

Q2 | 2020

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Management's discussion and analysis

(All dollar amounts in our tables are presented in thousands of Canadian dollars, except for per square foot amounts, per Unit amounts, or unless otherwise stated.)

SECTION I

KEY PERFORMANCE INDICATORS

Performance is measured by these and other key indicators:

	As at		
	June 30, 2020	December 31, 2019	June 30, 2019
Total portfolio⁽¹⁾			
Number of properties	262	209	209
Investment properties	\$ 2,897,409	\$ 2,428,664	\$ 2,273,401
Gross leasable area ("GLA") (in millions of sq. ft.)	25.8	21.9	21.6
Occupancy rate – in-place and committed (period-end)	95.6%	95.8%	96.9%
Occupancy rate – in-place (period-end)	95.0%	94.9%	96.3%
Average in-place and committed base rent per sq. ft. (period-end)			
Canadian portfolio	\$ 7.38	\$ 7.43	\$ 7.29
U.S. portfolio (US\$)	\$ 3.95	\$ 3.87	\$ 3.81
European portfolio (€)	€ 5.16	—	—
Weighted average lease term ("WALT") (years)	4.1	4.1	4.1

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Operating results				
Net income	\$ 2,944	\$ 84,017	\$ 44,961	\$ 75,756
Funds from operations ("FFO") ⁽²⁾	29,558	27,617	57,552	52,568
Net rental income	42,378	35,185	82,119	66,884
Comparative properties net operating income ("NOI") ⁽²⁾⁽³⁾	35,170	34,859	61,846	61,570
Distributions				
Total distributions ⁽²⁾	\$ 29,963	\$ 24,462	\$ 59,171	\$ 45,783
Per Unit amounts				
Distribution rate	\$ 0.17	\$ 0.17	\$ 0.35	\$ 0.35
FFO – diluted ⁽²⁾⁽⁴⁾	\$ 0.17	\$ 0.20	\$ 0.34	\$ 0.41
FFO payout ratio – diluted⁽²⁾	101.7%	86.2%	101.7%	85.0%

	As at		
	June 30, 2020	December 31, 2019	June 30, 2019
Financing⁽⁵⁾			
Level of debt (net debt-to-assets ratio) ⁽²⁾	28.1%	23.7%	37.4%
Net debt-to-adjusted EBITDAFV (years) ⁽²⁾	5.4	4.3	6.4
Interest coverage ratio (times) ⁽²⁾	4.1	3.8	3.7
Weighted average face interest rate on debt (period-end) ⁽⁶⁾	3.57%	3.59%	3.69%
Weighted average remaining term to maturity on debt (years)	5.6	5.5	4.4
Unencumbered assets ⁽²⁾⁽⁷⁾	\$ 1,107,427	\$ 96,251	\$ 381,108
Available liquidity ⁽²⁾	395,437	591,537	95,364
Capital			
Total number of Units (in thousands) ⁽⁸⁾	171,223	153,354	138,535
Net asset value ("NAV") per Unit ⁽²⁾	\$ 11.75	\$ 11.76	\$ 11.04

(1) Total portfolio excludes assets held for sale as at June 30, 2019.

(2) FFO, comparative properties NOI, total distributions, diluted FFO per Unit, diluted FFO payout ratio, level of debt (net debt-to-assets ratio), net debt-to-adjusted EBITDAFV, interest coverage ratio, unencumbered assets, available liquidity and NAV per Unit are non-GAAP measures. See "Non-GAAP Measures and Other Disclosures" for a description of these non-GAAP measures.

- (3) Comparative properties NOI for three months ended June 30, 2020 and June 30, 2019 excludes properties acquired after April 1, 2019 and properties held for sale or disposed of prior to the current quarter. Comparative properties NOI for the six months ended June 30, 2020 and June 30, 2019 excludes properties acquired after January 1, 2019 and properties held for sale or disposed of prior to the current quarter.
- (4) A description of the determination of diluted amounts per Unit can be found in the section “Non-GAAP Measures and Other Disclosures” under the heading “Weighted average number of Units”.
- (5) Financing metrics include income (loss) from discontinued operations as applicable.
- (6) Weighted average face interest rate on debt is calculated as the weighted average face interest rate of all interest bearing debt.
- (7) Unencumbered assets excludes assets held for sale as at June 30, 2019.
- (8) Total number of Units includes 18.6 million LP B Units which are classified as a liability under IFRS.

BASIS OF PRESENTATION

Our discussion and analysis of the financial position and results of operations of Dream Industrial Real Estate Investment Trust (“Dream Industrial REIT” or the “Trust”) should be read in conjunction with the audited consolidated financial statements of Dream Industrial REIT and the accompanying notes for the year ended December 31, 2019 and the unaudited condensed consolidated financial statements of Dream Industrial REIT and the accompanying notes for the three and six months ended June 30, 2020. Such consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. The Canadian dollar is the functional and reporting currency for purposes of preparing the condensed consolidated financial statements.

This management’s discussion and analysis (“MD&A”) is dated as at August 4, 2020.

For simplicity, throughout this discussion, we may make reference to the following:

- “REIT Units”, meaning units of the Trust, excluding Special Trust Units;
- “LP B Units” and “subsidiary redeemable units”, meaning the Class B limited partnership units of Dream Industrial LP; and
- “Units”, meaning REIT Units and LP B Units.

When we use terms such as “we”, “us” and “our”, we are referring to Dream Industrial REIT and its subsidiaries.

Estimated market rents disclosed throughout the MD&A are management’s estimates and are based on current period leasing fundamentals. The current estimated market rents are at a point in time and are subject to change based on future market conditions.

On June 30, 2019, the Trust classified all of the investment properties in the Eastern Canada region as assets held for sale. Subsequently, on July 31, 2019, the Trust completed the sale of the Eastern Canada portfolio. Given that the entire Eastern Canada region was included in assets held for sale and subsequently disposed of, the associated results of operations were presented separately as income (loss) from discontinued operations. Certain key performance indicators disclosed throughout the MD&A exclude the Eastern Canada region in the current period.

FORWARD-LOOKING DISCLAIMER

Certain information herein contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation, including but not limited to statements relating to the Trust's objectives; strategies to achieve those objectives including our European expansion strategy; the Trust's expectations relating to the benefits to be realized from demand drivers for industrial space; the Trust's expectations of the extent of rent deferrals and repayment from tenants; the anticipated timing of closing of the acquisitions, the expected going-in cap rate of the acquisitions, the pro forma composition of our portfolio after the completion of the acquisitions and potential development opportunities; the Trust's beliefs, plans, estimates, projections and intentions; and similar statements concerning anticipated future events, future growth, results of operations, performance, business prospects and opportunities, acquisitions or divestitures, tenant base, rent collection, future maintenance and development plans and costs, capital investments, financing, the availability of financing sources, income taxes, vacancy and leasing assumptions, litigation and the real estate industry in general – in each case they are not historical facts. Forward-looking statements generally can be identified by words such as “outlook”, “objective”, “strategy”, “may”, “will”, “would”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “could”, “likely”, “plan”, “project”, “budget”, “continue”, or similar expressions suggesting future outcomes or events. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Trust's control, which could cause actual results to differ materially from those disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, general and local economic and business conditions; employment levels; mortgage and interest rates and regulations; the uncertainties around the timing and amount of future financings; uncertainties surrounding the COVID-19 pandemic; the financial condition of tenants and borrowers; leasing risks, including those associated with the ability to lease vacant space; rental rates on future leasing; interest rate and currency rate fluctuations; regulatory risks; environmental risks; consumer confidence; our ability to sell investment properties at a price that reflects fair value; our ability to source and complete accretive acquisitions.

Although the forward-looking statements contained in this MD&A are based on what we believe are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited to, general economic conditions; the impact of the COVID-19 pandemic on the Trust; local real estate conditions, including the development of properties in close proximity to the Trust's properties; timely leasing of vacant space and re-leasing of occupied space upon expiration; dependence on tenants' financial condition; the uncertainties of acquisition activity; the ability to effectively integrate acquisitions; interest rates; availability of equity and debt financing; our continued compliance with the real estate investment trust (“REIT”) exemption under the specified investment flow-through trust (“SIFT”) legislation; and other risks and factors described from time to time in the documents filed by the Trust with securities regulators.

All forward-looking information is as of August 4, 2020. Dream Industrial REIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information about these assumptions, risks and uncertainties is contained in our filings with securities regulators. Certain filings are also available on our website at www.dreamindustrialreit.ca.

BACKGROUND

Dream Industrial REIT is an unincorporated, open-ended REIT. To date, the REIT owns and operates a portfolio of 262 industrial properties comprising approximately 25.8 million square feet of gross leasable area in key markets across North America and a growing presence in strong European industrial markets. The REIT's goal is to grow and upgrade the quality of its portfolio which primarily consists of distribution and urban logistics properties. Our REIT Units are listed on the Toronto Stock Exchange (“TSX”) under the trading symbol DIR.UN.

