March 10, 2025 – Nexus Industrial REIT (the "REIT") (TSX: NXR.UN) announced today its results for the fourth quarter and year ended December 31, 2024.

"2024 was a formative year for Nexus Industrial, and I am very pleased with the results. We executed a purposeful strategic re-shaping, focusing our business as the Canada-focused pure-play industrial REIT. We made significant future investments, while also delivering strong organic growth", said Kelly Hanczyk, CEO.

"*During the year we opportunistically sold our legacy office and non-core industrial properties, and have firm sales contracts for the majority of the retail portfolio, closing in March. We completed three development projects adding 500,000 sq ft of GLA and have advanced two more which will be finished mid this year. Combined, these five new developments will contribute over $13 million to NOI annually.*

"Our industrial portfolio has continued to deliver strong results growing NOI 12.4% for the year to a record of $126 million, and full-year SPNOI growth was an enviable 4.7%", continued Mr. Hanczyk.

"I am very excited with the progress that we have made, and I am confident that our strategy will continue to be meaningful and rewarding for our stakeholders."

Fourth Quarter 2024 Highlights:

- Further advanced towards a pure-play industrial REIT by selling 3 legacy office properties, a mixed-use industrial property, and four non-core industrial buildings for total proceeds of $48.2 million.
- Net income was $49.7 million driven by net operating income ("NOI")(1) of $32.1 million and by fair value gains on Class B LP units and on investment properties, partially offset by financing expense.
- NOI increased 10.0% versus year ago to $32.1 million from the acquisition of high-quality, tenanted income-producing industrial properties, and growth in industrial Same Property NOI(1).
- Industrial Same Property NOI(1) increased 5.1% year over year to $26.1 million.
- Normalized FFO(1) per unit increased $0.013 versus a year ago to $0.192 and Normalized AFFO(1) per unit increased $0.011 versus a year ago to $0.161.
- Unitholders' equity increased by $61.4 million versus a year ago and NAV(1) per unit of $13.19 increased $0.32 or 2.5% versus a year ago.

2024 Highlights:

- Focused Nexus as a pure-play industrial REIT by selling legacy office assets and non-core industrial buildings for total proceeds of $72.9 million, and executing firm sales contracts for the legacy retail portfolio.
- Net income was $90.9 million driven by net operating income ("NOI")(1) of $125.9 million and by fair value gains on investment properties and on Class B LP Units, partially offset by financing expense.
- NOI increased 12.4% year over year to $125.9 million from the acquisition of high-quality, tenanted income-producing industrial properties, and growth in Industrial Same Property NOI(1) .
- Industrial Same Property NOI(1) increased 4.7% year over year to $87.8 million.
- Completed construction and tenanted a new 325,000 sq. ft. industrial building in Regina, SK, and a new 96,000 sq. ft. industrial intensification project in London, ON. Completed construction of a new 115,000 sq. ft. building in Hamilton, ON.

- Advanced construction on the 325,000 sq. ft. expansion project in St. Thomas, ON., and on a 115,000 sq. ft. new industrial small-bay complex in Calgary, AB.
- Normalized FFO[(1)] per unit decreased $0.036 versus a year ago to $0.722 and Normalized AFFO[(1)] per unit decreased $0.036 versus a year ago to $0.602.

Subsequent event:

- On February 21, 2025, the REIT completed the sale of an office property located in Laval, Quebec for a selling price of $3.9 million. This property was previously classified as an asset held for sale. At the time of disposal, the REIT repaid a mortgage that was on the property of $2.4 million.

