



Nexus Industrial REIT

Consolidated Financial Statements
For the year ended December 31, 2025



Independent auditor's report

To the Unitholders of Nexus Industrial REIT

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Nexus Industrial REIT and its subsidiaries (together, the REIT) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The REIT's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements income and comprehensive income for the years then ended;
- the consolidated statements of changes in unitholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the REIT in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Fair valuation of investment properties</p> <p>Refer to note 2 – Summary of significant accounting policies and note 4 – Investment properties to the consolidated financial statements.</p> <p>The REIT measures its investment properties at fair value. Management evaluates the fair value of the entire real estate portfolio annually. The fair value of the investment properties as at December 31, 2025 was \$2,506 million. Fair value is generally determined with reference to external and internal valuations based on the direct income capitalization method. In applying this method, the stabilized net rental income of each property is divided by a capitalization rate that reflects market conditions applicable to the location of the property and its specific characteristics. Internal valuations are prepared by management, while external valuations are prepared by qualified independent valuation professionals. The REIT obtains external valuations to supplement internal management valuations in support of the determination of the fair value of investment properties. The application of the direct income capitalization method requires significant judgment, estimates</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Tested how management determined the fair value of investment properties, which included the following:<ul style="list-style-type: none">– Evaluated the reasonableness of the capitalization rates by comparing them to industry data for the same type of property in the same geographic area.– Evaluated whether stabilized net rental income was reasonable considering (i) the current and past leasing activity of the investment properties; (ii) the comparability with external market and industry data, as applicable; and (iii) whether these assumptions were aligned with evidence obtained in other areas.• For a sample of investment properties:<ul style="list-style-type: none">– Professionals with specialized skills and knowledge in the field of real estate valuations further assisted us in evaluating the appropriateness of the direct income capitalization method and in evaluating the

Key audit matter

How our audit addressed the key audit matter

and assumptions, particularly with respect to stabilized net rental income and capitalization rates, which are influenced by prevailing market conditions as at the valuation date.

We considered this matter to be a key audit matter due to the significant judgment exercised by management in determining the fair value of the investment properties and the high degree of complexity involved in assessing audit evidence related to the key assumptions and estimates used in the valuation process. Our audit procedures included, among others, evaluating the valuation methodology applied by management, assessing the reasonableness of key assumptions, testing underlying data used in the valuations and involving professionals with specialized skills and knowledge in real estate valuations to assist us in evaluating the appropriateness of the fair value measurements.

reasonableness of the capitalization rates and stabilized net rental income as applicable, by comparing to externally available market data.

- Tested the underlying data used in the direct income capitalization method.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the REIT's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the REIT or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the REIT's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the REIT's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the REIT's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the REIT to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the REIT as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee-Anne Kovacs.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 5, 2026

Nexus Industrial REIT

Consolidated Statements of Financial Position

As at December 31, 2025 and December 31, 2024

(In thousands of Canadian dollars)

	Note(s)	2025 \$	2024 \$
Non-current assets			
Investment properties	3,4	2,506,423	2,458,174
Equity investment in joint venture	6	10,589	12,912
Derivative financial instruments	20	2,866	4,479
Right-of-use assets	7	941	1,062
Other investment	10	7,950	7,950
Prepaid development costs	23	21,758	—
Other assets	9	42	339
		2,550,569	2,484,916
Current assets			
Cash		6,111	11,532
Tenant and other receivables	8	8,077	8,952
Prepaid expenses		2,313	2,222
Derivative financial instruments	20	371	785
Other assets	9	22,129	16,016
Assets held for sale	5	60,790	80,037
		99,791	119,544
Total assets		2,650,360	2,604,460
Non-current liabilities			
Mortgages payable	3,11	468,335	548,552
Credit facilities	12	720,001	576,729
Lease liabilities	7	10,505	10,613
Derivative financial instruments	20	14,981	18,561
Class B LP Units	13	—	16,506
Other liabilities	14	7,252	8,149
		1,221,074	1,179,110
Current liabilities			
Mortgages payable	3,11	94,896	41,740
Credit facilities	12	11,018	73,107
Class B LP Units	13	199,636	163,517
Distributions payable		3,827	3,773
Derivative financial instruments	20	2,334	—
Accounts payable and other liabilities	15	25,919	41,262
Liabilities associated with assets held for sale	5,11	8,367	40,227
		345,997	363,626
Total liabilities		1,567,071	1,542,736
Equity			
Unitholders' equity	16	671,063	663,444
Retained earnings		412,226	398,280
Total unitholders' equity		1,083,289	1,061,724
Total liabilities and unitholders' equity		2,650,360	2,604,460
Subsequent event	26		

On behalf of the Board:

"Benjamin Rodney" Trustee

"Floriana Cipollone" Trustee

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

Nexus Industrial REIT

Consolidated Statements of Income and Comprehensive Income

For the years ended December 31, 2025 and 2024

(In thousands of Canadian dollars)

	Note(s)	2025 \$	2024 \$
Net rental income			
Property revenues	18	174,949	175,700
Property expenses		(45,514)	(49,832)
Net rental income		129,435	125,868
General and administrative expense		(8,657)	(7,814)
Fair value adjustments:			
Investment properties	4,5	12,095	47,911
Class B LP Units	13	(4,736)	10,628
Incentive units	14	(342)	3
Derivative financial instruments	20	1,880	(15,164)
(Loss) income from equity accounted investment in joint venture	6	(2,323)	1,874
Loss on disposal of investment properties	3	(697)	(1,455)
Foreign exchange gain (loss)		624	(1,075)
Other income		252	249
		127,531	161,025
Finance expense			
Net interest expense	19	(53,133)	(54,865)
Distributions on Class B LP Units	13	(14,850)	(15,278)
		(67,983)	(70,143)
Net income and comprehensive income		59,548	90,882

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

Nexus Industrial REIT

Consolidated Statements of Changes in Unitholders' Equity

For the years ended December 31, 2025 and 2024

(In thousands of Canadian dollars)

	Note	Units #	Unitholders' Equity \$	Retained Earnings \$	Total \$
Balance – January 1, 2025		70,748,855	663,444	398,280	1,061,724
Net income and comprehensive income		—	—	59,548	59,548
Distributions		—	—	(45,602)	(45,602)
REIT Units issued under Incentive Plan	14	73,352	555	—	555
REIT Units issued under Employee Unit Purchase Plan	14	25,102	183	—	183
Class B LP Units exchanged for REIT Units	13	904,319	6,881	—	6,881
Balance – December 31, 2025		71,751,628	671,063	412,226	1,083,289

	Note	Units #	Unitholders' Equity \$	Retained Earnings \$	Total \$
Balance – January 1, 2024		68,589,606	648,171	352,158	1,000,329
Net income and comprehensive income		—	—	90,882	90,882
Distributions		—	—	(44,760)	(44,760)
REIT Units issued under distribution reinvestment plan	17	418,631	3,045	—	3,045
REIT Units issued under Incentive Plan	14	65,383	526	—	526
REIT Units issued under Employee Unit Purchase plan	14	17,372	139	—	139
REIT Unit issuance costs		—	(33)	—	(33)
Class B LP Units exchanged for REIT Units	13	1,657,863	11,596	—	11,596
Balance – December 31, 2024		70,748,855	663,444	398,280	1,061,724

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

Nexus Industrial REIT

Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(In thousands of Canadian dollars)

	Note(s)	2025 \$	2024 \$
Operating activities			
Net income and comprehensive income		59,548	90,882
Adjustment for items not involving cash:			
Incentive unit expense	14	1,253	1,381
Loss (income) from equity accounted investment in joint venture	6	2,323	(1,874)
Loss on disposals	3	697	1,455
Amortization	25	3,293	2,939
Straight-line adjustments of rent		(5,656)	(4,856)
Fair value adjustments		(8,897)	(43,378)
Foreign exchange (gain) loss		(624)	1,075
Changes in non-cash operating items	25	(8,796)	(8,664)
Total cash generated by operating activities		43,141	38,960
Investing activities			
Acquisition of income producing properties	3,4	(41,061)	(75,209)
Acquisition of properties under development	3,4	(4,524)	—
Additions to properties under development	4	(37,904)	(60,561)
Net proceeds on disposal of properties	3	39,717	71,432
Capital expenditures, tenant incentives and leasing costs	4	(16,268)	(14,264)
Total cash used by investing activities		(60,040)	(78,602)
Financing activities			
New mortgage financing	11	15,500	34,800
Mortgage principal repayments	11	(41,407)	(77,349)
Financing costs	11,12	(1,148)	(1,309)
Lease principal repayments	7	(102)	(64)
Net borrowings on the credit facilities	12	84,183	130,811
Unit issuance costs		—	(33)
Distributions to unitholders		(45,548)	(41,600)
Total cash generated by financing activities		11,478	45,256
Change in cash during the year		(5,421)	5,614
Cash - beginning of year		11,532	5,918
Cash - end of year		6,111	11,532
Supplemental cash flow and non-cash information	25		

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

Nexus Industrial REIT

Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(In thousands of Canadian dollars, except unit amounts)

1 Organization

Nexus Industrial REIT is an unincorporated, open-ended real estate investment trust governed by the laws of the Province of Ontario pursuant to an amended and restated declaration of trust dated March 7, 2022. Nexus Industrial REIT and its subsidiaries, (together, “the REIT”) own and operate commercial real estate properties across Canada. The registered office of the REIT is located at 105-586 Argus Road, Oakville, ON, L6J 3J3.

