



# Nexus Industrial REIT (EFRTF)

Updated March 21<sup>st</sup>, 2026, by Nikolaos Sismanis

## Key Metrics

<b>Current Price:</b>	\$5.45	<b>5 Year Annual Expected Total Return :</b>	7.6%	<b>Market Cap:</b>	\$528 M
<b>Fair Value Price:</b>	\$5.50	<b>5 Year Growth Estimate:</b>	0.0%	<b>Ex-Dividend Date:</b>	03/31/2026
<b>% Fair Value:</b>	99%	<b>5 Year Valuation Multiple Estimate:</b>	0.2%	<b>Dividend Payment Date:</b>	04/15/2026
<b>Dividend Yield:</b>	8.6%	<b>5 Year Price Target</b>	\$5.50	<b>Years Of Dividend Growth:</b>	0
<b>Dividend Risk Score:</b>	F	<b>Sector:</b>	Real Estate	<b>Rating:</b>	Sell

## Overview & Current Events

Nexus Industrial REIT is a Canada-focused pure-play industrial real estate investment trust that owns, operates, and develops industrial distribution, logistics, manufacturing, and light-industrial properties across primary and secondary Canadian markets. As of the end of last year, the REIT owned 89 properties comprising 12.4 million square feet of gross leasable area, with 99% of net operating income generated from industrial assets following the completion of its transition to a pure-play industrial entity. The portfolio is geographically diversified across Ontario, Alberta, Saskatchewan, Québec, and Western Canada, with in-place and committed occupancy of 96% and a weighted average lease term of 6.9 years. The REIT generated \$126 million in revenues last year. It reports its financials in CAD. All figures in this report have been converted to USD unless otherwise noted. Nexus Industrial pays monthly dividends and now trades at a market cap of \$528 million.

On March 6<sup>th</sup>, 2026, Nexus Industrial REIT posted its Q4 and full-year results for the period ending December 31<sup>st</sup>, 2025. Quarterly real estate revenue was about \$32.8 million, with gains from completed developments and Montreal industrial acquisitions offsetting the effect of legacy asset sales. Net operating income increased 2.7% year-over-year to \$24.1 million, supported by 2.8% industrial same-property NOI growth and 440,000 square feet of newly completed space in St. Thomas and Calgary. Operating fundamentals remained strong, with industrial occupancy at 96% and an average rent spread of 60% on full-year renewals. Normalized FFO per unit was \$0.14, slightly above the prior year as organic growth began to outweigh dilution from the Trust's shift to a pure-play industrial portfolio. For the FY2026, we expect FFO per share of \$0.55.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>FFO</b>	\$0.59	\$0.70	\$0.59	\$0.72	\$0.61	\$0.60	\$0.59	\$0.56	\$0.48	\$0.54	<b>\$0.55</b>	<b>\$0.55</b>
<b>DPS</b>	\$0.48	\$0.51	\$0.47	\$0.49	\$0.50	\$0.51	\$0.47	\$0.48	\$0.45	\$0.47	<b>\$0.47</b>	<b>\$0.47</b>
<b>Shares<sup>1</sup></b>	8.9	22.2	23.2	25.5	28.0	57.3	67.3	68.6	70.7	71.8	<b>71.8</b>	<b>80.0</b>

Nexus' FFO per share has been mostly stable over the past decade, with some downward movement mostly attributable to the depreciation of CAD against USD. From 2016 to 2017, FFO per share rose as acquisitions expanded the portfolio and drove operating leverage, with year-specific normalization effects also contributing. In 2018 and 2019, FFO per share became more uneven. While acquisitions continued to add NOI and support top-line growth, this was partially offset by property dispositions and higher interest expense associated with financing that growth. As a result, per-share gains were less consistent.

From 2020 through 2024, FFO/share trended gradually lower despite improving industrial fundamentals. Rent hikes, CPI-linked increases, and lease renewals supported same-property NOI, but these positives were increasingly outweighed by higher interest expense in a rising-rate environment, increased borrowing to fund acquisitions and development, and the impact of asset sales reducing NOI. By 2023 and 2024, financing costs and capital allocation decisions became the dominant factors, explaining why FFO per share declined even as the Trust successfully improved portfolio quality and

<sup>1</sup> Share count is in millions.

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increased its exposure to industrial assets. FFO per unit stabilized in 2025 as the Trust completed its shift to a pure-play industrial portfolio. Strong organic growth, driven by 60% average renewal rent spreads and 440,000 square feet of new development deliveries, began to outweigh dilution from non-core asset sales.

Moving forward, we forecast no growth in FFO per share as higher interest expense, development carrying costs, and ongoing capital recycling are likely to offset incremental NOI gains from rent escalations and industrial leasing strength. We also expect no growth in the dividend. The company has never cut its monthly dividend since it started paying it in 2014 but has also never increased it. Shares underwent a 1:4 split in 2021.

## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/FFO	9.2	9.3	10.2	8.4	6.6	13.3	14.4	8.9	10.4	10.0	9.9	10.0
Avg. Yld.	8.9%	7.8%	7.8%	8.2%	12.5%	6.4%	5.5%	9.6%	9.0%	8.7%	8.6%	8.5%

EFRTF has historically traded at an average P/FFO of about 10x, which is also the fair multiple we apply. With the REIT currently trading at 9.9x this year's expected FFO, we thus view the shares as fairly valued. This target reflects both the qualities of its properties and the lack of meaningful growth expectations. Shares yield 8.6% today, which we expect to be the main driver of the stock's future returns.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

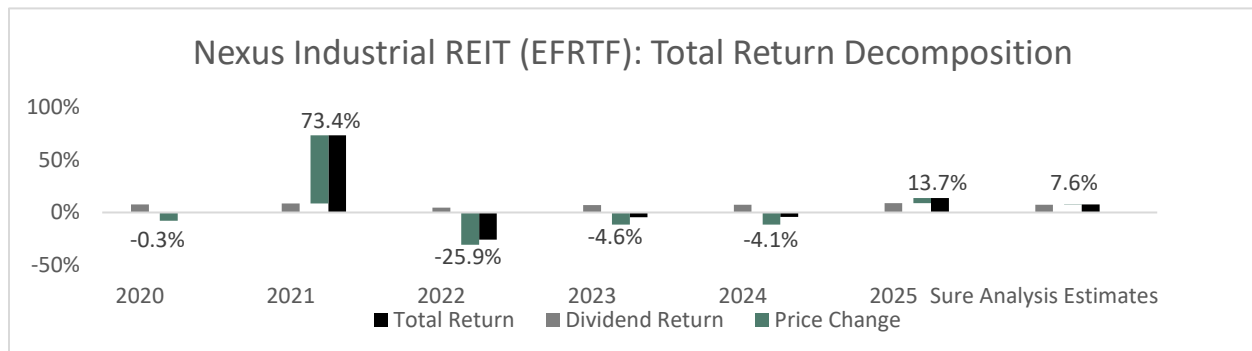
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	81%	73%	80%	69%	82%	85%	80%	86%	94%	87%	85%	85%

Nexus Industrial has materially improved its asset quality by transitioning to a near pure-play industrial portfolio with high occupancy and long lease terms, which supports stable underlying property cash flows. Its focus on distribution, logistics, and light-industrial assets provides a structural competitive advantage, benefiting from long-term supply-chain and e-commerce demand. However, financial safety is constrained by elevated leverage (adjusted net debt to adjusted EBITDA near 10.5x) and sensitivity to interest rates, which has weighed on per-share cash flow and limits near-term flexibility. From a recession perspective, industrial demand is more resilient than most property types, but a prolonged economic slowdown could pressure tenant demand and delay leasing leaving Nexus better positioned operationally than financially. In the meantime, the REIT pays out most of its FFO, so we don't blindly trust the dividend.

## Final Thoughts & Recommendation

Nexus Industrial REIT has meaningfully upgraded its portfolio to high-quality industrial assets, but elevated leverage and ongoing capital recycling continue to constrain near-term per-unit cash flow growth despite strong fundamentals. We forecast annualized returns of 7.6% through 2031, to be primarily driven by the dividend. However, because of the lack of dividend growth, we rate Nexus Industrial as a sell.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	9	12	29	42	49	47	69	107	119	128
Gross Profit	8	10	20	26	32	30	46	76	85	92
Gross Margin	82.7%	83.5%	68.3%	62.4%	65.7%	64.6%	67.8%	70.4%	71.5%	71.6%
SG&A Exp.	-	-	-	-	-	-	-	-	-	-
D&A Exp.	-	-	-	-	0	0	0	0	0	0
Operating Profit	5	8	11	18	17	29	(12)	132	88	83
Operating Margin	49.8%	69.1%	39.5%	42.6%	35.7%	61.0%	-17.5%	123%	73.9%	64.7%
Net Profit	5	8	12	30	32	26	75	93	119	66
Net Margin	48.4%	66.9%	41.9%	71.8%	65.6%	56.0%	109%	86.5%	99.7%	51.7%
Free Cash Flow	5	7	9	15	18	18	20	32	38	28
Income Tax	(0)	0	-	-	-	-	-	-	-	-

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	118	131	359	402	473	558	1,313	1,452	1,868	1,811
Cash & Equivalents	1	1	4	4	6	12	65	9	4	8
Accounts Receivable	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Goodwill & Int. Ass.	-	-	-	-	-	-	-	-	-	-
Total Liabilities	68	66	202	215	240	284	570	664	958	1,061
Accounts Payable	-	-	-	-	-	-	-	-	-	-
Long-Term Debt	59	64	194	165	232	269	538	610	901	870
Shareholder's Equity	50	57	148	160	203	235	546	644	759	738
LTD/E Ratio	1.19	1.11	1.31	1.30	1.14	1.14	0.99	0.95	1.19	1.18

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	4.1%	6.4%	4.9%	7.9%	7.3%	5.1%	8.0%	6.7%	7.1%	3.6%
Return on Equity	9.0%	14.7%	11.8%	19.5%	17.6%	12.0%	19.1%	15.6%	16.9%	8.9%
ROIC	4.3%	6.9%	5.2%	8.4%	8.0%	5.6%	9.4%	7.9%	8.1%	4.1%
Shares Out.	8.6	8.9	22.2	23.2	25.5	28.0	57.3	67.3	68.6	70.7
Revenue/Share	1.15	1.16	1.59	1.59	1.65	1.43	1.32	1.35	1.32	1.37
FCF/Share	0.63	0.68	0.49	0.58	0.60	0.55	0.38	0.40	0.42	0.30

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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