OUR OBJECTIVES

We are committed to:

- Managing our business to provide growing cash flow and stable and sustainable returns, through adapting our strategy and tactics to changes in the real estate industry and the economy;
- Building and maintaining a diversified, growth-oriented portfolio of distribution and urban logistics industrial properties in major markets across Canada, the U.S. and Europe, based on an established platform;
- Providing attractive overall returns to unitholders while prudently managing our capital structure over time; and
- Maintaining a REIT that satisfies the REIT exception under the SIFT legislation in order to provide certainty to unitholders with respect to taxation of distributions.

OUR STRATEGY

Dream Industrial REIT is a growth-oriented owner of industrial properties across key markets in Canada, the U.S. and Europe, providing stable and sustainable distributions to unitholders on a tax-efficient basis. Our strategy is to grow and upgrade the quality of our portfolio by investing in key markets to generate cash flow and net asset value growth over the long term for our unitholders. We will continue to review and modify our strategy to meet the ever-changing real estate and economic conditions. Our strategy includes:

Optimizing the performance, value and cash flow of our portfolio

We actively manage our assets to optimize performance, maintain value, attract and retain tenants and maximize cash flows to our unitholders. Dream Industrial REIT employs experienced staff in all markets where we are active. We strive to ensure that our assets are the most attractive and cost-effective premises for our tenants.

Maintaining a conservative financial profile

We operate our business in a disciplined manner with a strong focus on maintaining a conservative financial structure. We actively seek opportunities to improve our cost of debt, manage the composition and maturity profile of our debt, maintain a conservative debt ratio and generate cash flows sufficient to fund our distributions.

Growing and diversifying our portfolio to reduce risk

We seek to grow and diversify our portfolio to increase value on a per Unit basis, further improve the sustainability of our distributions, strengthen our tenant profile and mitigate risk. We anticipate that growing our portfolio will also reduce our cost of capital, allowing us to both refinance existing mortgages at competitive rates and increase our ability to competitively bid on acquisition opportunities. We have experience in each of Canada's key real estate markets, which we believe will provide us with the flexibility to pursue acquisitions in whichever Canadian markets offer compelling investment opportunities. Through an affiliate of PAULS Corp, LLC ("PAULS Corp") and through the Trust's asset manager, Dream Asset Management Corporation ("DAM"), the Trust has access to the U.S. market and PAULS Corp's operational platform in the U.S. Through DAM's existing local European acquisition and asset management team, along with long-standing relationships with the European real estate brokerage network, this will support the Trust in sourcing high-quality and accretive acquisitions with long-term cash flow and net asset value growth potential.

Seeking accretive growth opportunities

Dream Industrial REIT seeks to invest in desirable, highly functional properties located in major industrial centres that are well leased on a long-term basis to quality tenants. When evaluating acquisitions we consider a variety of criteria, including per Unit accretion; replacement cost of the asset; its location, functionality and appeal to future tenants; and how the asset complements our existing portfolio.

BUSINESS UPDATE

Dream Industrial REIT's portfolio remains resilient. The strength of our operating platform, financial flexibility and relationships with our tenants have enabled us to successfully navigate through the challenging environment brought on by the COVID-19 pandemic over the past few months. We have maintained occupancy, continued leasing momentum, and rent collections have been strong. Given the current optimism and the fact that economies are starting to reopen in a number of our markets, we continue to actively position Dream Industrial REIT to emerge stronger as supply chains return.

Operations update

Significant pickup in leasing momentum – During the second quarter of 2020, the Trust entered into over 60 leases totalling 0.9 million square feet at an average rental spread of 8% to expiring or prior rates. As at June 30, 2020, the Trust has secured lease commitments on new leases and renewals taking occupancy in 2020 totalling 3.0 million square feet, representing approximately 90% of leases expiring during the year. Only 3% of the Trust's portfolio GLA is set to mature over the remainder of the year.

The overall retention ratio for the three and six months ended June 30, 2020 was approximately 72% and 81%, respectively, which was in line with our expectations. As at June 30, 2020, vacant space committed for future occupancy was approximately 172,000 square feet, up from 82,000 square feet as at March 31, 2020, bringing the overall in-place and committed occupancy to 95.6%. In addition, the Trust is in advanced negotiations on over 400,000 square feet of new leases on currently vacant premises at net rents in line with pre-COVID rates.

Healthy rental spreads continue in Ontario and Québec – The average rental spread on leases that commenced during the quarter was 7.2% on 0.8 million square feet. Within the Trust's Ontario region, the average rental spread on leases that commenced during the quarter was approximately 36% on 0.2 million square feet. Within the Trust's Québec region, the average rental spread on leases that commenced during the quarter was approximately 16% on 0.1 million square feet. As at June 30, 2020, the Trust has secured 2020 lease commitments totalling approximately 1.0 million square feet in Ontario at an average rental spread of 23% over expiring or prior rents. In Québec, the Trust has secured renewal and new lease commitments totalling approximately 0.4 million square feet at an overall average rental spread of 12% over expiring or prior rents.

Strong rent collection for the quarter – As of August 4, 2020, the Trust has collected approximately 98% of recurring contractual gross rents due for the second quarter of 2020, after adjusting for agreed-upon deferrals and the Canada Emergency Commercial Rent Assistance ("CECRA") program, representing an increase of approximately 5% compared to our June 24, 2020 business update press release. To date, collections for the month of July 2020 amounted to approximately 96% after adjusting for agreed-upon deferrals and CECRA program.

The Trust has agreed to rent deferral arrangements with 55 tenants which represents approximately 3.5% of recurring contractual gross rent for the second quarter of 2020. To date, the Trust has collected approximately 25% of the deferred amounts. The majority of the deferred amounts are expected to be collected by the end of this year.

As previously announced, the Trust is participating in the CECRA program for the months of April to July 2020 and is currently evaluating the recently announced extension of the program to August. While the net impact to the Trust's financial results during the quarter was limited, the program provided an opportunity to assist smaller businesses during the disruption caused by the COVID-19 pandemic and build strong long-term relationships. The Trust is currently processing applications of just under 120 tenants, translating into an impact to the Trust of approximately \$0.2 million per month (excluding applicable taxes).

The Trust has not entered into any additional rent deferral or rent abatement arrangements for July 2020.

The following table summarizes selected operational statistics with respect to the second quarter of 2020, all presented as a percentage of recurring contractual gross rent as at August 4, 2020:

	For the three months ended	
	June 30, 2020	July 2020
Cash collected	91.7%	92.1%
CECRA government receivable	2.4%	2.4%
Sub-total of cash collected and CECRA government receivable*	94.1%	94.5%
Deferrals (with defined repayment schedule)	3.5%	0.1%
Cash collected on deferrals	(0.9%)	0.0%
Sub-total of deferrals (net of cash collected)*	2.6%	0.1%
CECRA (the Trust's portion)	1.2%	1.2%
Sub-total of cash collected, adjusted for CECRA and deferrals*	97.9%	95.8%
Remaining to be collected	2.1%	4.2%
Total*	100.0%	100.0%

* Includes applicable taxes

The Trust expects to collect a significant portion of the outstanding rents both for the three months ended June 30, 2020 and July 2020 and currently holds security deposits amounting to over 40% of the outstanding amounts.

Liquidity and acquisitions update

Liquidity – On June 12, 2020, the Trust entered into an agreement for a new US\$250 million unsecured revolving credit facility (the "Unsecured Facility"), which replaced the \$150 million secured revolving credit facility. The Unsecured Facility bears interest at similar rates for Canadian and U.S. dollar draws and adds the ability to drawdown in euros at euro LIBOR rate plus 1.7%. With the Unsecured Facility, the Trust's borrowing capacity increased by approximately \$191 million and unencumbered assets increased by \$265 million to \$1.1 billion.

The Trust continues to focus on increasing its unencumbered asset pool, improving financial flexibility, and reducing the level of secured debt on its balance sheet, positioning it well to pursue an investment grade credit rating. Subsequent to quarter-end, the Trust repaid a \$17.1 million mortgage with a face interest rate of 2.71%. The mortgage was secured by four investment properties located in the Greater Toronto Area ("GTA"), with an aggregate fair value of approximately \$60 million. After factoring in the repayment of the mortgage, the Trust's unencumbered assets increased to approximately \$1.2 billion, representing 40% of the Trust's investment properties value as at June 30, 2020.

Acquisitions pipeline – With ample liquidity and below-target leverage, the Trust is well-positioned to deploy its acquisition capacity towards attractive investment opportunities. The Trust has waived all conditions on two accretive acquisitions in Germany with an aggregate purchase price of €37 million (approximately \$58 million), representing a going-in capitalization rate (“cap rate”) of approximately 6.1%, with closing expected in the third quarter of 2020. These are high-quality logistics assets, located close to major transportation corridors, and offer significant expansion potential.