2 Material accounting policies

Statement of compliance

The consolidated financial statements of the REIT have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

Basis of presentation

The consolidated financial statements have been prepared on a going concern basis and are presented in thousands of Canadian dollars, which is the functional currency of the REIT. The consolidated financial statements were authorized for issue by the board of trustees of the REIT on March 5, 2026.

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

Principles of consolidation

The consolidated financial statements include the accounts of the REIT and its subsidiaries. Subsidiaries are all entities over which the REIT has control. The REIT controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All inter-entity transactions between the REIT and its subsidiaries have been eliminated in the consolidated financial statements.

Joint arrangements

The REIT enters joint arrangements via joint operations and joint ventures. Joint arrangements that involve the establishment of a separate entity in which each venture has rights to the net assets of the arrangement are referred to as joint ventures. The REIT reports its interests in joint ventures using the equity method of accounting. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities. Co-ownership arrangements represent joint operations. For co-ownerships, the REIT’s consolidated financial statements reflect only the REIT’s proportionate share of the assets, its share of any liabilities incurred directly, its share of any revenues earned, or expenses incurred by the joint operation and any expenses incurred directly.

Segment reporting

The REIT owns and operates investment properties in Canada. In measuring performance, the REIT does not distinguish its operations on a geographic or any other basis and, accordingly, the REIT has a single reportable segment for disclosure purposes.

Nexus Industrial REIT

Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(In thousands of Canadian dollars, except unit amounts)

Financial instruments

Classification and measurement of financial assets and financial liabilities

The REIT's financial instruments are initially recognized at fair value. Subsequent to initial recognition, financial assets and liabilities are classified and measured based on three categories: amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition, unless the REIT identifies changes in its business model in managing financial assets that necessitate reassessment of the classification of financial assets.

The following table summarizes the measurement of the REIT's financial instruments:

Financial instrument	Measurement
Restricted cash	Amortized cost
Cash	Amortized cost
Tenant and other receivables	Amortized cost
Deposits	Amortized cost
Other assets	Amortized cost
Class B LP Units	FVTPL
Interest rate swaps and swaptions – not designated as hedges	FVTPL
Cross-currency swaps - not designated as hedges	FVTPL
Total return swaps - not designated as hedges	FVTPL
Other Investment	FVTPL
Mortgages payable	Amortized cost
Credit Facilities	Amortized cost
Accounts payable and other liabilities	Amortized cost

Impairment of financial assets

For amounts receivable measured at amortized cost, the REIT applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized on initial recognition of the receivables. To measure the expected credit losses, the REIT has established a provision matrix that is based on its historical credit loss experience based on days past due, adjusted for forward-looking factors specific to the tenant and the economic environment. The REIT may also consider a financial asset to be in default when internal or external information indicates that it is unlikely to receive the outstanding contractual amounts in full. The methodology is applied principally to cash and related bank deposits.

A provision for impairment is recorded through an allowance account, and the amount of the loss is recognized in the consolidated statement of income and comprehensive income within property expenses. Bad debt write-offs occur when the REIT determines collection is not possible. Any subsequent recoveries of amounts previously written off are credited against property expenses in the consolidated statement of income and comprehensive income.

The REIT determines the fair value measurement based on the following hierarchy:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Transaction costs relating to financial instruments measured at amortized cost are included in the carrying value of the financial instrument and amortized over the expected useful life of the instrument using the effective interest method. Financial assets are derecognized when contractual rights to the cash flow from the assets expire. Financial liabilities are derecognized when its contractual obligations are discharged, cancelled or expired.

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Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(In thousands of Canadian dollars, except unit amounts)

Investment properties

Investment properties include income-producing properties and properties held for development that are principally held to earn rental income or for capital appreciation, or both. The REIT has selected the fair value method to account for its investment properties. Investment properties are initially recognized at the purchase price, including directly attributable costs. Subsequent to initial recognition, investment properties are carried at fair value. Fair value is determined with reference to external valuations and internal valuations. External valuations are obtained from qualified external professional appraisers on a rotational basis for select properties. Internal valuations of income-producing properties are prepared primarily through the application of the direct capitalization method, with certain adjustments for the present value of rents determined to be above or below market rents and with reference to external appraisals. The fair value of properties held for development is determined with reference to external valuations of the developments as completed. The difference between the fair value of the properties not considering development returns and the as completed fair value is recognized pro rata with costs incurred to date (excluding the cost of land) as compared to total budgeted development costs (excluding the cost of land). Gains or losses in the fair value of the investment properties are recognized in the consolidated statement of income and comprehensive income in the period in which they arise.

Leasing costs include commissions paid to external leasing agents in negotiating and arranging tenant leases. Leasing costs are added to the carrying amount of investment properties. Tenant incentives, such as lessor improvements, may be provided to lessees to enter a lease. Tenant incentives are added to the carrying amount of investment properties. Leasing costs and tenant incentives are amortized on a straight-line basis over the term of the lease as a property expense.

The application of the direct income capitalization method results in these measurements being classified as Level 3 in the fair value hierarchy. In applying the direct income capitalization method, the stabilized net operating income of each property is divided by a capitalization rate appropriate for the property based on the market in which the property is located and the specific details of the property. Investment properties are valued based on the highest and best use for the properties. For all the REIT's investment properties, the current use is considered to be the highest and best use. The significant unobservable inputs used in the Level 3 valuation of the investment properties are the capitalization rate and the stabilized net operating income used in the calculations.

The REIT's properties held for development are classified as such until the property is substantially completed and available for occupancy. The cost of properties held for development includes the acquisition cost of the land, direct development expenditures, consulting and legal fees, property taxes, management fees, insurance fees, construction costs, and borrowing costs directly attributable to the properties held for development. The amount of capitalized borrowing costs is determined by reference to the borrowings specific to the project, where relevant, and otherwise by applying a weighted average cost of borrowings to eligible expenditures.

Capitalization of borrowing costs commences when the activity necessary to prepare an asset for development begins and ceases once the asset is substantially complete or if there is a prolonged period where development activity is interrupted. The REIT considers substantial completion to have occurred when the property can operate in the manner intended by management. Capitalization of costs to properties held for development continues until all the activities necessary to prepare the property for use as an income-producing property are complete, at which point it is transferred from properties held for development to income-producing properties at its fair value.

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Derivative financial instruments

From time to time, the REIT enters into derivative financial instruments such as interest rate swaps, interest rate swaptions and cross-currency swaps to mitigate the impact of interest rate fluctuations and to reduce the interest cost of certain mortgages and of the Credit Facilities. The REIT also utilizes total return swaps to mitigate the effect of unit price fluctuations on unit-based compensation. These derivative contracts usually require periodic exchanges of payments without the exchange of the notional principal amount on which the payments are based, and expire coterminous with the maturities of the corresponding liability. The interest rate swaps, interest rate swaptions, cross-currency swap agreements and total return swaps are not designated as hedging instruments under IFRS Accounting Standards. They are measured at fair value on initial recognition and are subsequently measured and classified at fair value through profit and loss, with changes in fair value presented in the consolidated statement of income and comprehensive income.

Assets held for sale

Investment properties are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction rather than from continuing use. This condition is met when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property, management is committed to the sale, and it is highly probable to occur within one year. Investment properties classified as held for sale continue to be measured at fair value and are presented separately on the consolidated statements of financial position.

Leases

The REIT leases mainly land and buildings as a lessee. Lease terms are negotiated on an individual basis and contain different terms and conditions. The lease agreements do not impose any covenants.

At inception of a contract, the REIT assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The REIT has chosen to account for each lease component. The REIT recognizes a right-of-use asset and a lease liability at the commencement date, which is the date the leased asset is available for use. Each lease payment is allocated between lease liabilities and financing costs. Financing costs are charged to the consolidated statement of income and comprehensive income over the lease period to produce a constant periodic rate of interest on the remaining balance of lease liabilities for each period. The right-of-use asset is initially measured at cost comprised of the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The right-of-use asset is subsequently depreciated over the shorter of the underlying asset's useful life and the lease term on a straight-line basis. The lease term includes periods covered by an option to extend if the REIT is reasonably certain to exercise that option. Also, the lease term includes periods covered by an option to terminate if the REIT is reasonably certain not to exercise that option. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the REIT's incremental borrowing rate. Generally, the REIT uses its incremental borrowing rate as the discount rate.

The lease liability includes the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or rate, initially measured using the index or the effective rate at the commencement date;
- amounts expected to be payable by the REIT under residual value guarantees;

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(In thousands of Canadian dollars, except unit amounts)

- the exercise price of a purchase option if the REIT is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of that option by the REIT.

The REIT has classified the right-of-use-assets in respect of land leases as investment property at fair value. Land lease related expense is recorded as net interest expense in the consolidated statements of income and comprehensive income.