(1) Non-IFRS Financial Measure

Summary of Results

(In thousands of Canadian dollars, except per unit amounts)	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
	$	$	$	$
FINANCIAL INFORMATION				
Operating Results				
Property revenues	44,664	42,005	175,700	157,652
NOI (1)	32,146	29,225	125,868	111,973
Net Income	49,677	2,137	90,882	160,030
Adjusted EBITDA (1)	31,329	28,317	118,774	105,101
FFO (1)	16,464	15,404	65,009	66,687
Normalized FFO (1) (2)	18,032	16,502	67,760	68,039
AFFO (1)	13,589	12,721	53,743	55,841
Normalized AFFO (1) (2)	15,157	13,819	56,494	57,193
Distributions declared (3)	15,065	14,771	60,038	57,482
Same Property NOI (1)	27,576	26,421	94,151	90,849
Industrial Same Property NOI (1)	26,058	24,794	87,833	83,918
Weighted average units outstanding (000s):				
Basic (4)	94,159	92,275	93,797	89,709
Diluted (4)	94,322	92,377	93,960	89,811
Per unit amounts:				
Distributions per unit – basic (3) (4)	0.160	0.160	0.640	0.640
Distributions per unit – diluted (3) (4)	0.160	0.160	0.640	0.640
Normalized FFO per unit – basic (1) (2) (4)	0.192	0.179	0.722	0.758
Normalized FFO per unit – diluted (1) (2) (4)	0.191	0.179	0.721	0.758
Normalized AFFO per unit – basic (1) (2) (4)	0.161	0.150	0.602	0.638
Normalized AFFO per unit – diluted (1) (2) (4)	0.161	0.150	0.601	0.637
Normalized AFFO payout ratio – basic (1) (2) (3)	99.4 %	106.9 %	106.3 %	100.5 %
Normalized AFFO payout ratio – diluted (1) (2) (3)	99.4 %	106.9 %	106.3 %	100.5 %
Same Property NOI Growth % (1)	4.4 %	1.3 %	3.6 %	3.6 %
Industrial Same Property NOI Growth % (1)	5.1 %	2.9 %	4.7 %	4.3 %

(1) This is a Non-IFRS Financial Measure.

(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.

As at December 31, 2024 and December 31, 2023 (In thousands of Canadian dollars, unless stated otherwise)	2024 $	2023 $
PORTFOLIO INFORMATION		
Total Portfolio		
Number of Investment Properties[2]	106	116
Number of Properties Under Development	2	4
Investment Properties Fair Value (excludes assets held for sale)	2,458,174	2,364,027
Gross leasable area ("GLA") (in millions of sq. ft.) (at the REIT's ownership interest)	12.5	12.5
Industrial occupancy rate – in-place and committed (period-end)[3]	96 %	99 %
Weighted average lease term ("WALT") (years)	6.8	6.9
Industrial WALT (years)	7.0	7.2
Estimated spread between industrial portfolio market and in-place rents	25.3 %	29.0 %
FINANCING AND CAPITAL INFORMATION		
Financing		
Net debt[1]	1,279,538	1,203,432
Total Indebtedness Ratio[1]	49.13 %	48.86 %
Net Debt to Adjusted EBITDA[1]	10.8	11.5
Adjusted Debt to Adjusted EBITDA[1]	10.3	10.9
Debt service coverage ratio (times)	1.62	1.72
Secured Indebtedness Ratio	27.4 %	30.4 %
Unencumbered investment properties as a percentage of investment properties	40.8 %	35.6 %
Total assets	2,604,460	2,463,067
Cash and cash equivalents	11,532	5,918
Capital		
Total equity (per consolidated financial statements)	1,061,724	1,000,329
Total equity (including Class B LP Units)	1,241,747	1,199,434
Total number of Units (in thousands)[4]	94,159	93,201
NAV per Unit	13.19	12.87

(1) See Non-IFRS Financial Measure.
(2) Includes 17 properties (4 properties - December 31, 2023) classified as assets held for sale.
(3) Includes committed new leases for future occupancy.
(4) Includes Class B LP Units.

Non-IFRS Measures

Included in the tables above 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, 2024, available on SEDAR at www.sedarplus.ca 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.