The first acquisition spans 302,000 square feet and is located in the Greater Frankfurt Area, within a 30 minute drive to the city centre as well as the Frankfurt Airport. The building has a clear height of 34 feet and is currently 93% occupied by five tenants in the logistics and healthcare sectors, with a weighted average lease term (“WALT”) of 3.8 years. The asset provides attractive opportunities to drive cash flows higher through the lease-up of vacancy and bringing in-place rental rates to market rents, currently 15% higher. Furthermore, there is expansion potential through development of over 40,000 square feet of additional warehouse space.

The second acquisition is a modern urban logistics asset with 274,000 square feet of GLA located in Dresden, Germany, with a clear height of 24 feet. The building is currently 98% occupied by three tenants in the food and beverage sector. There is significant opportunity to drive rental rates higher as in-place rents are approximately 30% below market with a WALT of 3.2 years. With the property currently occupying only 18% of the site, there is expansion potential through development of approximately 500,000 square feet of additional warehouse space.

In addition to the above assets, the Trust is in exclusive negotiations on four assets across the Netherlands, the GTA, and the Greater Montréal Area, with a total value of approximately \$78 million, representing a going-in cap rate of 5.5%. Subject to satisfactory due diligence, the Trust expects to close these acquisitions in the second half of 2020. The Trust’s acquisition pipeline remains strong with more than \$500 million of high-quality assets across its targeted North American and European markets.

Impact of COVID-19

The duration and full scope of the economic impact of COVID-19 is unknown at this time. We will continue to assess the impact of COVID-19 while monitoring the various government assistance programs as more information becomes available. We are well-positioned to perform well operationally and financially with a diversified, high-quality and resilient portfolio, as well as a strong balance sheet with ample liquidity. The COVID-19 pandemic and the measures taken to control it have affected the Trust’s risk exposure and led to elevated estimation uncertainties and an increase in credit risk as reflected in the condensed consolidated financial statements. Refer to Section VI for a discussion of the risks associated with COVID-19.

SECTION II

OUR PROPERTIES

Owned gross leasable area by region

Dream Industrial REIT owns and operates a portfolio of 262 industrial properties comprising primarily distribution and urban logistics properties totalling approximately 25.8 million square feet of gross leasable area in key markets across North America and a growing presence in strong European industrial markets. Our properties are located in desirable business parks, situated close to highways and population centres, and generally considered functional and well suited for their respective markets.

As at June 30, 2020 and December 31, 2019, our industrial properties are geographically diversified as follows:

	June 30, 2020			December 31, 2019		
	Number of properties	Owned GLA (thousands of sq. ft.)	Percentage of owned GLA	Number of properties	Owned GLA (thousands of sq. ft.)	Percentage of owned GLA
Western Canada	81	5,081	20%	81	5,081	23%
Ontario	78	6,642	26%	61	5,420	25%
Québec	39	4,201	16%	38	4,121	19%
Canadian portfolio	198	15,924	62%	180	14,622	67%
U.S. portfolio	29	7,275	28%	29	7,275	33%
European portfolio	35	2,602	10%	—	—	—
Total portfolio	262	25,801	100%	209	21,897	100%

Across our regions, our portfolio consists of single- and multi-tenant buildings as follows:

	June 30, 2020			
	Single-tenant GLA (thousands of sq. ft.)	Percentage of owned GLA	Multi-tenant GLA (thousands of sq. ft.)	Percentage of owned GLA
Western Canada	743	3 %	4,338	17%
Ontario	3,108	12 %	3,534	14%
Québec	2,236	9 %	1,965	7%
Canadian portfolio	6,087	24 %	9,837	38%
U.S. portfolio	3,098	12 %	4,177	16%
European portfolio	1,604	6 %	998	4%
Total portfolio	10,789	42 %	15,012	58%

The differences between single- and multi-tenant buildings can be seen in the following operating metrics:

- Average tenant size – single tenants typically occupy significantly more space on an individual basis than tenants in multi-tenant buildings;
- Average lease term – single tenants typically have lease terms that are significantly longer than those for multi-tenant buildings, which tends to offset the concentration risk of having a large single tenant in a building; and
- Average in-place rents per square foot – they are typically moderately higher in multi-tenant buildings.

Multi-tenant buildings with shorter lease terms allow a landlord to bring rents to market rates on a more frequent basis, thereby taking advantage of supply-constrained market conditions. Small-bay multi-tenant buildings tend to have higher construction costs and tend to be located in denser urban markets, which increases the barriers to competition from new supply. Selective ownership of single-tenant buildings provides a source of stable cash flow with relatively less management effort required. In addition to maintaining a diversified geographic distribution, maintaining a balance of the two building types in the portfolio is part of our diversification strategy.

Tenant base profile

Our tenant base consists of a diverse range of high-quality businesses. The following table summarizes the number of tenants, average tenant size and weighted average lease term of our single- and multi-tenant buildings as at June 30, 2020:

	June 30, 2020		
	Number of tenants	Average tenant size (thousands of sq. ft.)	WALT (years)
Single-tenant buildings	102	101	4.4
Multi-tenant buildings	1,042	14	3.9
Total portfolio	1,144	22	4.1

The following table outlines the contributions of our top ten tenants to our annualized gross rental revenue as at June 30, 2020:

Rank	Tenant	Gross rental revenue	Owned GLA (thousands of sq. ft.)	Owned GLA	WALT (years)
1.	Nissan North America Inc.	3.3%	1,189	4.6%	4.5
2.	Spectra Premium Industries Inc.	2.0%	656	2.5%	4.9
3.	TC Transcontinental	1.8%	523	2.0%	4.8
4.	Gienow Windows & Doors Inc.	1.6%	371	1.4%	8.9
5.	Accel Inc.	1.3%	417	1.6%	6.0
6.	United Agri Products Canada Inc.	1.2%	275	1.1%	3.3
7.	Molson Breweries Properties	1.1%	225	0.9%	2.5
8.	ODW Logistics	1.1%	248	1.0%	3.5
9.	West Marine Products Inc.	1.1%	472	1.8%	2.5
10.	Henry Schein, Inc.	0.9%	380	1.5%	1.8
Total		15.4%	4,756	18.4%	4.4

OUR OPERATIONS

The following key performance indicators related to our operations influence the cash generated from operating activities. The key performance indicators exclude assets held for sale at the end of each period as applicable.

Total portfolio in-place and committed occupancy

Our in-place and committed occupancy includes lease commitments totalling approximately 172,000 square feet for space that is being readied for occupancy but for which rental revenue is not yet recognized. During the current quarter, our leasing team remained focused on working with existing and prospective tenants and secured an additional 90,000 square feet of lease commitments relative to the prior quarter.

The following table details our total portfolio in-place and committed occupancy by region.

	Total portfolio ⁽¹⁾		
(percentage)	June 30, 2020	March 31, 2020	June 30, 2019
Western Canada	94.6	94.6	95.9
Ontario	96.2	97.6	98.1
Québec	98.8	99.2	99.1
Canadian portfolio	96.4	97.1	97.6
U.S. portfolio	94.0	94.0	95.7
European portfolio	95.6	95.6	—
Total	95.6	96.1	96.9

(1) Excludes assets held for sale as at June 30, 2019.

Overall in-place and committed occupancy in our Canadian portfolio decreased by 70 basis points (“bps”) and 120 bps compared to March 31, 2020 and June 30, 2019, respectively, predominantly driven by the Ontario region.

In-place and committed occupancy in Ontario decreased by 140 bps during the quarter, mainly in the GTA portfolio, reflecting our strategy in the GTA to pursue upside from marking rents to market levels over preserving occupancy. The negative absorption during the quarter is largely a result of smaller transitory vacancies. On a year-over-year basis, in-place and committed occupancy decreased by 190 bps, mainly due to a single tenant that we terminated in approximately 98,000 square feet in the GTA during the fourth quarter of 2019, in addition to the factors noted above. We estimate that the market rents on these vacancies exceed prior rents by over 25%. During the current quarter, our leasing team secured an additional 38,400 square feet of lease commitments on currently vacant space relative to the prior quarter.

In-place and committed occupancy in Western Canada remained stable at 94.6% compared to the prior quarter. On a year-over-year basis, in-place and committed occupancy decreased by 130 bps, mainly due to net negative leasing absorption and terminations. We remain focused on occupancy in Western Canada. During the current quarter, our leasing team secured an additional 47,100 square feet of lease commitments on currently vacant space relative to the prior quarter.

In-place and committed occupancy in Québec decreased by 40 bps during the quarter and decreased by 30 bps on a year-over-year basis, mainly due to net negative leasing absorption.

In-place and committed occupancy in the U.S. remained stable during the quarter at 94.0%. On a year-over-year basis, in-place and committed occupancy decreased by 170 bps mainly due to anticipated vacancies in the Midwest U.S. portfolio acquired in the prior year.

In-place and committed occupancy in Europe remained stable during the quarter at 95.6%, with a WALT of 5.4 years as at June 30, 2020. The Trust acquired 35 properties located in the Netherlands and Germany totalling approximately 2.6 million square feet during the prior quarter.