The REIT has classified the right-of-use-assets in respect of office leases as non-current assets at amortized cost. Office lease related expense is recorded partially as general and administrative expense, resulting from the amortization of right-of-use assets, and partially as net interest expense in the consolidated statements of income and comprehensive income.

Lease principal repayments are classified as financing cash flows in the consolidated statements of cash flows.

Unit equity

The REIT is an open-ended real estate investment trust, and units of the REIT are redeemable (puttable) at the option of the REIT's unitholders. IAS 32, Financial Instruments: Presentation, requires puttable instruments to be accounted for as financial liabilities, except where certain conditions as detailed in IAS 32 are met. This exemption is known as the Puttable Instrument Exemption. The units of the REIT meet the Puttable Instrument Exemption criteria and, accordingly, are classified and presented as equity in the consolidated statements of financial position. In addition to REIT Units, Class B LP Units may be issued. These units do not qualify for the Puttable Instrument Exemption and are classified as liabilities on the consolidated statements of financial position. They are remeasured at each reporting date to fair value with gains and losses reported within the consolidated statements of income and comprehensive income.

Revenue recognition

The REIT earns revenue from its tenants from various sources consisting of base rent for the use of space leased, recoveries of property taxes and insurance and service revenue from utilities, cleaning and property maintenance costs.

Revenue from lease components is recognized as property revenues on a straight line basis over the lease term and includes the recovery of property taxes and insurance .

Revenue related to the service component of the REIT's leases is accounted for in accordance with IFRS 15, Revenue from Contracts with Customers. These services are recognized as property revenues, and consist of utilities, cleaning and property maintenance costs for which the revenue is recognized over time, typically as the costs are incurred, which is when the services are rendered .

Current and deferred income taxes

The REIT currently qualifies as a "mutual fund trust" under the Income Tax Act (Canada). The REIT expects to distribute or designate all its taxable income to unitholders and is entitled to deduct such distributions for income tax purposes.

The legislation relating to the federal income taxation of a Specified Investment Flow Through ("SIFT") trust or partnership was enacted on June 22, 2007. Under the SIFT rules, certain distributions from a SIFT will not be deductible in computing the SIFT's taxable income and the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. However, distributions paid by a SIFT as a return of capital should generally not be subject to tax. Under the SIFT rules, the taxation regime will not apply to a real estate investment trust that meets prescribed conditions relating to the nature of its assets and revenue (the REIT Conditions). The REIT has reviewed the SIFT rules and has assessed its interpretation and application to the REIT's assets and revenue. While there are uncertainties in the interpretation and application of the SIFT rules, the REIT believes it meets the REIT Conditions and

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accordingly, no net current income tax expense or deferred income tax expense has been recorded in the consolidated statements of income and comprehensive income in respect of the REIT.

Distributions

Distributions to unitholders are recognized as a liability in the period in which the distributions are approved by the Board of Trustees and are recorded as a reduction of retained earnings.

Significant accounting judgments, estimates and assumptions

The preparation of financial statements in compliance with IFRS Accounting Standards requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ materially from these estimates. The estimates and judgments used in determining the recorded amount for assets, liabilities and equity in these consolidated financial statements include the following:

Valuation of investment properties

Fair value is determined with reference to external valuations and internal valuations. Internal valuations are primarily based on the direct income capitalization method. The critical assumptions and estimates used by management when determining the fair value of investment properties are stabilized net rental income and capitalization rates (see note 4). 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.

Allowance for expected credit losses

The REIT recognizes an allowance for expected credit losses for financial assets measured at amortized cost at each balance sheet date. The REIT's assessment of expected credit losses is subjective and is based upon forward looking assessments of collectability. As a result, any expected credit loss is uncertain and the assumptions upon which it is based may change due to several factors. The REIT reviews receivables on a continuous basis and determines potentially uncollectible accounts on a tenant-by-tenant basis, considering their credit risk and records an allowance based on expected credit losses as a property expense in the consolidated statement of income and comprehensive income.

Future Accounting Standards Not Yet Adopted

The International Accounting Standards Board (IASB) has issued new standards and amendments that are not yet effective for the year ended December 31, 2025. The REIT is evaluating the potential impact of these changes on its financial reporting.

IFRS 18 – Presentation and Disclosure in Financial Statements

Issued in April 2024, IFRS 18 *Presentation and Disclosure in Financial Statements* replaces IAS 1 and is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. IFRS 18 aims to enhance the comparability and transparency of financial statements by introducing:

- Defined categories and subtotals in the statement of profit or loss, including operating, investing, and financing categories, along with mandatory subtotals such as "Operating profit or loss" and "Profit or loss before financing and income tax."
- Disclosures on management-defined performance measures ("MPMs"), requiring entities to provide information about subtotals of income and expenses that management uses in public communications.
- Enhanced aggregation and disaggregation principles, improving the clarity and usefulness of financial information presented.

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The REIT is currently assessing the impacts of this new standard on the presentation of its financial statements, particularly the statement of profit or loss, to align with the new categories and subtotals. The enhanced disclosure requirements will necessitate disclosing MPMs used in public communications, ensuring transparency and consistency in reporting.

IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*, effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.

These amendments address:

- Clarifications on the classification and measurement of financial assets, particularly those with environmental, social, and governance (ESG)-linked features, ensuring consistent application of the contractual cash flow characteristics test.
- Guidance on the derecognition of financial liabilities, specifying that a financial liability is derecognized on the settlement date, which is the date on which the liability is extinguished, along with an exemption that when settling a financial liability in cash using an electronic payment system ("EPS"), an entity is permitted to deem the financial liability to be discharged before the settlement date, under the circumstance that certain criteria are satisfied.
- Enhanced disclosure requirements, including information about financial instruments with contractual terms that could change the timing or amount of contractual cash flows based on the occurrence (or non-occurrence) of a future event.

The REIT expects to elect the accounting policy exemption that permits a financial liability to be deemed discharged prior to the settlement date when the payment instruction is initiated through an EPS, as the criteria set out in the amendments are satisfied. Management believes that, upon adoption, the amendments will not have a significant impact on the REIT's financial statements.

The REIT will continue to monitor developments in these and other standards.

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3 Acquisitions and dispositions

Acquisitions of income producing properties

The impact of the acquisitions of income producing properties completed during the year ended December 31, 2025, is as follows:

Property location	Acquisition date	Contractual purchase price \$	Transaction costs \$	Income producing properties acquired \$	Working capital acquired \$	Net assets acquired \$
Montreal, QC	November 2025	27,500	1,203	28,703	(371)	28,332
Longueuil, QC	November 2025	12,600	299	12,899	(170)	12,729
		40,100	1,502	41,602	(541)	41,061

Consideration:

Cash 41,061

41,061

The impact of the acquisitions of income producing properties completed during the year ended December 31, 2024, is as follows:

Property location	Acquisition date	Contractual purchase price \$	Fair value adjustment (⁽¹⁾) \$	Transaction costs \$	Income producing properties acquired \$	Working capital acquired \$	Net assets acquired \$
Sherbrooke, QC	July 2024	16,567	(1,425)	580	15,722	(144)	15,578
Kelowna, BC	May 2024	34,950	—	856	35,806	(9,864)	25,942
Dorval, QC ⁽²⁾	February 2024	1,463	—	32	1,495	9	1,504
Rocky View, AB	January 2024	35,060	—	267	35,327	—	35,327
		88,040	(1,425)	1,735	88,350	(9,999)	78,351

Consideration:

Cash 75,209

Class B LP Units issued 3,142

78,351

⁽¹⁾ Fair value adjustment relating to the value of Class B LP Units issued as consideration for the acquisition.

⁽²⁾ This parcel of land was acquired and designated as an asset held for sale. See Note 5 for further details.

Acquisitions of properties under development

On April 14, 2025, the REIT acquired a land parcel adjacent to one of its existing properties in Kelowna, BC for a purchase price of \$18,800 and transaction costs of \$5. The purchase consideration was settled through the transfer of an industrial property in Fort St. John, BC valued at \$7,000, receivables of \$1,062 related to an industrial property in Richmond, BC and the Kelowna property, and 2025 rental income totaling \$6,219 from the Richmond and Kelowna properties, with the balance settled in cash. The land is intended for the future development of a Class A industrial building.

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Dispositions of income producing properties

The following are dispositions completed for the year ended December 31, 2025:

On October 6, 2025, the REIT sold a land parcel adjacent to an existing retail property located in Anjou, QC for a price of \$8,523. The land parcel was previously classified as an asset held for sale. Net of closing costs of \$562, the REIT received cash proceeds of \$7,961.

On September 16, 2025, the REIT sold an industrial property located in Saint-Laurent, QC for a price of \$9,200. The property was previously classified as an asset held for sale. Net of closing costs and working capital adjustments of \$94, the REIT received cash proceeds of \$9,106.

On June 3, 2025, the REIT sold an industrial property located in Edmonton, AB for a price of \$4,175. The property was previously classified as an asset held for sale. Net of selling costs of \$162, the REIT received cash proceeds of \$4,013. At the time of disposal, the REIT repaid a mortgage that was on the property of \$3,832.