NOI

NOI for the three months ended December 31, 2024 was $32.1 million or $2.9 million higher than Q4 2023, which was primarily due to $1.6 million from acquisitions of industrial income producing properties completed subsequent to Q3 2023, Same Property NOI of $1.2 million from lease up of 1751-1771 Savage Rd, Richmond, BC, $0.5 million relating to development projects and $0.2 million relating to straight-line adjustments of rent, partially offset by $0.5 million relating to dispositions completed since Q4 2023 and $0.1 million relating to tenant incentives and leasing costs amortization.

NOI for the year ended December 31, 2024 was $125.9 million or $13.9 million higher than the prior year, which was primarily due to $11.8 million from acquisitions of industrial income producing properties completed subsequent to Q4 2023, an increase in Same Property NOI of $3.3 million, and $0.9 million relating to development projects, partially offset by $1.8 million relating to dispositions completed since Q4 2023, and $0.3 million relating to tenant incentives and leasing costs amortization.

Fair value adjustment of investment properties

The fair value adjustment of investment properties for the three months ended December 31, 2024, totalled $8.1 million. The REIT engaged external appraisers to value properties totaling $125.6 million in the quarter. Overall, fair value gains recorded for the REIT's portfolio primarily consists of $13.4 million relating to properties held for development based on development progress relative to the as-completed appraisal value. Partially offsetting this is $3.0 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 relating to investment property sale price adjustments and $0.7 million relating to changes in stabilized NOI and capitalization rates.

The fair value adjustment of investment properties for the year ended December 31, 2024, totalled $47.9 million. The fair value adjustment reflects the net write up of income properties primarily due to $35.7 million in respect of properties held for development, $22.3 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, and $1.4 million from the remeasurement of Class B LP Units issued as part of an acquisition in Q3 2024. Partially offsetting this is $8.2 million of capital expenditures that were not deemed to increase the fair value of the properties and therefore fair valued to zero, $3.9 million relating to revaluation adjustments to investment properties prior to disposition, and $1.7 million of transaction costs from acquisitions completed during the year.

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.

Overall, the REIT anticipates mid-single digit Same Property NOI growth in its industrial portfolio for the full year.

In 2025, the REIT expects to benefit from the completion of two significant development projects. Combined, these properties will add annual stabilized NOI of approximately $6.8 million when complete:

- The REIT expects to complete its 325,000 sq ft Dennis Rd. expansion project in St. Thomas, ON in the second 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 $54.9 million upon completion.
- The REIT is constructing a 115,000 sq ft small-bay industrial building adjacent to an existing building that it owns in Calgary, AB. The project is expected to be completed in the second quarter of 2025 and to earn a going-in yield of 12.0% on total development costs of $15.4 million.

The REIT is focused on transitioning to a pure-play industrial REIT. The REIT has executed firm contracts to sell its legacy retail properties for approximately $47 million, which are anticipated to close in the first quarter of 2025. Following the dispositions, the REIT will no longer earn income from the sold properties. The REIT will use the sale proceeds to reduce debt and to fund existing development.

Earnings Call

Management of the REIT will host a conference call at 10:00 AM Eastern Standard Time on Monday March 10, 2025 to review the financial results and operations. To participate in the conference call, please dial 647-484-8814 or 1-844-763-8274 (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 10, 2025. To access the recording, please dial 1-412-317-0088 or 1-855-669-9658 (toll free in Canada and the US) and enter access code 9645419.

March and April Distributions

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, 2025, to unitholders of record as of March 31, 2025.

The REIT will also make a cash distribution in the amount of $0.05333 per unit, representing $0.64 per unit on an annualized basis, payable May 15, 2025, to unitholders of record as of April 30, 2025.

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 the ownership and management of its portfolio of properties. The REIT currently owns a portfolio of 105 properties (including one property held for development in which the REIT has an 80% interest) comprising approximately 12.5 million square feet of gross leasable area. The REIT has approximately 94,208,000 voting units issued and outstanding, including approximately 71,102,000 REIT Units and approximately 23,106,000 Class B LP Units of subsidiary limited partnerships of Nexus, which are convertible to REIT Units on a one-to-one basis.