Total portfolio occupancy continuity

The following tables detail the change in in-place and committed occupancy across our Canadian, U.S. and European portfolios for the three and six months ended June 30, 2020:

	Three months ended June 30, 2020							
	Canadian portfolio		U.S. portfolio		European portfolio		Total portfolio	
	Thousands of sq. ft.	Percentage of owned GLA	Thousands of sq. ft.	Percentage of owned GLA	Thousands of sq. ft.	Percentage of owned GLA	Thousands of sq. ft.	Percentage of owned GLA
Occupancy (in-place and committed) at beginning of period	15,460	97.1%	6,841	94.0%	2,487	95.6%	24,788	96.1%
Vacancy committed for future occupancy	(75)	(0.5%)	—	—%	(7)	(0.3%)	(82)	(0.3%)
Occupancy (in-place) at beginning of period	15,385	96.6%	6,841	94.0%	2,480	95.3%	24,706	95.8%
Natural expiries and relocations	(792)	(5.0%)	(132)	(1.8%)	(43)	(1.6%)	(967)	(3.7%)
Early terminations	(68)	(0.4%)	—	—%	—	—%	(68)	(0.3%)
New leases	86	0.6%	—	—%	50	1.9%	136	0.5%
Renewals and relocations	574	3.6%	120	1.6%	—	—%	694	2.7%
Occupancy (in-place) at end of period	15,185	95.4%	6,829	93.8%	2,487	95.6%	24,501	95.0%
Vacancy committed for future occupancy	160	1.0%	12	0.2%	—	—%	172	0.6%
Occupancy (in-place and committed) at end of period	15,345	96.4%	6,841	94.0%	2,487	95.6%	24,673	95.6%

	Six months ended June 30, 2020							
	Canadian portfolio		U.S. portfolio		European portfolio		Total portfolio	
	Thousands of sq. ft.	Percentage of owned GLA	Thousands of sq. ft.	Percentage of owned GLA	Thousands of sq. ft.	Percentage of owned GLA	Thousands of sq. ft.	Percentage of owned GLA
Occupancy (in-place and committed) at beginning of period	14,137	96.7%	6,830	93.9%	—	—	20,967	95.8%
Vacancy committed for future occupancy	(183)	(1.3%)	(11)	(0.2%)	—	—	(194)	(0.9%)
Occupancy (in-place) at beginning of period	13,954	95.4%	6,819	93.7%	—	—	20,773	94.9%
Occupancy related to acquired properties and remeasurements	1,300	—	—	—	2,490	—	3,790	—
Occupancy (in-place) at beginning of period – adjusted	15,254	95.8%	6,819	93.7%	2,490	95.7%	24,563	95.2%
Natural expiries and relocations	(1,507)	(9.5%)	(384)	(5.3%)	(54)	(2.1%)	(1,945)	(7.5%)
Early terminations	(116)	(0.7%)	—	—%	—	—%	(116)	(0.5%)
New leases	360	2.3%	22	0.3%	50	1.9%	432	1.7%
Renewals and relocations	1,194	7.5%	372	5.1%	1	0.1%	1,567	6.1%
Occupancy (in-place) at end of period	15,185	95.4%	6,829	93.8%	2,487	95.6%	24,501	95.0%
Vacancy committed for future occupancy	160	1.0%	12	0.2%	—	—%	172	0.6%
Occupancy (in-place and committed) at end of period	15,345	96.4%	6,841	94.0%	2,487	95.6%	24,673	95.6%

The overall tenant retention ratio across our portfolio for the three and six months ended June 30, 2020 was 71.8% and 80.6%, respectively. Tenant retention ratio is calculated as the ratio of total square feet of renewed and relocated space over natural expiries and relocations.

Canadian portfolio new lease, renewal and relocation spreads

The following table compares the Canadian portfolio's weighted average new, renewal and relocation rate on leased space that commenced during the three and six months ended June 30, 2020 to the weighted average prior and expiring rate.

Canadian portfolio	For the three months ended June 30, 2020	For the six months ended June 30, 2020
New, renewal and relocation rate (per sq. ft.)	\$ 7.74	\$ 7.91
Prior and expiring rate (per sq. ft.)	\$ (7.30)	\$ (7.33)
Rental rate spread (per sq. ft.) ⁽¹⁾	\$ 0.44	\$ 0.58
Rental rate spread (%) ⁽²⁾	6.0	7.9

(1) Rental rate spread (per sq. ft.) is calculated as the difference between the weighted average new, renewal and relocation rate and the weighted average prior and expiring rate.

(2) Rental rate spread (%) is calculated as the ratio of rental rate spread (per sq. ft.) divided by the weighted average prior and expiring rate (per sq. ft.).

For the three and six months ended June 30, 2020, the weighted average new, renewal and relocation rate to prior and expiring rate spread in the Canadian portfolio was 6.0% and 7.9%, respectively, higher than the weighted average prior and expiring rate.

In the Western Canada region, we remain focused on driving occupancy higher, building contractual rent growth in leases, and investing capital prudently as rental spreads continue to be negative at 5.7% and 4.2%, respectively, for the three and six months ended June 30, 2020.

In the Ontario and Québec regions, leasing momentum remains strong and we are realizing higher rents as leases roll over with positive rental spreads at 35.7% and 16.2%, respectively, for the three months ended June 30, 2020. On a year-to-date basis, rental spreads were positive at 24.1% and 11.6%, respectively.

As a result of when leases are executed, new lease and renewal rates on leased space reflect committed deals signed in prior periods. These rates may not be reflective of the rates transacted in the current period.

U.S. portfolio new lease, renewal and relocation spreads

The following table compares the U.S. portfolio's weighted average new, renewal and relocation rate on leased space that commenced during the three and six months ended June 30, 2020 to the weighted average prior and expiring rate.

U.S. portfolio (per sq. ft. amounts in US\$)	For the three months ended June 30, 2020		For the six months ended June 30, 2020	
New, renewal and relocation rate (per sq. ft.)	\$	3.82	\$	3.54
Prior and expiring rate (per sq. ft.)	\$	(3.42)	\$	(3.13)
Rental rate spread (per sq. ft.) ⁽¹⁾	\$	0.40	\$	0.41
Rental rate spread (%) ⁽²⁾		11.7		13.1

(1) Rental rate spread (per sq. ft.) is calculated as the difference between the weighted average new, renewal and relocation rate and the weighted average prior and expiring rate.

(2) Rental rate spread (%) is calculated as the ratio of rental rate spread (per sq. ft.) divided by the weighted average prior and expiring rate (per sq. ft.).

For the three and six months ended June 30, 2020, the weighted average new, renewal and relocation rate to prior and expiring rate spread in the U.S. portfolio was 11.7% and 13.1%, respectively, higher than the weighted average prior and expiring rate. The lease rollovers in our U.S. portfolio were predominantly in Cincinnati and Columbus, Ohio, and Chicago, Illinois, and we are seeing strong rental rate spreads in these particular markets.

European portfolio new lease, renewal and relocation spreads

The following table compares the Europe portfolio's weighted average new, renewal and relocation rate on leased space that commenced during the three and six months ended June 30, 2020 to the weighted average prior and expiring rate.

European portfolio (per sq. ft. amounts in €)	For the three months ended June 30, 2020		For the six months ended June 30, 2020	
New, renewal and relocation rate (per sq. ft.)	€	5.16	€	5.22
Prior and expiring rate (per sq. ft.)	€	(4.05)	€	(4.14)
Rental rate spread (per sq. ft.) ⁽¹⁾	€	1.11	€	1.08
Rental rate spread (%) ⁽²⁾		27.4		26.1

(1) Rental rate spread (per sq. ft.) is calculated as the difference between the weighted average new, renewal and relocation rate and the weighted average prior and expiring rate.

(2) Rental rate spread (%) is calculated as the ratio of rental rate spread (per sq. ft.) divided by the weighted average prior and expiring rate (per sq. ft.).

For the three and six months ended June 30, 2020, the weighted average new, renewal and relocation rate to prior and expiring rate spread in the Europe portfolio was 27.4% and 26.1%, respectively, higher than the weighted average prior and expiring rate. The increase is due to a 50,300 square foot new lease deal in the Netherlands at a 27.4% spread over expiring rate for 10 years.

Total portfolio rental rates

Average in-place and committed base rent is contractual base rent and excludes recoveries and recoverable tenant inducements.

The following table details the average in-place and committed base rent for our total portfolio:

Total portfolio ⁽¹⁾	Average in-place and committed base rent (per sq. ft.)			
	June 30, 2020	March 31, 2020	June 30, 2019	
Western Canada	\$ 8.75	\$ 8.81	\$ 8.82	
Ontario	6.85	6.76	6.56	
Québec	6.60	6.50	6.37	
Canadian portfolio	\$ 7.38	\$ 7.33	\$ 7.29	
U.S. portfolio (US\$)	\$ 3.95	\$ 3.93	\$ 3.81	
European portfolio (€)	€ 5.16	€ 5.10	—	

(1) Excludes assets held for sale as at June 30, 2019.