On April 14, 2025, the REIT sold an industrial property located in Fort St. John, BC for a price of \$7,000 and a selling cost of \$35. The property, which had previously been classified as an asset held for sale, was utilized as part of the purchase consideration for the acquisition of a land parcel adjacent to one of the REIT's existing properties in Kelowna, BC, as noted above.

On March 27, 2025, the REIT completed the sale of its share of 15 retail properties in which it held a 50% ownership interest. These properties, previously classified as assets held for sale, were located across Quebec and sold for a price of \$47,000 (at the REIT's 50% ownership interest). At the time of disposal, the purchaser also assumed the mortgage on the properties of \$32,144 (at the REIT's 50% ownership interest). Net of selling costs of \$59, the REIT received cash proceeds of \$14,797.

On February 21, 2025, the REIT sold an office property located in Laval, QC for a price of \$3,900. This property was previously classified as an asset held for sale. Net of selling costs of \$25, the REIT received cash proceeds of \$3,875. At the time of disposal, the REIT repaid a mortgage that was on the property of \$2,420.

The following are dispositions completed for the year ended December 31, 2024:

On December 20, 2024, the REIT sold four industrial properties located in Regina and Saskatoon, SK for a total selling price of \$27,780. These properties were not classified as assets held for sale because they did not meet the required criteria until the quarter in which they were sold. Net of selling costs of \$474, the REIT received cash proceeds of \$27,306. Concurrent with disposal, the REIT repaid three mortgages that were on three of the properties totaling \$10,700.

On December 13, 2024, the REIT sold an office property located in Dorval, QC for a selling price of \$10,900. This property was previously classified as an asset held for sale. Net of selling costs of \$327, the REIT received cash proceeds of \$10,573. At the time of disposal, the REIT repaid a mortgage that was on the property of \$7,010.

On December 3, 2024, the REIT sold an office property located in Saint John, NB for a selling price of \$2,800. This property was previously classified as an asset held for sale. Net of selling costs of \$108, the REIT received cash proceeds of \$2,692.

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, previously classified as assets held for sale, were located in Montreal, QC and sold for a price of \$13,500 (\$6,750 at the REIT's 50% ownership interest), of which \$4,000 was received in cash and the remaining \$2,750 was settled through the issuance of a vendor take back loan (VTB) that matured on April 8, 2025 at an interest rate of prime plus 3%. The VTB was recorded in tenant and other receivables in the consolidated statement of financial position as at December 31, 2024. Net of selling costs of \$13, the REIT received cash proceeds of \$6,737.

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On September 26, 2024, the REIT sold excess land associated with an income property located in Fort St. John, BC for a selling price of \$2,350. Net of selling costs of \$128, the REIT received cash proceeds of \$2,222.

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, QC and sold for a price of \$34,500 (\$17,250 at the REIT's 50% ownership interest). Net of selling costs of \$154, the REIT received cash proceeds of \$17,096. At the time of disposal, the REIT repaid mortgages on the properties of \$28,116 (\$14,058 at the REIT's 50% ownership interest).

On June 21, 2024, the REIT sold an office property located in Blainville, QC for a selling price of \$5,057. This property was previously classified as an asset held for sale. Net of selling costs of \$251, the REIT received cash proceeds of \$4,806. At the time of the disposal, the REIT repaid a mortgage on the property of \$3,602.

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4 Investment properties

The following table summarizes the primary components of investment properties as at December 31, 2025, and December 31, 2024:

	December 31, 2025 \$	December 31, 2024 \$
Income producing properties	2,459,796	2,351,966
Properties held for development	46,627	106,208
	<u>2,506,423</u>	<u>2,458,174</u>

The following table summarizes the changes in investment properties for the year ended December 31, 2025:

	Note	Income producing properties \$	Properties held for development \$	Investment properties \$
Balance – January 1, 2025		2,351,966	106,208	2,458,174
Acquisitions	3	41,602	18,805	60,407
Additions – capital expenditures, net of adjustment		11,410	—	11,410
Additions – tenant incentives and leasing costs		3,728	—	3,728
Additions – development		—	23,336	23,336
Amortization of tenant incentives and leasing costs		(1,770)	—	(1,770)
Fair value adjustments		9,475	5,678	15,153
Transfers from properties held for development to income producing properties		107,400	(107,400)	—
Investment properties reclassified as assets held for sale	5	(64,015)	—	(64,015)
Balance – December 31, 2025		<u>2,459,796</u>	<u>46,627</u>	<u>2,506,423</u>

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The following table summarizes the changes in investment properties for the year ended December 31, 2024:

	Note	Income producing properties \$	Properties held for development \$	Investment properties \$
Balance - January 1, 2024		2,256,677	107,350	2,364,027
Acquisitions	3	86,855	—	86,855
Additions – capital expenditures		9,393	—	9,393
Additions – tenant incentives and leasing costs		4,871	—	4,871
Additions – development		—	70,232	70,232
Amortization of tenant incentives and leasing costs		(1,478)	—	(1,478)
Disposal on investment properties		(30,130)	—	(30,130)
Fair value adjustments		34,004	35,678	69,682
Transfers from properties held for development to income producing properties		113,052	(113,052)	—
Transfers from income producing properties to properties held for development		(6,000)	6,000	—
Investment properties reclassified as assets held for sale	5	(115,278)	—	(115,278)
Balance – December 31, 2024		2,351,966	106,208	2,458,174

Acquisitions of income producing properties include \$1,502 of transaction costs (December 31, 2024 - \$1,735).

During the year ended December 31, 2025, the REIT capitalized borrowing costs of \$2,923 (December 31, 2024 - \$2,724) to qualifying development properties.

The REIT's investment property policy requires externally appraising at least 15% to 20% of the value of the portfolio each year, and 50% of the portfolio over a 3-year period. The REIT targets having 100% of its portfolio valued over 6 years. The selection of properties is based on management's judgment, and includes the following criteria: materiality of property; leasing activities during the period; changes in NOI, capitalization rate, or other assumptions; the date of the last appraisal; financing; and any underwriting requirements (acquisitions or dispositions). The REIT obtains third party appraisals to supplement internal management valuations in support of the determination of the fair market value of investment properties. Investment properties with an aggregate fair value of \$390,190 were valued by qualified external valuation professionals during the year ended December 31, 2025.

The fair value of the investment properties as at December 31, 2025, represents the REIT's best estimate based on available information as at the end of the reporting period.

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

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

	December 31, 2025	December 31, 2024
Weighted average capitalization rate	5.88%	5.82%
Range of capitalization rates	5.00% - 10.00%	4.50% - 10.00%
Stabilized net operating income	\$ 145,428	\$ 139,283

The fair value of the investment properties is most sensitive to changes in capitalization rates. As at December 31, 2025, a 0.25% increase in the weighted average capitalization rate would result in a decrease of approximately \$100,900 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 \$109,800 in the determination of the fair value of the investment properties. Further, an increase (decrease) of 1% in stabilized net operating income would result in an increase (decrease) of approximately \$24,700 in the determination of the fair value of the investment properties.

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5 Assets held for sale

As at December 31, 2025, four investment properties with a combined fair value of \$60,790 were classified as assets held for sale (December 31, 2024 - \$80,037). The mortgages associated with these properties are classified as liabilities associated with assets held for sale, totaling \$8,367 (See Note 11 for details).

During the year ended December 31, 2025, a fair value adjustment (loss) of \$3,058 was recognized directly in the statement of income and comprehensive income for the investment properties classified as assets held for sale. This fair value adjustment reflects a write-down of the assets held for sale to align their carrying amounts with the REIT's best estimate of their fair market value.

The following table summarizes the fair value changes in properties classified as assets held for sale for the years ended December 31, 2025, and 2024:

	Note	December 31, 2025 \$	December 31, 2024 \$
Balance, beginning of year		80,037	29,150
Acquisition of property	3	—	1,495
Investment properties reclassified as assets held for sale	4	64,015	115,278
Fair value adjustment		(3,058)	(21,771)
Disposal of properties	3	(79,799)	(42,757)
Other adjustments ⁽¹⁾		(405)	(1,358)
Balance, end of year		60,790	80,037

⁽¹⁾ Other adjustments comprise the reclassification of straight-line rent relating to assets held for sale from other current assets.

6 Equity investment in joint ventures

The REIT has a 50% interest in Société en Commandite 2045 Stanley, the limited partnership that owns the office building located at 2039-2047 rue Stanley in Montreal, QC.

