Nexus Industrial REIT (EFRTF)

Updated August 22nd, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$5.86	**5 Year Annual Expected Total Return :**	6.0%	**Market Cap:**	$564 M
Fair Value Price:	$5.50	**5 Year Growth Estimate:**	0.0%	**Ex-Dividend Date:**	08/32/2026
% Fair Value:	107%	**5 Year Valuation Multiple Estimate:**	-1.3%	**Dividend Payment Date:**	09/15/2026
Dividend Yield:	8.0%	**5 Year Price Target**	$5.50	**Years Of Dividend Growth:**	0
Dividend Risk Score:	F	**Sector:**	Real Estate	**Rating:**	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 June 30th, 2026, the REIT owned 87 properties comprising 12.3 million square feet of gross leasable area, including three properties and one land parcel classified as held for sale. Nexus remained a Canada-focused pure-play industrial REIT, with its portfolio spread across major Canadian industrial markets. During the quarter, the REIT continued simplifying its portfolio by selling an 80% interest in inactive development land in Hamilton for C$14.1 million. In-place and committed industrial occupancy improved to 97%, up 200 basis points from the previous quarter, while the weighted average lease term declined modestly to 6.7 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 with a market cap of $564 million.

On August 10th, 2026, Nexus Industrial posted its Q2 results for the period ending June 30th, 2026. Quarterly property revenue grew 10.9% year-over-year to approximately $33.7 million, as completed developments and newly acquired industrial properties more than offset legacy asset sales. Net operating income rose 6.2% to $24.7 million, supported by 3.3% industrial same-property NOI growth to $21.8 million. Operating fundamentals strengthened, with industrial occupancy reaching 97% and an average rent spread of 6% on completed renewals. Normalized FFO per unit declined slightly to $0.133, while normalized AFFO per unit decreased to $0.111. The year-to-date normalized AFFO payout ratio improved to 99.3%. Nexus also obtained an investment-grade credit rating and completed its inaugural $361.2 million bond issuance. 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
FFO	$0.59	$0.70	$0.59	$0.72	$0.61	$0.60	$0.59	$0.56	$0.48	$0.54	***$0.55***	***$0.55***
DPS	$0.48	$0.51	$0.47	$0.49	$0.50	$0.51	$0.47	$0.48	$0.45	$0.47	***$0.47***	***$0.47***
Shares[1]	8.9	22.2	23.2	25.5	28.0	57.3	67.3	68.6	70.7	71.8	***73.5***	***80.0***

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

[1] Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

dominant factors, explaining why FFO per share declined even as the Trust successfully improved portfolio quality and 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	***10.7***	***10.0***
Avg. Yld.	8.9%	7.8%	7.8%	8.2%	12.5%	6.4%	5.5%	9.6%	9.0%	8.7%	***8.0%***	***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 now trading at 10.7 this year's expected FFO, we thus view the shares as modestly overvalued. Our target reflects both the qualities of its properties and the lack of meaningful growth expectations. Shares yield 8.0% today, which we expect to be the main driver of the stock's future returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

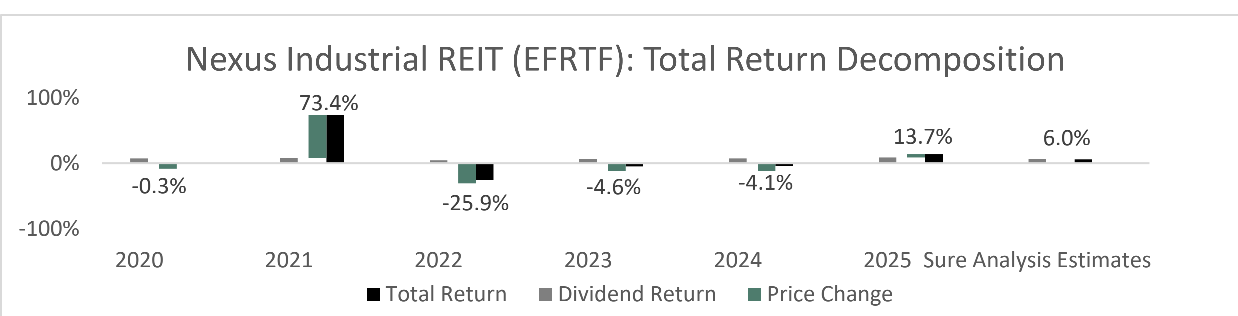
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	81%	73%	80%	69%	82%	85%	80%	86%	94%	87%	***85%***	***85%***

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 10.5×) 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 6.0% through 2031, to be primarily driven by the dividend and a modest valuation headwind. 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	12	29	42	49	47	69	107	119	128	125
Gross Profit	10	20	26	32	30	46	76	85	92	93
Gross Margin	83.5%	68.3%	62.4%	65.7%	64.6%	67.8%	70.4%	71.5%	71.6%	74.4%
SG&A Exp.	-	-	-	-	-	-	-	-	-	-
D&A Exp.				0	0	0	0	0	0	0
Operating Profit	8	11	18	17	29	(12)	132	88	83	84
Operating Margin	69.1%	39.5%	42.6%	35.7%	61.0%	-17.5%	123%	73.9%	64.7%	67.2%
Net Profit	8	12	30	32	26	75	93	119	66	43
Net Margin	66.9%	41.9%	71.8%	65.6%	56.0%	109%	86.5%	99.7%	51.7%	34.4%
Free Cash Flow	7	9	15	18	18	20	32	38	28	31
Income Tax	0	-	-	-	-	-	-	-	-	-

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	131	359	402	473	558	1,313	1,452	1,868	1,811	1,934
Cash & Equivalents	1	4	4	6	12	65	9	4	8	4.5
Accounts Receivable	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Goodwill & Int. Ass.	-	-	-	-	-	-	-	-	-	-
Total Liabilities	66	202	215	240	284	570	664	958	1,061	1,143
Accounts Payable	-	-	-	-	-	-	-	-	-	-
Long-Term Debt	64	194	165	232	269	538	610	901	870	952
Shareholder's Equity	57	148	160	203	235	546	644	759	738	790
LTD/E Ratio	1.11	1.31	1.30	1.14	1.14	0.99	0.95	1.19	1.18	1.20

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	6.4%	4.9%	7.9%	7.3%	5.1%	8.0%	6.7%	7.1%	3.6%	2.3%
Return on Equity	14.7%	11.8%	19.5%	17.6%	12.0%	19.1%	15.6%	16.9%	8.9%	5.6%
ROIC	6.9%	5.2%	8.4%	8.0%	5.6%	9.4%	7.9%	8.1%	4.1%	2.5%
Shares Out.	8.9	22.2	23.2	25.5	28.0	57.3	67.3	68.6	70.7	95.9
Revenue/Share	1.16	1.59	1.59	1.65	1.43	1.32	1.35	1.32	1.37	1.31
FCF/Share	0.68	0.49	0.58	0.60	0.55	0.38	0.40	0.42	0.30	0.32

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