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
Mike Rawle, CFO at (647) 823-1381

APPENDIX A – NON-IFRS FINANCIAL MEASURES

(In thousands of Canadian dollars, except per unit amounts)	Three months ended December 31,			Year ended December 31,		
	2024	2023	Change	2024	2023	Change
FFO	**$**	**$**	**$**	**$**	**$**	**$**
Net income	49,677	2,137	47,540	90,882	160,030	(69,148)
Adjustments:						
Loss on disposal of investment properties	922	—	922	1,455	807	648
Fair value adjustment of investment properties	(8,087)	(35,542)	27,455	(47,911)	(95,970)	48,059
Fair value adjustment of Class B LP Units	(26,220)	23,419	(49,639)	(10,628)	(27,765)	17,137
Fair value adjustment of incentive units	(178)	92	(270)	(3)	(160)	157
Fair value adjustment of derivative financial instruments	(2,630)	21,868	(24,498)	15,164	15,531	(367)
Fair value adjustment of Other investments	—	(1,450)	1,450	—	(1,450)	1,450
Adjustments for equity accounted joint venture (1)	(1,412)	740	(2,152)	(1,117)	615	(1,732)
Distributions on Class B LP Units expensed	3,746	3,810	(64)	15,278	13,846	1,432
Amortization of tenant incentives and leasing costs	376	318	58	1,478	1,171	307
Lease principal payments	(19)	(10)	(9)	(64)	(59)	(5)
Amortization of right-of-use assets	31	22	9	121	91	30
Net effect of unrealized foreign exchange on USD debt and related hedges	258	—	258	354	—	354
Funds from operations (FFO)	**16,464**	**15,404**	**1,060**	**65,009**	**66,687**	**(1,678)**
Weighted average units outstanding (000s) Basic (4)	94,159	92,275	1,884	93,797	89,709	4,088
FFO per unit – basic	**0.175**	**0.167**	**0.008**	**0.693**	**0.743**	**(0.050)**
FFO	**16,464**	**15,404**	**1,060**	**65,009**	**66,687**	**(1,678)**
Add: Vendor rent obligation (2)	—	629	(629)	628	2,552	(1,924)
Less: Other income (2)	—	(1,001)	1,001	—	(2,603)	2,603
Add: Non-recurring personnel transition costs	—	1,619	(1,619)	344	1,619	(1,275)
Add: Non-recurring adjustments from asset dispositions(5)	1,065	—	1,065	1,192	—	1,192
Add: Other non-cash items(6)	503	(149)	652	587	(216)	803
Normalized FFO	**18,032**	**16,502**	**1,530**	**67,760**	**68,039**	**(279)**
Weighted average units outstanding (000s) Basic (4)	94,159	92,275	1,884	93,797	89,709	4,088
Normalized FFO per unit – basic	**0.192**	**0.179**	**0.013**	**0.722**	**0.758**	**(0.036)**

(In thousands of Canadian dollars, except per unit amounts)	Three months ended December 31,			Year ended December 31,		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
AFFO	**$**	**$**	**$**	**$**	**$**	**$**
FFO	**16,464**	**15,404**	**1,060**	**65,009**	**66,687**	**(1,678)**
Adjustments:						
Straight-line adjustments ground lease and rent	(1,275)	(1,083)	(192)	(4,866)	(4,746)	(120)
Capital reserve [3]	(1,600)	(1,600)	—	(6,400)	(6,100)	(300)
Adjusted funds from operations (AFFO)	**13,589**	**12,721**	**868**	**53,743**	**55,841**	**(2,098)**
Weighted average units outstanding (000s) Basic [4]	94,159	92,275	1,884	93,797	89,709	4,088
AFFO per unit – basic	**0.144**	**0.138**	**0.006**	**0.573**	**0.622**	**(0.049)**
AFFO	**13,589**	**12,721**	**868**	**53,743**	**55,841**	**(2,098)**
Add: Vendor rent obligation [2]	—	629	(629)	628	2,552	(1,924)
Less: Other income [2]	—	(1,001)	1,001	—	(2,603)	2,603
Add: Non-recurring personnel transition costs	—	**1,619**	(1,619)	344	**1,619**	(1,275)
Add: Non-recurring adjustments from asset dispositions[5]	1065	**—**	1,065	1,192	—	1,192
Add: Other non-cash items[6]	503	**(149)**	652	587	(216)	803
Normalized AFFO	**15,157**	**13,819**	**1,338**	**56,494**	**57,193**	**(699)**
Weighted average units outstanding (000s) Basic [4]	94,159	92,275	1,884	93,797	89,709	4,088
Normalized AFFO per unit – basic	**0.161**	**0.150**	**0.011**	**0.602**	**0.638**	**(0.036)**