The following table summarizes the equity investment in the joint venture:

	December 31, 2025 \$	December 31, 2024 \$
Balance, beginning of year	12,912	11,038
Share of net (loss) income from investment in joint venture	(2,323)	1,874
Balance, end of year	10,589	12,912

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The following table summarizes the cumulative financial information of the joint venture:

	December 31, 2025	December 31, 2024
	\$	\$
Investment property	31,580	37,272
Other non-current assets	1,334	1,485
Current assets	622	629
Non-current liabilities	(10,972)	(11,923)
Current liabilities	(1,385)	(1,639)
Net assets	21,179	25,824
The REIT's share of net assets	10,589	12,912

	Year Ended December 31,	
	2025	2024
	\$	\$
Net operating income		
Property revenues	3,729	4,080
Property expenses	(1,967)	(1,945)
Net operating income	1,762	2,135
General and administrative expense	(195)	(181)
Fair value adjustment of investment properties	(5,637)	2,630
Fair value adjustment of derivative financial instruments	(166)	(397)
Net interest expense	(410)	(439)
Net (loss) income and comprehensive (loss) income	(4,646)	3,748
The REIT's share of net (loss) income and comprehensive (loss) income	(2,323)	1,874

7 Leases

The REIT holds a leasehold interest in a property located in Edmonton, Alberta, under a 58-year land lease that commenced on January 1, 2015.

The REIT holds the rights and obligations of a 20-year lease for 7,170 square feet of office space in a property located in Montreal, Quebec, in which it has a 50% ownership interest through a joint venture investment. The lease commenced on January 1, 2018.

The REIT holds the rights and obligations of a five-year lease for 3,344 square feet of office space in Oakville, Ontario. The lease commenced on December 1, 2023.

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The following table summarizes the changes in right-of-use assets for the years ended December 31, 2025, and 2024:

	2025	2024
	\$	\$
Balance, beginning of year	1,062	1,183
Amortization of right-of-use assets	(121)	(121)
Balance, end of year	941	1,062
Cost	1,646	1,646
Accumulated amortization	(705)	(584)
Net book value	941	1,062

As of December 31, 2025, investment properties include right-of-use-assets with respect to land leases of \$9,175 (December 31, 2024 - \$9,175).

The following tables summarizes the changes in lease liabilities for the years ended December 31, 2025 and 2024:

	Land leases	Office leases	Total
	\$	\$	\$
Balance as at January 1, 2025	9,259	1,456	10,715
Lease principal income/(repayments)	9	(111)	(102)
Balance as at December 31, 2025	9,268	1,345	10,613
Less: Current portion	9	(117)	(108)
Non-current balance, end of year	9,277	1,228	10,505

	Land leases	Office leases	Total
	\$	\$	\$
Balance as at January 1, 2024	10,500	1,550	12,050
Lease disposal	(1,270)	—	(1,270)
Lease principal income/(repayments)	29	(94)	(65)
Balance as at December 31, 2024	9,259	1,456	10,715
Less: Current portion	9	(111)	(102)
Non-current balance, end of year	9,268	1,345	10,613

For the year ended December 31, 2025, interest expense on lease liabilities of \$423 (2024 - \$504) is included in the consolidated statement of income and comprehensive income.

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8 Tenant and other receivables

	December 31, 2025 \$	December 31, 2024 \$
Tenant receivables	5,339	4,236
Unbilled other tenant receivables	2,039	1,472
Note receivable ⁽¹⁾	—	2,750
Other receivables	1,007	601
	8,385	9,059
Less: Allowance for expected credit loss	(308)	(107)
Tenant and other receivables, net	8,077	8,952

⁽¹⁾ This pertains to a Vendor Take-Back (VTB) loan provided as part of the consideration for the sale of an office property in Montreal, Quebec, on October 8, 2024. The outstanding balance of the loan was settled in April 2025.

The carrying value of amounts receivables approximates fair value due to their current nature. The REIT determines the allowance for expected credit loss using historical information, probability of collection, lease terms, the tenants' financial condition and other factors.

The following table summarizes the reconciliation of changes in the provision for impairment of tenant receivables for the years ended December 31, 2025 and 2024:

	December 31, 2025 \$	December 31, 2024 \$
Balance, beginning of year	107	370
Additional provision	226	90
Write-offs	(25)	(353)
Balance, end of year	308	107

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

	December 31, 2025 \$
2026	131,718
2027	125,780
2028	119,281
2029	111,779
2030	100,322
Thereafter	451,895
Balance, end of year	1,040,775

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9 Other assets

Other assets are comprised of the following:

	December 31, 2025	December 31, 2024
	\$	\$
Cumulative straight-line rent adjustments	21,512	15,455
Restricted cash	308	315
Deposits	42	326
Prepaid acquisition costs	261	178
Other	48	81
Balance, end of year	22,171	16,355
Less: Current portion	(22,129)	(16,016)
Non-current balance, end of year	42	339

10 Other investment

On November 16, 2021, the REIT indirectly, through one of its subsidiaries, acquired an interest in a limited partnership for \$3,000. The limited partnership owns development land located in Hamilton, Ontario. The REIT has accounted for the interest in the limited partnership as a FVTPL financial asset. The development land was externally appraised as of December 31, 2025, with the valuation remaining unchanged from December 31, 2024. The REIT's share of the fair value of the investment was \$7,950 as at December 31, 2025 (December 31, 2024 - \$7,950).

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11 Mortgages payable

As at December 31, 2025, the mortgages payable are secured by charges against 34 of the REIT's investment properties (December 31, 2024 - 55 investment properties). The weighted average interest rate, including deferred financing costs and interest rate swap agreements, of the mortgages payable is 3.37% (December 31, 2024 – 3.43%) and the weighted average term to maturity is 4.88 years (December 31, 2024 – 5.50 years).

The following table summarizes the changes in mortgages payable for the years ended December 31, 2025 and 2024:

	Note	December 31, 2025 \$	December 31, 2024 \$
Mortgages payable, beginning of year		631,957	674,506
New mortgage financing		15,500	34,800
Mortgage repayments on maturity		(18,314)	(23,834)
Mortgages repaid on disposal of investment properties	3	(38,396)	(35,650)
Mortgage principal installment repayments		(16,841)	(17,865)
Mortgages payable, end of year		573,906	631,957
Less: Deferred financing costs, beginning of year		(1,874)	(2,138)
Less: Additions to deferred financing costs		(196)	(345)
Plus: Amortization of deferred financing costs		498	609
Plus: Fair value adjustment of mortgages, beginning of year		436	470
Less: Adjustment to fair value of mortgages		(1,198)	—
Plus: Amortization of fair value adjustments		26	(34)
Balance, end of year		571,598	630,519
Less: Mortgages payable associated with assets held for sale		(8,367)	(40,227)
Less: Current portion		(94,896)	(41,740)
Non-current balance, end of year		468,335	548,552

The breakdown of future principal repayments, including mortgage maturity, is presented in the following table:

	Scheduled repayments \$	Principal maturities \$	Total \$
2026	15,144	88,198	103,342
2027	13,202	38,705	51,907
2028	12,640	17,984	30,624
2029	11,046	55,411	66,457
2030	10,823	26,428	37,251
Thereafter	60,802	223,523	284,325
Balance as at December 31, 2025	123,657	450,249	573,906

Nexus Industrial REIT

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12 Credit Facilities

As at December 31, 2025, the REIT had the following credit facilities ("the Credit Facilities"):

Facility	Interest Rate	Maturity Date	Security	Facility Limit \$	Amount Drawn \$
Secured Credit Facility:					
Term construction facility ⁽²⁾	Prime rate + 1.25% or floating CORRA + 2.85%	August 31, 2026	One investment property	16,368	11,018
Unsecured Credit Facilities:					
Revolving facility ⁽³⁾	Prime rate + 0.70% or floating CORRA or SOFR + fixed CORRA or SOFR adjustment spread +1.70% ⁽¹⁾	August 5, 2028	Unsecured	575,000	522,475 ⁽⁴⁾
Term loan facility ⁽³⁾	Prime rate + 0.70% or floating CORRA or SOFR + fixed CORRA or SOFR adjustment spread +1.70% ⁽¹⁾	August 5, 2027	Unsecured	200,000	199,380 ⁽⁴⁾
Swingline facility	Prime rate + 0.70% or floating CORRA or SOFR + fixed CORRA or SOFR adjustment spread +1.70% ⁽¹⁾	August 5, 2028	Unsecured	10,000	—
				801,368	732,873

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

⁽¹⁾ Represents the spreads in effect as at December 31, 2025. The Canadian Overnight Repo Rate Average (CORRA) adjustment spread is fixed at 0.29547% for an interest period of one month and is fixed at 0.32138% for an interest period of 3 months. The Secured Overnight Financing Rate (SOFR) adjustment spread is fixed at 0.10%. The applicable spread is set based on the REIT's total debt to total assets, unless the REIT receives an external credit rating, at which time the applicable spread will be based on the REIT's external credit rating.

⁽²⁾ Balances presented are at the REIT's 80% interest. Includes a non-revolving letter of credit facility totaling \$1,600 of which \$344 was drawn as at December 31, 2025 (December 31, 2024 - \$477).

⁽³⁾ The credit facility can be drawn in Canadian or US dollars at the REIT's option and bears interest payable monthly based on Banker's Acceptance and Prime rates for Canadian dollar loans, and based on the Secured Overnight Financing Rate (SOFR) for US dollar loans. As at December 31, 2025, the Revolving facility and Term loan facility were drawn in US dollars for US\$381,201 (\$522,475 equivalent) and US\$145,465 (\$199,380 equivalent), respectively.

⁽⁴⁾ These balances are drawn in US dollars and hedged to Canadian dollars, with a fixed notional amount of \$775,000.