As at June 30, 2020, the average in-place and committed base rent for our Canadian portfolio was \$7.38 per square foot compared to \$7.33 per square foot as at March 31, 2020 and \$7.29 per square foot as at June 30, 2019. The overall increase on a quarter-over-quarter basis and year-over-year basis was primarily driven by lease rollovers in the Ontario and Québec regions where we are capturing strong positive rental rate spreads, partially offset by negative rental rate spreads in Western Canada. In Ontario, we have secured 2020 lease commitments totalling approximately 1.0 million square feet at an average rental spread of 23% over expiring or prior rents. In the Québec region, we have secured renewal and new lease commitments totalling approximately 0.4 million square feet at an overall average rental spread of 12% over expiring or prior rents.

As at June 30, 2020, the average in-place and committed base rent for our U.S. portfolio was US\$3.95 per square foot compared to US\$3.93 per square foot as at March 31, 2020 and US\$3.81 per square foot as at June 30, 2019. The overall increase is due to strong rental spreads on lease rollovers in Cincinnati and Columbus, Ohio, and Chicago, Illinois.

As at June 30, 2020, the average in-place and committed base rent for our European portfolio was €5.16 per square foot compared to €5.10 per square foot as at March 31, 2020. The increase was mainly attributable to a new lease commencement in one of our properties in the Netherlands totalling approximately 50,300 square feet with a 27.4% positive spread over expiring rate. The Trust acquired 35 properties located in the Netherlands and Germany totalling approximately 2.6 million square feet during the prior quarter.

The following table compares the average in-place and committed base rent per square foot with our estimated market rent per square foot by region for our total portfolio as at June 30, 2020.

	June 30, 2020			
	Average in-place and committed base rent (per sq. ft.)	Estimated market rent ⁽¹⁾ (per sq. ft.)	Estimated market rent/average in-place and committed base rent	WALT (years)
Total portfolio				
Western Canada	\$ 8.75	\$ 8.59	(1.8)%	3.6
Ontario	6.85	8.42	22.9%	4.7
Québec	6.60	6.83	3.5%	3.3
Canadian portfolio	\$ 7.38	\$ 8.04	8.9%	4.0
U.S. portfolio (US\$)	\$ 3.95	\$ 4.32	9.4%	4.0
European portfolio (€)	€ 5.16	€ 5.39	4.5%	5.4
Total portfolio WALT (years)				4.1

(1) Estimate only; based on current market rents with no allowance for increases in future years. Subject to changes in market conditions in respective regions.

Estimated market rent represents management's best estimate of the base rent that would be achieved in a new arm's length lease in the event that a unit becomes vacant after a reasonable marketing period, with an inducement and lease term appropriate for the particular space. Market rent by property is reviewed regularly by our leasing and portfolio management teams. Market rents may differ by property or by unit and depend upon a number of factors. Some of the factors considered include the condition of the space, the location within the building, the amount of office build-out for the units, the lease term and a normal level of tenant inducements. Market rental rates are also compared against independent external appraisal information that is gathered on a quarterly basis as well as other external market data.

As a result of when leases are executed, there is typically a lag between estimated market rents and average in-place and committed base rent.

As at June 30, 2020, our Canadian, U.S. and European portfolios' estimated market rents were 8.9%, 9.4% and 4.5% higher, respectively, than the average in-place and committed base rents, presenting an opportunity for us to surface additional value as leases roll over.

Lease maturity profile, net of lease commitments

The following table details our total portfolio lease maturity profile by region, net of renewals and new leases completed as at June 30, 2020:

Total portfolio (in thousands of sq. ft.)	Vacancy, net of commitments	Remainder of 2020	2021	2022	2023	2024	2025+	Total
Western Canada	275	237	830	795	1,042	614	1,288	5,081
Ontario	252	267	697	770	818	510	3,328	6,642
Québec	52	136	542	893	804	567	1,207	4,201
Canadian portfolio	579	640	2,069	2,458	2,664	1,691	5,823	15,924
U.S. portfolio	434	99	293	911	2,003	718	2,817	7,275
European portfolio	115	37	133	411	282	95	1,529	2,602
Total GLA	1,128	776	2,495	3,780	4,949	2,504	10,169	25,801
Percentage of total GLA	4.4%	3.0%	9.7%	14.6%	19.2%	9.7%	39.4%	100.0%

Lease expiry profile for remainder of 2020

The following table details our total portfolio lease maturity profile for the remainder of 2020 by region, net of renewals and net of committed new leases on vacant space:

Total portfolio (in thousands of sq. ft.)	Western Canada	Ontario	Québec	Canadian portfolio	U.S. portfolio	European portfolio	Total
2020 expiries (as at June 30, 2020)	(435)	(525)	(268)	(1,228)	(246)	(42)	(1,516)
Expiries committed for renewals	198	258	132	588	147	5	740
Expiries, net of renewals	(237)	(267)	(136)	(640)	(99)	(37)	(776)
Commitment as a % of expiries	45.5%	49.1%	49.3%	47.9 %	59.8%	11.9 %	48.8%
Current vacancies	(386)	(298)	(55)	(739)	(446)	(115)	(1,300)
Current vacancies committed for future occupancy	111	46	3	160	12	—	172
Current vacancies, net of commitments for future occupancy	(275)	(252)	(52)	(579)	(434)	(115)	(1,128)

Lease incentives and initial direct leasing costs

Lease incentives include costs incurred to make leasehold improvements to tenant spaces, landlord works and cash allowances. Initial direct leasing costs include leasing fees and related costs and broker commissions incurred in negotiating and arranging tenant leases. Lease incentives and initial direct leasing costs are dependent upon asset type, lease terminations and expiries, the mix of new leasing activity compared to renewals, portfolio growth and general market conditions. Short-term leases generally have lower costs than long-term leases.

Initial direct leasing costs shown in the respective tables below by region include costs attributable to leases that commenced in the respective periods. Due to the timing of the signing of lease agreements, certain costs, such as lease commissions, may be incurred in advance of lease commencement.

Canadian portfolio

Performance indicators for leases that commenced during the period ⁽¹⁾	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Leases that commenced during the period (in thousands of sq. ft.)	660	586	1,554	1,188
WALT (years)	4.4	4.1	5.0	3.6
Lease incentives and initial direct leasing costs:				
In thousands of dollars	\$ 1,120	\$ 2,710	\$ 4,726	\$ 5,506
Per square foot	\$ 1.70	\$ 4.62	\$ 3.04	\$ 4.63

(1) Excludes Eastern Canada portfolio in the comparative period.

For the three months ended June 30, 2020, leasing costs associated with leases that commenced during the period were \$1.70 per square foot compared to \$4.62 per square foot in the prior year comparative quarter. For the six months ended June 30, 2020, leasing costs were \$3.04 per square foot compared to \$4.63 per square foot in the prior year comparative period. Leasing costs were higher in the prior year due to lease commencements of flex office properties typically requiring higher leasing costs.

U.S. portfolio

Performance indicators for leases that commenced during the period	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Leases that commenced during the period (in thousands of sq. ft.)	120	190	394	190
WALT (years)	5.0	5.2	8.2	5.2
Lease incentives and initial direct leasing costs:				
In thousands of U.S. dollars	\$ 281	\$ 118	\$ 566	\$ 118
Per square foot (US\$)	\$ 2.34	\$ 0.62	\$ 1.44	\$ 0.62

For the three months ended June 30, 2020, leasing costs associated with leases that commenced during the period were \$2.34 per square foot compared to \$0.62 per square foot in the prior year comparative quarter. For the six months ended June 30, 2020, leasing costs were \$1.44 per square foot compared to \$0.62 per square foot in the prior year comparative period. Leasing costs per square foot were lower in the prior year primarily due to leasing cost credits received from the acquisition of the Midwest U.S. portfolio.

European portfolio

For the three and six months ended June 30, 2020, leasing activity primarily consisted of a 50,300 square foot, 10-year deal with leasing costs of €5.16 per square foot at a 27.4% spread to expiring rent.

Net rental income from continuing operations

Net rental income is defined by the Trust as total investment properties revenue less investment properties operating expenses from continuing operations.

For a detailed discussion about investment properties revenue and operating expenses from continuing operations for the three and six months ended June 30, 2020 and June 30, 2019, refer to the section “Our Results of Operations”.

	Three months ended June 30,				Six months ended June 30,			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Western Canada	\$ 9,968	24%	\$ 11,015	31%	\$ 20,619	25%	\$ 21,946	33%
Ontario	11,300	27%	9,178	26%	22,279	27%	17,915	27%
Québec	6,982	16%	6,147	18%	13,752	17%	11,990	18%
Canadian portfolio	28,250	67%	26,340	75%	56,650	69%	51,851	78%
U.S. portfolio	9,503	22%	8,845	25%	18,569	23%	15,033	22%
European portfolio	4,628	11%	—	—	6,920	8%	—	—
Properties sold ⁽¹⁾	(3)	0%	—	—%	(20)	0%	—	—%
Net rental income from continuing operations	\$ 42,378	100%	\$ 35,185	100%	\$ 82,119	100%	\$ 66,884	100%

(1) Excludes discontinued operations.