(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.

(5) These adjustments represent balance sheet write-offs, early mortgage repayment charges, and other costs associated with the disposals made during the period. Given the one-time, non-recurring, nature of these costs, the REIT has adjusted for these in determining normalized FFO and normalized AFFO.

(6) This adjustment represents unrealized foreign exchange losses (gains) on transactions relating to deferred purchase consideration. Note that the comparative periods for 2023 have been updated to conform with the current period presentation.

SAME PROPERTY RESULTS

(In thousands of Canadian dollars)

	Three months ended December 31,			Year ended December 31,		
	2024	2023	Change	2024	2023	Change
	$	$	$	$	$	$
Property revenues	44,664	42,005	2,659	175,700	157,652	18,048
Property expenses	(12,518)	(12,780)	262	(49,832)	(45,679)	(4,153)
NOI	**32,146**	**29,225**	**2,921**	**125,868**	**111,973**	**13,895**
Add/(Deduct):						
Amortization of tenant incentives and leasing costs	376	317	59	1,478	1,170	308
Straight-line adjustments of rent	(1,274)	(1,079)	(195)	(4,856)	(4,728)	(128)
Development and expansion	(791)	(309)	(482)	(2,103)	(1,237)	(866)
Acquisitions	(2,166)	(558)	(1,608)	(21,935)	(10,176)	(11,759)
Disposals	(654)	(1,112)	458	(4,093)	(5,939)	1,846
Termination fees and other non-recurring items	(61)	(63)	2	(208)	(214)	6
Same Property NOI	**27,576**	**26,421**	**1,155**	**94,151**	**90,849**	**3,302**
Industrial same property NOI	**26,058**	**24,794**	**1,264**	**87,833**	**83,918**	**3,915**

ADJUSTED EBITDA

(In thousands of Canadian dollars)	Three months ended December 31,			Year ended December 31,		
	2024	2023	Change	2024	2023	Change
	$	$	$	$	$	$
Net income	49,677	2,137	47,540	90,882	160,030	(69,148)
Add (deduct):						
Net interest expense	13,976	12,378	1,598	54,865	41,545	13,320
Distributions on Class B LP Units	3,746	3,810	(64)	15,278	13,846	1,432
Fair value adjustments(1)	(38,526)	9,196	(47,722)	(44,495)	(109,130)	64,635
Amortization expense(1)(2)	(893)	(760)	(133)	(3,368)	(3,569)	201
Loss on disposal of investment properties	922	—	922	1,455	807	648
Unrealized foreign exchange loss (gain)	716	(143)	859	923	(202)	1,125
Income from development property	646	80	566	1,698	155	1,543
Non-recurring personnel transition costs	—	1,619	(1,619)	344	1,619	(1,275)
Non-recurring costs related to asset dispositions	1,065	—	1,065	1,192	—	1,192
Adjusted EBITDA	**31,329**	**28,317**	**3,012**	**118,774**	**105,101**	**13,673**

(1) Includes equity accounted investments adjustments.
(2) Includes amortization of Straight Line Rent, Tenant Improvement, and Leasing Commissions.