On August 5, 2025, the REIT increased the Unsecured Credit Facilities by \$160,000, from \$625,000 to \$785,000, increasing the term loan facility from \$175,000 to \$200,000 and the revolving facility from \$440,000 to \$575,000. The REIT also amended the maturity date of the Unsecured Credit Facilities by extending the term loan facility, the revolving facility, and the swingline facility from March 1, 2027 to August 5, 2027, August 5, 2028, and August 5, 2028, respectively.

During the year ended December 31, 2025, the REIT paid down a secured credit facility (previously referred to as "Secured Credit Facility 1") totalling \$66,100, which was funded through the increase of the Unsecured Credit Facilities discussed above.

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The following table summarizes the changes in the Credit Facilities for the years ended December 31, 2025, and 2024:

	December 31, 2025 \$	December 31, 2024 \$
Drawn against the Credit Facilities, beginning of year	651,616	520,125
Repayment of a secured credit facility (previously referred to as "Secured Credit Facility 1")	(66,100)	—
Net borrowings during the year	150,283	130,811
Unrealized foreign exchange adjustments	(2,926)	680
Drawn against the Credit Facilities, end of year	732,873	651,616
Less: Deferred financing costs, beginning of year	(1,780)	(1,581)
Less: Deferred financing costs incurred	(952)	(964)
Plus: Amortization of deferred financing costs	878	765
Balance, end of year	731,019	649,836
Less: Current portion	(11,018)	(73,107)
Non-current balance, end of year	720,001	576,729

The following table summarizes interest rate exposure on the Credit Facility borrowings as at December 31, 2025:

	Total principal amount \$	Weighted average interest rate	Repricing date
Credit Facility borrowings covered by fixed interest rate swaps ⁽¹⁾	616,737	5.31% ⁽²⁾	January 31, 2026
Credit Facility borrowings not covered by fixed interest rate swaps	105,113	4.08 %	January 31, 2026
Prime rate borrowings not covered by fixed interest rate swaps	11,023	5.09 %	Variable
Total drawn against the Credit Facilities	732,873		

⁽¹⁾ Amounts are represented in CAD equivalents inclusive of unrealized revaluation gain of \$2,926 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.

The REIT is party to interest rate swaps, which are used to manage floating interest rate exposure. See Note 20 for details.

To reduce interest expense, at December 31, 2025, debt of \$721,850 (Canadian dollar equivalent) was drawn in US dollars, representing US\$526,667, and economically converted into Canadian dollars using cross-currency swap contracts. See Note 20 for hedge and foreign exchange risk details.

The primary financial covenants of the REIT's Credit Facilities are interest coverage, distribution, and loan to value covenants, for which non-compliance would result in an event of default, allowing the lender to demand repayment of amounts outstanding under the Credit Facilities. As at December 31, 2025, the REIT was compliant with all externally imposed financial covenants.

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13 Class B LP Units

The following table summarizes the changes in Class B LP Units for the year ended December 31, 2025:

	Units	Amount
	#	\$
Balance – January 1, 2025	23,410,193	180,023
Class B LP Units exchanged for REIT Units	(904,319)	(6,881)
Class B LP Units issued ⁽¹⁾	2,764,464	21,758
Fair value adjustment	n/a	4,736
Balance – December 31, 2025	25,270,338	199,636
Less: Current portion, end of year	(25,270,338)	(199,636)
Non-current portion, end of year	—	—

(1) During the year ended December 31, 2025, the Trust issued 2,764,464 Class B LP Units to satisfy the prepaid construction costs in connection with the development at Richmond, BC property (1751 and 1771 Savage Road). As at December 31, 2025, 447,619 Units were released to the counterparty and have since been converted to REIT Units while the remaining 2,316,845 Units were still held in escrow and subject to trading restrictions and not entitled to distributions. For more details, refer to Note 23, Commitments and contingent obligations.

Distributions in the amount of \$14,850 (2024 - \$15,278) were declared payable to holders of Class B LP Units for the year ended December 31, 2025, of which \$1,224 were accrued as at December 31, 2025 (December 31, 2024 - \$1,248). These amounts have been recognized as finance expense in the consolidated statement of income and comprehensive income.

The following table summarizes the change in Class B LP Units for the year ended December 31, 2024:

	Units	Amount
		\$
Balance – January 1, 2024	24,611,356	199,105
Class B LP Units exchanged for REIT Units	(1,657,863)	(11,596)
Class B LP Units issued as purchase price consideration	456,700	3,142
Fair value adjustment	n/a	(10,628)
Balance – December 31, 2024	23,410,193	180,023
Less: Current portion, end of year	(21,263,592)	(163,517)
Non-current portion, end of year	2,146,601	16,506

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

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14 Other Liabilities

Other liabilities are comprised of the following:

	December 31, 2025	December 31, 2024
	\$	\$
Deferred purchase consideration	5,976	7,547
Unit-based compensation	1,276	602
	7,252	8,149

Deferred Purchase Consideration

As at December 31, 2025, \$5,976 (US\$4,361) (December 31, 2024 - \$7,547 (US\$5,245)) represents the non-current portion of the deferred consideration related to the acquisition of an investment property. The current portion of the deferred consideration \$1,167 (US\$851) (December 31, 2024 - \$1,117 (US\$776)) is classified as accounts payable and other liabilities in the REIT's consolidated statement of financial position. The deferred consideration is denominated in US dollars and payable in quarterly installments amortized over a 10-year period which commenced October 1, 2021.

Unit-based compensation

1) Incentive unit plan

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

The following table summarizes the changes in Incentive Units liabilities for the years ended December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
	\$	\$
Balance, beginning of year	602	300
Incentive units expense	1,253	1,381
Fair value adjustment	342	(3)
Incentive Units exercised	(921)	(1,076)
Balance, end of year	1,276	602

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	December 31, 2025		December 31, 2024	
	Number of Incentive Units	Weighted average Unit price \$	Number of Incentive Units	Weighted average Unit price \$
Outstanding, beginning of year	163,001	7.69	106,798	8.09
Granted	222,243	7.13	173,410	7.73
Vested and issued	(147,038)	7.57	(127,645)	8.43
Distribution entitlement	20,055	7.45	10,438	7.76
Outstanding, end of year	258,261	7.90	163,001	7.69

The following table summarizes the Incentive Units granted during the year ended December 31, 2025:

Incentive plan	Date Granted	Expiry Date	Number of Units granted	Fair value grant price	Number of Units vested
RSU ⁽¹⁾	January 13, 2025	January 13, 2025	24,743	7.68	24,743
RSU ⁽²⁾	January 14, 2025	January 14, 2027	22,918	7.68	7,639
RSU ⁽²⁾	March 18, 2025	March 18, 2027	87,291	6.98	29,097
PSU ⁽³⁾	March 18, 2025	March 18, 2028	87,291	6.98	—

(1) These RSUs vest on the date of issuance.

(2) These RSUs vest one-third on the date of issuance, one-third on the first anniversary and one-third on the second anniversary.

(3) PSUs vest 100% on the third anniversary of issuance.

The following table summarizes the Incentive Units granted during the year ended December 31, 2024:

Incentive plan	Date Granted	Expiry Date	Number of Units granted	Fair value grant price	Number of Units vested
RSU ⁽¹⁾	January 15, 2024	January 15, 2026	12,422	8.31	8,281
RSU ⁽²⁾	March 20, 2024	March 20, 2024	26,020	7.69	26,020
RSU ⁽¹⁾	March 20, 2024	March 20, 2026	52,849	7.69	35,233
RSU	March 20, 2024	July 8, 2025	29,270	7.69	29,270
PSU ⁽³⁾	March 20, 2024	March 20, 2027	52,849	7.69	—

(1) These RSUs vest one-third on the date of issuance, one-third on the first anniversary and one-third on the second anniversary.

(2) These RSUs vest on the date of issuance.

(3) PSUs vest 100% on the third anniversary of issuance.

During the year ended December 31, 2025, 73,352 REIT units were issued for the settlement of vested Incentive Units at the amount of \$555, net of withholding taxes.

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

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2) Employee unit purchase plan

The REIT adopted an employee unit purchase plan (the “Employee Unit Purchase Plan”) effective August 30, 2021. Under the Employee Unit Purchase Plan, employees of the REIT may contribute up to \$7.5 per calendar year to the plan (“Employee Contributions”), and Employee Contributions will be matched by a contribution from the REIT equivalent to 100% of the Employee Contributions (“REIT Contributions”). REIT Contributions will vest one year following each purchase date. All contributions received in respect of each participant in the Employee Unit Purchase Plan shall be paid in full on behalf of such participant to purchase REIT Units from treasury or, at the election of the REIT, through market purchases carried out by an independent broker through the facilities of the TSX. REIT Units issued from treasury will be issued at the volume weighted average trading price of REIT Units for the five trading days prior to each respective purchase date.

During the year ended December 31, 2025, 25,102 REIT units (December 31, 2024 – 17,372 REIT units) were issued from treasury at an average of \$7.29 per unit in respect of \$108 of Employee Contributions, and \$75 of REIT Contributions net of withholding taxes.