Net rental income from continuing operations for the three and six months ended June 30, 2020 increased by \$7.2 million, or 20.4%, over the prior year comparative quarter and increased by \$15.2 million, or 22.8%, compared to the prior year comparative period. The increase was mainly driven by the impact of acquired investment properties in the prior quarter and throughout 2019 and organic growth in our comparative properties.

As at June 30, 2020, the Trust has recorded COVID-19 related adjustments and provisions totalling \$1.3 million which are included in net rental income. These amounts represent an estimate of potential credit losses on our trade receivables for all uncollected rent as at June 30, 2020, along with the 25% of recurring gross contractual rent that the Trust expects to forgive, subject to the participating tenant’s eligibility in the CECRA program.

Comparative properties NOI (quarter-over-quarter comparison)

Comparative properties NOI (quarter-over-quarter comparison) is a non-GAAP measure used by management in evaluating the performance of properties fully owned by the Trust in the current and prior quarter. When the Trust compares comparative properties NOI on a quarter-over-quarter basis, the Trust excludes investment properties acquired after January 1, 2020 and properties held for sale or properties disposed of prior to the current quarter. Comparative properties NOI also excludes lease termination fees and other rental income, straight-line rent, expected credit loss, COVID-19 related adjustments and provisions and amortization of lease incentives. This measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

The table below details the comparative properties NOI by region and other items to assist in understanding the impact each component has on net rental income from continuing operations for the three months ended June 30, 2020 and March 31, 2020.

	Three months ended		Change		Change in	Change in	Owned GLA
	June 30, 2020	March 31, 2020	in \$	in %	weighted average occupancy %	in-place base rent %	(thousands of sq. ft.)
Western Canada	\$ 10,776	\$ 10,686	\$ 90	0.8%	(0.1)%	0.3%	5,081
Ontario	9,797	9,451	346	3.7%	—%	3.4%	5,419
Québec	7,220	6,944	276	4.0%	(0.1)%	1.7%	4,121
Canadian portfolio	27,793	27,081	712	2.6%	(0.1)%	1.7%	14,621
U.S. portfolio ⁽¹⁾	9,382	8,791	591	6.7%	—%	0.7%	7,275
Comparative properties NOI⁽¹⁾	37,175	35,872	1,303	3.6%	—%	1.4%	21,896
NOI from acquired properties – Canada	1,864	1,391	473				
NOI from acquired properties – Europe	4,629	2,295	2,334				
Lease termination fees and other rental income	43	24	19				
Straight-line rent	372	815	(443)				
Expected credit loss	—	(312)	312				
COVID-19 related adjustments and provisions ⁽²⁾	(1,277)	—	(1,277)				
Amortization of lease incentives	(425)	(327)	(98)				
NOI from sold properties	(3)	(17)	14				
Net rental income from continuing operations	\$ 42,378	\$ 39,741	\$ 2,637	6.6%			

(1) For the three months ended June 30, 2020, U.S. comparative properties NOI (excluding the impact of foreign currency translation) increased by \$229 or 3.5%. Total comparative properties NOI (excluding the impact of foreign currency translation) increased by \$1,029 or 2.8%.

(2) COVID-19 related adjustments and provisions include \$640 related to the CECRA program, and \$637 are COVID-19 expected credit losses.

For the three months ended June 30, 2020, comparative properties NOI increased by \$1.3 million, or 3.6%, primarily due to higher rental rates across all regions, lower non-recoverable expenses and less free rent in Québec, a recovery adjustment in the U.S., and a stronger U.S. dollar relative to the Canadian dollar, partially offset by marginal declines in average occupancy in Western Canada and Québec.

Comparative properties NOI (quarter-over-prior year quarter comparison)

Comparative properties NOI (quarter-over-prior year quarter comparison) is a non-GAAP measure used by management in evaluating the performance of properties fully owned by the Trust in the current and prior year comparative periods. When the Trust compares comparative properties NOI on a quarter-over-prior year quarter basis, the Trust excludes investment properties acquired after April 1, 2019 and properties held for sale or properties disposed of prior to the current quarter. Comparative properties NOI also excludes lease termination fees and other rental income, straight-line rent, estimated credit loss, COVID-19 related adjustments and provisions and amortization of lease incentives. This measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

Given that the entire Eastern Canada region was classified as assets held for sale at the end of June 30, 2019 and subsequently sold on July 31, 2019, the associated results of operations for the three and six months ended June 30, 2020 and June 30, 2019 have been presented separately as income from discontinued operations and excluded from comparative properties NOI in the current and prior year comparative periods.

The table below details the comparative properties NOI by region and other items to assist in understanding the impact each component has on net rental income from continuing operations for the three months ended June 30, 2020 and June 30, 2019.

	June 30, 2020	June 30, 2019	Three months ended		Change in weighted average occupancy %	Change in in-place base rent %	Owned GLA (thousands of sq. ft.)
			Change in \$	Change in %			
Western Canada	\$ 10,609	\$ 11,223	\$ (614)	(5.5)%	(0.6)%	(3.2)%	5,028
Ontario	8,979	8,906	73	0.8%	(4.0)%	6.4%	5,021
Québec	6,742	6,328	414	6.5%	0.4%	3.2%	3,888
Canadian portfolio	26,330	26,457	(127)	(0.5)%	(1.6)%	1.6%	13,937
U.S. portfolio ⁽¹⁾	8,840	8,402	438	5.2%	(1.8)%	1.0%	7,011
Comparative properties NOI⁽¹⁾	35,170	34,859	311	0.9%	(1.6)%	1.5%	20,948
NOI from acquired properties – Canada	3,327	357	2,970				
NOI from acquired properties – U.S.	542	162	380				
NOI from acquired properties – Europe	4,629	—	4,629				
Lease termination fees and other rental income	43	16	27				
Straight-line rent	372	211	161				
Expected credit loss	—	(102)	102				
COVID-19 related adjustments and provisions ⁽²⁾	(1,277)	—	(1,277)				
Amortization of lease incentives	(425)	(311)	(114)				
NOI from sold properties	(3)	(7)	4				
Net rental income from continuing operations	\$ 42,378	\$ 35,185	\$ 7,193	20.4%			

(1) For the three months ended June 30, 2020, the U.S. comparative properties NOI (excluding the impact of foreign currency translation) increased by \$94 or 1.5%. Total comparative properties NOI (excluding the impact of foreign currency translation) remained stable.

(2) COVID-19 related adjustments and provisions include \$640 related to the CECRA program, and \$637 are COVID-19 expected credit losses.

For the three months ended June 30, 2020, comparative properties NOI increased by \$0.3 million, or 0.9%, compared to the prior year quarter. Within the Canadian portfolio, comparative properties NOI increased due to higher average occupancy and higher rental rates in Québec, offset by lower average occupancy and rental rates in Western Canada. In Ontario, strong rental rate growth was partially offset by the timing of lease-up of transitory vacancy, including a new lease for over 110,000 square feet with rent payments commencing in May 2020 at rents over 14% above prior net rents. The U.S. comparative portfolio includes the Midwest U.S. portfolio acquired in March 2019. The overall increase in U.S. comparative properties NOI was primarily due to higher rental rates, and a stronger U.S. dollar relative to the Canadian dollar.

Comparative properties NOI (year-over-year comparison)

Comparative properties NOI (year-over-year comparison) is a non-GAAP measure used by management in evaluating the performance of properties fully owned by the Trust in the current and prior year comparative periods. When the Trust compares comparative properties NOI on a year-over-year basis, the Trust excludes investment properties acquired after January 1, 2019 and properties held for sale or properties disposed of prior to the current quarter. Comparative properties NOI also excludes lease termination fees and other rental income, straight-line rent, estimated credit loss, COVID-19 related adjustments and provisions and amortization of lease incentives. This measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

Given that the entire Eastern Canada region was classified as assets held for sale at the end of June 30, 2019 and subsequently sold on July 31, 2019, the associated results of operations for the three and six months ended June 30, 2020 and June 30, 2019 have been presented separately as income from discontinued operations and excluded from comparative properties NOI in the current and prior year comparative periods.

The table below details the comparative properties NOI by region and other items to assist in understanding the impact each component has on net rental income from continuing operations for the six months ended June 30, 2020 and June 30, 2019.