25,102 REIT units issued remain in the Employee Unit Purchase Plan at December 31, 2025 (December 31, 2024 – 17,372 REIT units), of which, 10,331 REIT units are unvested (December 31, 2024 – 7,181 REIT units).

15 Accounts payable and other liabilities

Accounts payable and other liabilities are comprised of the following:

	December 31, 2025	December 31, 2024
	\$	\$
Prepaid rent	4,829	5,677
Security deposits	3,718	3,497
Accrued interest expense	3,366	3,503
Sales and other taxes payable	905	232
Development costs	4,503	20,201
Trade payables and accrued liabilities	7,323	6,933
Lease liabilities	108	102
Other liabilities	1,167	1,117
Balance, end of year	25,919	41,262

16 Unitholders' equity

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

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

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17 Distribution reinvestment plan

The REIT adopted a distribution reinvestment plan (“DRIP”) on February 20, 2014, pursuant to which resident Canadian holders were entitled to elect to have all or some of the cash distributions of the REIT automatically reinvested in additional REIT units at a price per REIT unit calculated by reference to the weighted average of the trading price for the REIT units for the five trading days immediately preceding the relevant distribution date. Eligible unitholders who so elect would receive a bonus distribution of REIT 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.

The following table summarizes units issued under the DRIP:

	December 31, 2025	December 31, 2024
Number of units issued	—	418,631
Stated value (\$)	—	3,045

18 Property revenues

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

	December 31, 2025 \$	December 31, 2024 \$
Rental income and recoveries	164,939	165,233
Revenue from services	9,420	9,582
Other revenue	590	885
Property revenues	174,949	175,700

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19 Net interest expense

Net interest expense consists of the following:

	December 31, 2025 \$	December 31, 2024 \$
Interest expense ⁽¹⁾	55,012	56,647
Amortization of acquisition date fair value adjustments on assumed mortgages	26	(34)
Amortization of deferred financing costs	1,376	1,374
	56,414	57,987
Less: Interest income	(358)	(398)
Less: Interest capitalized to properties under development	(2,923)	(2,724)
Net interest expense	53,133	54,865

⁽¹⁾ This balance is net of the impact from interest rate swap agreements.

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20 Financial instruments

Fair value

The following table provides the measurement basis and fair value of financial instruments as at December 31, 2025:

	Note	Carrying value \$	Level 1 \$	Level 2 \$	Level 3 \$
Financial instruments at amortized cost					
Mortgages payable	11	573,906	—	539,956	—
Deferred consideration	14	5,976	—	5,678	—
Financial instruments at FVTPL					
Class B LP Units	13	199,636	—	199,636	—
Derivative financial instruments	20	14,078	—	14,078	—
Other investment	10	7,950	—	—	7,950

The following table provides the measurement basis and fair value of financial instruments as at December 31, 2024:

	Note	Carrying value \$	Level 1 \$	Level 2 \$	Level 3 \$
Financial instruments at amortized cost					
Mortgages payable	11	631,957	—	600,424	—
Deferred consideration	14	7,547	—	7,112	—
Financial instruments at FVTPL					
Class B LP Units	13	180,023	—	180,023	—
Derivative financial instruments	20	13,623	—	13,623	—
Investment in financial asset	10	7,950	—	—	7,950

The fair value of cash, restricted cash, tenant and other receivables, deposits, other assets, and accounts payable and other liabilities - current approximates carrying values due to the short-term nature of these instruments. The fair value of prime, CORRA and SOFR rates under the Credit Facilities approximates carrying value due to the short-term or variable rate nature of these instruments.

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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.

As at December 31, 2025, the REIT had cash of \$6,111 (December 31, 2024 - \$11,532), mortgages payable of \$573,906 (December 31, 2024 - \$631,957), a Credit Facilities balance of \$732,873 (December 31, 2024 - \$651,616) and accounts payable and other liabilities of \$33,171 (December 31, 2024 - \$49,411). The REIT had a working capital deficit of \$246,206 as at December 31, 2025 (December 31, 2024 – deficit of \$244,082). Excluding the current portion of Class B LP units of \$199,636, the REIT has working capital deficit of \$46,570. The REIT expects to cover this deficit through the renewal of mortgages and credit facilities, and disposition of assets held for sale.

The REIT has access to undrawn funds on operating facilities of \$63,145 as at December 31, 2025, under the Credit Facilities and expects to generate sufficient cash from operations to satisfy its financial liabilities as they come due.

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	Credit Facilities interest ⁽¹⁾⁽²⁾	Mortgages payable ⁽³⁾	Mortgage interest ⁽¹⁾⁽³⁾	Total
	\$	\$	\$	\$	\$	\$	\$
2026	25,919	525	11,018	37,440	103,342	17,298	195,542
2027	1,206	526	199,380	32,640	51,907	14,701	300,360
2028	1,247	528	522,475	15,531	30,624	13,451	583,856
2029	1,289	466	—	—	66,457	11,311	79,523
2030	1,333	490	—	—	37,251	10,264	49,338
Thereafter	901	20,555	—	—	284,325	17,359	323,140
	31,895	23,090	732,873	85,611	573,906	84,384	1,531,759

(1) Includes interest rate swap agreements, where applicable, and assuming that no swaps are canceled by the counterparty during the term of the obligation.

(2) The CORRA rate and applicable credit spread in effect as at December 31, 2025 have been used to determine the variable interest obligation.

(3) Includes mortgages on properties classified as Asset Held for Sale.

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 the Credit Facilities at maturity on terms as favourable as the existing mortgages payable and the Credit Facilities. As at December 31, 2025, there was a total of \$862,325 (December 31, 2024 - \$807,187) of mortgage and the 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 December 31, 2025, the REIT has interest rate swap agreements totaling \$737,554 (December 31, 2024 - \$780,709) to mitigate interest rate risk arising from floating rate debt, which represents 56.2% of total debt outstanding and 84.2% of total credit facility debt outstanding, as at December 31, 2025.

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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 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 summarizes relevant information on interest rate swap agreements:

Effective date	Fixed interest rate on swap	Maturity date	Original notional amount \$	Current notional amount \$	Fair value asset (liability) \$
November 2020	2.820% ⁽¹⁾	November 2, 2027	7,650	6,498	201
December 2020	3.350% ⁽¹⁾	December 30, 2030	18,000	15,715	1,078
April 2021	3.080% ⁽¹⁾	April 1, 2026 ⁽⁵⁾	19,750	17,721	53
November 2021	4.080% ⁽¹⁾	June 1, 2028	22,600	19,350	44
February 2022	3.280% ⁽¹⁾	February 23, 2032	29,500	27,139	869
February 2022	3.280% ⁽¹⁾	February 23, 2032	20,000	18,399	589
March 2022	3.410% ⁽¹⁾	March 1, 2027	17,800	15,994	85
October 2023	4.140%	October 31, 2028	25,000	25,000	(870)
October 2023	4.156%	October 31, 2028	50,000	50,000	(1,761)
October 2023	4.110%	October 31, 2028	25,000	25,000	(852)
October 2023	4.140%	October 31, 2028	25,000	25,000	(872)
October 2023	4.055%	October 31, 2028	25,000	25,000	(814)
November 2023	4.260% ⁽¹⁾⁽³⁾	June 1, 2028	8,272	6,737	(16)
May 2024	3.440%	May 31, 2029	50,000	50,000	(1,322)
October 2024	2.500% ⁽⁴⁾	October 2, 2029	60,000	60,000	(368)
April 2025	3.050% ⁽²⁾	February 28, 2029	50,000	50,000	(412)
April 2025	3.950% ⁽²⁾	August 31, 2029	100,000	100,000	(3,522)
April 2025	3.845% ⁽²⁾	September 29, 2029	50,000	50,000	(1,607)
April 2025	3.270% ⁽²⁾	May 31, 2030	50,000	50,000	(1,180)
April 2025	2.920% ⁽²⁾	June 29, 2030	50,000	50,000	(652)
May 2025	2.970% ⁽²⁾	July 1, 2030	50,000	50,000	(733)
			753,572	737,554	(12,062)

(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 counterparty to this swap has one-time options to terminate the swaps two years after the effective date.

(5) This swap is scheduled to mature within one year and is therefore classified as current assets on the consolidated statement of financial position.

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 of \$21,048 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 of \$21,898.

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Foreign exchange risk

Foreign exchange risk arises from the possibility that fluctuations in exchange rates may adversely affect the value of financial instruments. The REIT is able to draw its unsecured credit facilities in US dollars or Canadian dollars as described in Note 12 above. As at December 31, 2025, debt of US\$526,667 (\$721,850 Canadian dollar equivalent) was outstanding under the Credit Facilities. To mitigate the foreign exchange risk on these drawings, the REIT entered into cross-currency 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 foreign exchange (loss) gain in the consolidated statement of income and comprehensive income.

The following table summarizes the cross-currency swaps at December 31, 2025:

Effective date	Pay / Receive interest rate	Maturity date	Current notional amount	Fair value liability
			\$	\$
December 2025	CORRA(CAD) / SOFR(USD)	January 31, 2026	230,000	(770)
December 2025	CORRA(CAD) / SOFR(USD)	January 31, 2026	216,600	(650)
December 2025	CORRA(CAD) / SOFR(USD)	January 31, 2026	171,500	(607)
December 2025	CORRA(CAD) / SOFR(USD)	January 31, 2026	105,995	(307)
			724,095	(2,334)

Fair value risk

During the year ended December 31, 2025, the REIT entered into Total Return Swaps ("TRS") to manage its economic exposure arising from employee incentive unit compensation. The TRS is carried at fair value with gains or losses arising from the remeasurement of the instrument recognized as fair value adjustments of derivative financial instruments. The net monthly returns generated from the TRS are recorded in net interest expense upon receipt. The REIT does not apply hedge accounting for the TRS.

The following table summarizes the total return swaps at December 31, 2025:

Effective date	Maturity date	Notional Amount	Notional Amount	Hedged Unit Price	Fair value asset
		\$	units	\$	\$
April 2025	April 1, 2026	750	109,649	\$6.84	120
April 2025	April 1, 2026	750	119,237	\$6.29	198
		1,500	228,886	\$6.55	318

For the year ended December 31, 2025, the REIT has entered into TRS for 228,886 units with a fair value of \$318 as at December 31, 2025.

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 December 31, 2025, 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.

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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 consolidated statements of income and comprehensive income within property expenses. As at December 31, 2025, the REIT had an allowance for expected credit losses of \$308 (December 31, 2024 – \$107).

21 Capital management

The REIT defines its capital as its total unitholders' equity (net of retained earnings or deficit), mortgages payable, Class B LP Units and drawings on the Credit Facilities. The REIT manages its capital to ensure that sufficient funds are available to fund operations, including the identification and acquisition of businesses or assets. The REIT ensures that it has sufficient capital to fund its operations as a going concern, and to identify, analyze and finance further potential acquisitions. As part of the REIT's strategy for managing its capital, it may adjust the amount of distributions paid to unitholders, issue new units or debt, borrow against the Credit Facilities, or repay debt.

22 Financial Covenants

The REIT's financing arrangements are subject to compliance with specific financial covenants as outlined in the terms of its borrowing agreements. These covenants are primarily designed to ensure that the REIT maintains financial stability and adequate liquidity to meet its obligations.

The REIT's Unsecured Facilities include covenants that the REIT:

- will not allow the Total Indebtedness Ratio to exceed 60% at any time,
- will not allow the Secured Indebtedness Ratio to exceed 45%,
- will not allow the Debt Service Coverage Ratio to be less than 1:40:1,
- will not allow Adjusted Unitholders' Equity to be less than \$600,000 plus 75% of net proceeds in connection with any equity offering by the REIT after March 1, 2023,
- will not allow Unencumbered Asset Value Ratio to be less than 1.40:1.

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 Credit Facilities Agreements.

As at December 31, 2025, the REIT was in compliance with all of the financial covenants contained within the Credit Facilities and mortgages.

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23 Commitments and contingent obligations

Development Management Agreement

On April 3, 2025, the REIT entered into a Letter Agreement (the "Agreement") with 0768723 BC LTD ("0768"), outlining significant development initiatives and future contingent obligations. Pursuant to the Agreement, 0768, acting as Designer-Builder, will manage the design and construction of additional tennis courts at the REIT's Richmond, BC property (1751 and 1771 Savage Road) totaling 52,000 additional square feet for an estimated cost of \$29,028.

The REIT satisfied these construction costs through the issuance of Class B LP Units of a subsidiary limited partnership of the REIT exchangeable 1:1 into Nexus REIT units, valued at \$10.50 per unit.

In accordance with the Agreement, 2,764,464 Class B LP Units, representing a fair market value of \$21,758 at the date of issuance, was legally transferred to 0768 on July 4, 2025, of which 447,619 Class B LP Units were issued without restrictions and released as an advance deposit for the commencement of development activities, and 2,316,845 Class B LP Units were issued subject to trading restrictions until specific constructions milestones are met.

Upon completion of construction, Studio Events Ltd., an affiliate of 0768, has agreed to lease all newly constructed square footage at a rate equal to a 6% capitalization rate on the REIT's total construction costs.

In December 2025, the REIT entered into an addendum to the Letter Agreement noted above ("Addendum"), that reflects 28,000 additional square feet at the REIT's Richmond, BC property, bringing the total to 80,000, for an additional estimated cost of \$19,465, which is expected to be funded in cash. In addition, the Addendum provides for rent escalation in current leases with Studio Events Ltd. until the construction is completed.

In addition, the Addendum also reflects the development of 179,000 square feet of micro-industrial units at the REIT's 555 Adams Rd, Kelowna, BC, property for a total estimated cost of \$47,300, which is also expected to be funded in cash.

24 Related party transactions

Trustee fees and key management compensation

Key management personnel are comprised of the Chief Executive Officer and the Chief Financial Officer.

The following table presents the compensation relating to key management personnel and trustees:

	December 31, 2025 \$	December 31, 2024 \$
Key management personnel:		
Salaries and other short-term employee benefits	1,967	2,056
Unit-based compensation	1,054	1,253
	3,021	3,309
Trustees:		
Retainer fees	277	263
Unit-based compensation	185	190
	462	453
Total	3,483	3,762

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Transactions with RFA Financial ("RFA"), an entity related to Ben Rodney, a trustee of the REIT

The REIT understands that Ben Rodney, a trustee of the REIT, is the President and Chief Executive Officer of RFA Financial ("RFA"). The REIT has a strategic relationship with RFA, through which the REIT expects to have unique access to properties identified through RFA's expansive network of favourable industry relationships developed through over 25 years of successful investing in the Canadian real estate industry.

The REIT's investment to acquire its interest in 190 Glover Road, 1540 South Service Road and 844 Glancaster Road (collectively "RFA Development Properties") is proportionately the same as the other limited partners and co-owners' investments.

The REIT is entitled to receive guarantee fees in respect of debt related to the RFA Development Properties which is guaranteed by the REIT. Acquisition fees, asset management fees and development management fees are payable to entities related to RFA in respect of the RFA Development Properties. If certain return thresholds are met, RFA will also receive a preferential allocation of income related to the RFA Development Properties at the completion of their development. These fees receivable and payable in respect of the RFA Development Properties are consistent with market terms.

On November 16, 2023, the REIT guaranteed up to \$9,405 of debt relating to a co-ownership for a property held for development in Hamilton, Ontario ("190 Glover Road"). The guaranteed debt increased from \$9,405 to \$10,230 in September 2025.

On November 16, 2021, the REIT guaranteed up to \$17,500 of debt relating to a limited partnership which holds land for development in Hamilton, Ontario ("844 Glancaster Road"). On August 3, 2023, the guaranteed debt increased from \$17,500 to \$23,200.

The REIT recognized \$200 (2024 - \$196) of guarantee fees during the year ended December 31, 2025.

Fees to RFA related entities in respect of the RFA Development Properties totaled \$252 (2024 - \$657) for the year ended December 31, 2025.

Transactions with 1803299 Ontario Inc. ("1803299") and E&E McLaughlin Ltd.

The REIT purchased several properties from 1803299 in recent years 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 18.8% of the REIT's outstanding voting units as at December 31, 2025. E&E McLaughlin Ltd, an entity which the REIT understands to be 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 year ended December 31, 2025, the REIT incurred fees for property management services on the properties the REIT previously acquired from 1803299, totaling \$373 (2024 - \$340). During the year ended December 31, 2025, the REIT earned property revenues from an entity related to 1803299 totaling \$3,408 (2024 - \$3,391).

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25 Supplemental cash flow and non-cash information

The following summarizes the changes in amortization and other non-cash operating items included in operating activities:

	Note(s)	December 31, 2025 \$	December 31, 2024 \$
Amortization:			
Amortization of deferred financing costs	11, 12	1,376	1,374
Amortization of mortgage fair value adjustments	11	26	(34)
Amortization of right-of-use assets	7	121	121
Amortization of tenant incentives and leasing costs	4	1,770	1,478
Total amortization		3,293	2,939

Changes in non-cash working capital - increase/(decrease) to cash flow:

Tenant and other receivables	(2,571)	(1,844)
Prepaid expenses	(91)	410
Deposits	—	2,850
Other current assets	(52)	2,266
Accounts payable and other liabilities	(4,809)	(13,349)
Total changes in non-cash working capital	(7,523)	(9,667)
Changes in other non-current assets	297	1,478
Changes in other non-current liabilities	(1,570)	(475)
Total changes in other non-cash operating items	(8,796)	(8,664)

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

	December 31, 2025 \$	December 31, 2024 \$
Interest paid included in operating activities	69,888	71,286
Non-cash investing and financing activities:		
REIT Units issued under distribution reinvestment plan	—	3,045
Class B LP Units issued as purchase price or development consideration	21,758	3,142
Class B LP Units exchanged for REIT Units	6,881	11,596

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26 Subsequent event

On February 20, 2026, the REIT closed on the sale of a property located at 41 Royal Vista Drive, Calgary, Alberta for gross proceeds of \$8,500.