	June 30, 2020	June 30, 2019	Six months ended		Change in weighted average occupancy %	Change in in-place base rent %	Owned GLA (thousands of sq. ft.)
			Change in \$	Change in %			
Western Canada	\$ 21,123	\$ 22,128	\$ (1,005)	(4.5)%	(0.4)%	(2.3)%	5,028
Ontario	17,624	17,601	23	0.1%	(3.9)%	5.9%	5,021
Québec	13,266	12,320	946	7.7%	1.2%	2.6%	3,888
Canadian portfolio	52,013	52,049	(36)	(0.1)%	(1.3)%	1.7%	13,937
U.S. portfolio ⁽¹⁾	9,833	9,521	312	3.3%	—%	2.0%	3,488
Comparative properties NOI⁽¹⁾	61,846	61,570	276	0.4%	(1.0)%	1.7%	17,425
NOI from acquired properties – Canada	6,116	357	5,759				
NOI from acquired properties – U.S.	8,340	4,989	3,351				
NOI from acquired properties – Europe	6,924	—	6,924				
Lease termination fees and other rental income	67	20	47				
Straight-line rent	1,187	751	436				
Expected credit loss	(312)	(142)	(170)				
COVID-19 related adjustments and provisions ⁽²⁾	(1,277)	—	(1,277)				
Amortization of lease incentives	(752)	(725)	(27)				
NOI from sold properties	(20)	64	(84)				
Net rental income from continuing operations	\$ 82,119	\$ 66,884	\$ 15,235	22.8%			

(1) For the six months ended June 30, 2020, the U.S. comparative properties NOI (excluding the impact of foreign currency translation) increased by \$62 or 0.9%. Total comparative properties NOI (excluding the impact of foreign currency translation) was stable.

(2) COVID-19 related adjustments and provisions include \$640 related to the CECRA program, and \$637 are COVID-19 expected credit losses.

For the six months ended June 30, 2020, comparative properties NOI remained relatively stable compared to the prior year comparative period for primarily the same reasons as discussed in the quarter-over-prior year quarter comparison.

OUR RESULTS OF OPERATIONS

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Investment properties revenue	\$ 59,060	\$ 49,796	\$ 115,610	\$ 94,836
Investment properties operating expenses	(16,682)	(14,611)	(33,491)	(27,952)
Net rental income	42,378	35,185	82,119	66,884
Other income				
Interest and fee income	65	198	930	408
	65	198	930	408
Other expenses				
General and administrative	(4,486)	(3,169)	(8,227)	(5,798)
Interest:				
Debt ⁽¹⁾	(8,376)	(9,112)	(17,509)	(17,721)
Subsidiary redeemable units	(3,247)	(3,344)	(6,558)	(6,688)
Debt settlement costs	(375)	—	(4,324)	—
	(16,484)	(15,625)	(36,618)	(30,207)
Fair value adjustments and net gain (loss) on transactions and other activities				
Fair value adjustments to investment properties	(1,551)	63,399	(38,090)	83,683
Fair value adjustments to financial instruments	(20,270)	1,505	37,002	(46,940)
Net gain (loss) on transactions and other activities	(920)	(184)	967	(634)
	(22,741)	64,720	(121)	36,109
Income before income taxes and discontinued operations	3,218	84,478	46,310	73,194
Current and deferred income taxes expense, net	(274)	(1,977)	(1,330)	(2,551)
Income from continuing operations, net of taxes	2,944	82,501	44,980	70,643
Income (loss) from discontinued operations, net of taxes	—	1,516	(19)	5,113
Net income	\$ 2,944	\$ 84,017	\$ 44,961	\$ 75,756
Other comprehensive income (loss)				
Items that will be reclassified subsequently to net income:				
Unrealized gain (loss) on foreign currency translation, net of taxes	\$ (15,762)	\$ (8,397)	\$ 27,937	\$ (10,106)
Unrealized loss on effective interest rate hedge, net of taxes	—	—	—	(35)
Share of other comprehensive income (loss) from equity accounted investment	(362)	—	387	—
	(16,124)	(8,397)	28,324	(10,141)
Comprehensive income (loss)	\$ (13,180)	\$ 75,620	\$ 73,285	\$ 65,615

(1) For the three and six months ended June 30, 2020, the mark-to-market amortization netted against interest expense was \$73 and \$202, respectively. For the three and six months ended June 30, 2019, the mark-to-market amortization was \$162 and \$329, respectively.

Investment properties revenue

Investment properties revenue includes base rent from investment properties, recovery of operating costs, property taxes and capital expenditures from tenants, the impact of straight-line rent adjustments, lease termination fees and other adjustments, as well as fees earned from property management.

Investment properties revenue for the three and six months ended June 30, 2020 increased by \$9.3 million, or 18.6%, compared to the prior year comparative quarter and increased by \$20.8 million, or 21.9%, compared to the prior year comparative period. The increase is mainly due to the impact of acquired properties in 2020 and 2019.

Investment properties operating expenses

Investment properties operating expenses comprise operating costs and property taxes as well as certain expenses that are not recoverable from tenants. Operating expenses fluctuate with changes in occupancy levels, expenses that are seasonal in nature, and the level of repairs and maintenance incurred during the period.

Investment properties operating expenses for the three and six months ended June 30, 2020 increased by \$2.1 million, or 14.2%, compared to the prior year comparative quarter and increased by \$5.5 million, or 19.8%, compared to the prior year comparative period. The increase is primarily due to the impact of acquired properties in 2020 and 2019.

General and administrative expenses

The following table summarizes our general and administrative ("G&A") expenses for the three and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Asset management fee	\$ (1,522)	\$ (1,201)	\$ (2,925)	\$ (2,284)
Professional fees and general corporate expenses ⁽¹⁾	(2,131)	(1,127)	(4,103)	(2,205)
Deferred compensation expenses	(833)	(841)	(1,199)	(1,309)
Total	\$ (4,486)	\$ (3,169)	\$ (8,227)	\$ (5,798)

(1) General corporate expenses include corporate management and overhead related costs, public reporting costs, and Board of Trustees' fees and expenses.

G&A expenses for the three and six months ended June 30, 2020 increased by \$1.3 million, or 41.6%, compared to the prior year comparative quarter and increased by \$2.4 million, or 41.9%, compared to the prior year comparative period. Asset management fees increased due to the acquisitions completed in 2020 and 2019. Professional fees and general corporate expenses increased due to higher overhead costs as a result of our expansion into the U.S. and European markets.

Interest expense on debt

Interest expense on debt for the three and six months ended June 30, 2020 decreased by \$0.7 million, or 8.1%, compared to the prior year comparative quarter and decreased by \$0.2 million, or 1.2%, compared to the prior year comparative period due to the prepayment of Canadian mortgages in the first quarter of 2020 and repayment of borrowings on the credit facility during the prior year, partially offset by the new mortgage placed on the U.S. Midwest portfolio in December 2019.

Fair value adjustments to investment properties

Refer to the section "Investment Properties" under the heading "Fair value adjustments to investment properties" for a discussion of fair value changes to investment properties for the three and six months ended June 30, 2020 and June 30, 2019.

Fair value adjustments to financial instruments

Fair value adjustments to financial instruments include remeasurements of the carrying value of subsidiary redeemable units and deferred trust units. The fair value adjustments to these financial instruments is dependent on the change in the Trust's unit price and the adjustments may vary significantly year-over-year. The fair value adjustment on the interest rate swaps are valued by qualified independent valuation professionals based on the present value of the estimated future cash flows determined using observable yield curves, and the adjustments may vary significantly year-over-year. The fair value adjustment on foreign exchange swaps represents the difference between the contracted foreign exchange rates and the market foreign exchange rates as at period-end.

The following table summarizes our fair value adjustments to financial instruments for the three and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Unrealized remeasurement of carrying value of subsidiary redeemable units	\$ (23,932)	\$ 2,412	\$ 45,637	\$ (42,299)
Unrealized remeasurement of carrying value of deferred trust units	(1,062)	(67)	1,501	(1,856)
Unrealized fair value adjustment on interest rate swaps	(655)	(840)	(6,721)	(2,785)
Unrealized fair value adjustment on foreign exchange swaps	8,794	—	—	—
Total unrealized fair value adjustments	\$ (16,855)	\$ 1,505	\$ 40,417	\$ (46,940)
Realized fair value adjustment on foreign exchange swaps ⁽¹⁾	(3,415)	—	(3,415)	—
Total	\$ (20,270)	\$ 1,505	\$ 37,002	\$ (46,940)

(1) On April 30, 2020, the Trust settled three foreign currency swap agreements for net cash payment of \$3,415. See Note 8 in the condensed consolidated financial statements for the three and six months ended June 30, 2020 and June 30, 2019 for further detail.

Net gain (loss) on transactions and other activities

The following table summarizes our net gain (loss) on transactions and other activities for the three and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Internal leasing costs	\$ (702)	\$ (584)	\$ (1,499)	\$ (1,156)
Foreign exchange gain (loss) ⁽¹⁾	(213)	440	2,475	578
Depreciation and amortization	(5)	(11)	(9)	(27)
Costs on sale of investment properties	—	(29)	—	(29)
Total	\$ (920)	\$ (184)	\$ 967	\$ (634)

(1) The foreign exchange gain (loss) relates to capital transactions which do not form part of the Trust's net investments in the U.S. and Europe. Accordingly, the impact of such foreign exchange adjustments was added back in the determination of FFO (a non-GAAP measure).

Current and deferred income taxes expense, net

Net current and deferred income taxes expense for the three and six months ended June 30, 2020 decreased by \$1.7 million and \$1.2 million, respectively, compared to the prior year comparative quarter and prior year comparative period. The decreases in the respective periods were primarily driven by fair value gains on our U.S. investment properties in 2019. Substantially all of the current and deferred income taxes expense for the three and six months ended June 30, 2020 and June 30, 2019 are deferred income taxes.

Income (loss) from discontinued operations, net of taxes

Given that the entire Eastern Canada region was included in assets held for sale at June 30, 2019 and subsequently disposed of on July 31, 2019, the associated results of operations for the three and six months ended June 30, 2020 and June 30, 2019 have been presented separately as income (loss) from discontinued operations.

There was no income recorded in discontinued operations for the three months ended June 30, 2020. The activity for the six months ended June 30, 2020 represents post-close adjustments and additional costs on sale of investment properties.

Other comprehensive income (loss)

Other comprehensive income (loss) for the three and six months ended June 30, 2020 and June 30, 2019 was a loss of \$16.1 million and a gain of \$28.3 million, respectively, primarily due to the impact of the U.S. dollar and euro relative to the Canadian dollar on our net investments in the U.S. and Europe.

Funds from operations ("FFO")

FFO (including diluted FFO per Unit) is a non-GAAP measure used by management in evaluating the Trust's operating performance. FFO per Unit is calculated as FFO divided by the weighted average number of Units. FFO and weighted average number of Units are further defined in the section "Non-GAAP Measures and Other Disclosures".

FFO and diluted FFO per Unit for the three and six months ended June 30, 2020 and June 30, 2019 are shown in the table below:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
FFO	\$ 29,558	\$ 27,617	\$ 57,552	\$ 52,568
Weighted average number of Units (in thousands)	171,620	135,739	167,435	127,472
FFO per Unit – diluted	\$ 0.17	\$ 0.20	\$ 0.34	\$ 0.41

Diluted FFO per Unit for the three and six months ended June 30, 2020 was \$0.17 and \$0.34, respectively, compared to \$0.20 and \$0.41, respectively, for the three and six months ended June 30, 2019. FFO per Unit was lower compared to the prior year comparative quarter and prior year comparative period primarily due to lower leverage, higher cash balances and higher general and administrative expenses, partially offset by an increase in net rental income through acquisitions and organic growth. Other items recorded during the quarter impacting FFO per Unit relative to prior year included the estimated impact related to the CECRA program (-0.4 cents), COVID-19 related bad debt provisions (-0.4 cents), and write-off of unamortized financing costs related to prior secured credit facility (-0.2 cents).

Related party transactions

From time to time, Dream Industrial REIT and its subsidiaries enter into transactions with related parties that are generally conducted on a cost-recovery basis or under normal commercial terms.

Agreements with Dream Asset Management Corporation (“DAM”)

The following table summarizes our fees paid to or received from DAM, including both continuing and discontinued operations, for the three and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Incurring under the Asset Management Agreement:				
Asset management fee (included in general and administrative expenses)	\$ (1,522)	\$ (1,380)	\$ (2,925)	\$ (2,641)
Acquisition fee (included in investment properties)	—	(374)	(2,748)	(2,243)
Expense reimbursements related to financing arrangements	(244)	(87)	(516)	(167)
Total costs incurred under the Asset Management Agreement	\$ (1,766)	\$ (1,841)	\$ (6,189)	\$ (5,051)
Total costs reimbursed under the Shared Services and Cost Sharing Agreement	\$ (252)	\$ (154)	\$ (793)	\$ (333)
Total property management fees earned under the Property Management Agreement	\$ —	\$ —	\$ —	\$ 7

The Asset Management Agreement (“AMA”) with DAM provides for an incentive fee payable in an amount equal to 15% of the Trust’s adjusted funds from operations (“AFFO”) per unit as defined in the AMA, which includes gains on the disposition of any properties in the year in excess of the hurdle amount initially set at \$0.80 per unit and which increases annually by 50% of the increase in the consumer price index (“Hurdle Amount”).

The AMA has an initial term ending October 3, 2022 and is automatically renewed for further five-year terms unless and until terminated in accordance with its terms. The AMA may be terminated by DAM at any time after the initial term. Other than in respect of termination resulting from certain events of insolvency of DAM, on termination of the AMA, all accrued fees under the AMA, including the incentive fee, are payable to DAM. In such circumstances or if the Trust is acquired, the incentive fee is calculated as if all the Trust’s properties were sold on the applicable date.

Disposition gains in the AFFO calculation used for determining the incentive fee are based on the fair value of the Trust’s investment properties, at the applicable date, relative to their historic purchase price. As at June 30, 2020, the historic purchase price for the Trust’s investment portfolio was \$2.4 billion (December 31, 2019 – \$2.0 billion).

For the most recently completed fiscal year ended October 3, 2019 for the AMA, the Hurdle Amount for the purpose of calculating the incentive fee was \$0.86 per unit. As at June 30, 2020 and December 31, 2019, no incentive fees have been paid or payable by the Trust to DAM.

The amount of the incentive fee payable by the Trust on any date will be contingent upon various factors, including, but not limited to, changes in the Trust’s AFFO as defined in the AMA, movements in the fair value of investment properties, acquisitions and dispositions, future foreign exchange rates, and changes in the total number of outstanding units of the Trust.

On February 1, 2019, the Property Management Agreement for Dream Industrial Management LP to manage one property on behalf of a subsidiary of DAM was terminated as the property is no longer owned by DAM.

Agreements with Dream Hard Assets Alternatives Trust (“DHAAT”)

The following table summarizes our fees received from DHAAT for the three and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Total revenue under lease agreements and the Property Management Agreement	\$ —	\$ 38	\$ —	\$ 77

Agreements with Dream Office Real Estate Investment Trust (“Dream Office REIT”)

The following table summarizes the costs reimbursed to Dream Office REIT for the three and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Total costs reimbursed under the Services Agreement	\$ (1,238)	\$ (1,275)	\$ (2,533)	\$ (2,046)

As discussed in “Our Equity”, subsidiaries of Dream Office REIT are the holders of 100% of the outstanding LP B Units. Generally, each subsidiary redeemable unit entitles the holder to a distribution equal to distributions declared on our REIT Units. In our condensed consolidated financial statements, distributions paid and payable on LP B Units are included as interest expense.

The following table summarizes our interest paid and payable to subsidiaries of Dream Office REIT on its subsidiary redeemable units for the three and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Interest paid and payable to Dream Office REIT on subsidiary redeemable units	\$ (3,247)	\$ (3,344)	\$ (6,558)	\$ (6,688)

Agreements with PAULS Corp

The following table summarizes our fees paid and costs reimbursed to an affiliate of PAULS Corp for the three and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Property management	\$ (209)	\$ (218)	\$ (417)	\$ (363)
Portfolio management	(269)	(119)	(480)	(158)
Leasing costs	(47)	(21)	(47)	(21)
Financing costs	(2)	(4)	(10)	(14)
Total costs incurred under the Property Management Agreement	\$ (527)	\$ (362)	\$ (954)	\$ (556)

SECTION III

INVESTMENT PROPERTIES

Investment properties continuity

Changes in the value of our investment properties by region for the three and six months ended June 30, 2020 are summarized in the following tables:

							Three months ended
	April 1, 2020	Property acquisitions	Building improvements, lease incentives and initial direct leasing costs	Fair value adjustments	Amortization of lease incentives, foreign currency translation ⁽¹⁾ and other adjustments	June 30, 2020	
Western Canada	\$ 618,755	\$ —	\$ 1,744	\$ (6,879)	\$ (292)	\$ 613,328	
Ontario	964,682	—	843	5,350	175	971,050	
Québec	423,074	—	258	199	(153)	423,378	
Canadian portfolio	2,006,511	—	2,845	(1,330)	(270)	2,007,756	
U.S. portfolio	626,687	—	341	(221)	(24,478)	602,329	
European portfolio	292,272	—	284	—	(5,232)	287,324	
Total investment properties	\$ 2,925,470	\$ —	\$ 3,470	\$ (1,551)	\$ (29,980)	\$ 2,897,409	

(1) Included in the U.S. and European portfolios are foreign currency losses totalling \$24,695 and \$5,232, respectively.

							Six months ended
	January 1, 2020	Property acquisitions	Building improvements, lease incentives and initial direct leasing costs	Fair value adjustments ⁽¹⁾	Amortization of lease incentives, foreign currency translation ⁽²⁾ and other adjustments	June 30, 2020	
Western Canada	\$ 621,946	\$ —	\$ 3,388	\$ (11,695)	\$ (311)	\$ 613,328	
Ontario	817,061	153,665	2,607	(2,720)	437	971,050	
Québec	414,085	9,492	993	(1,014)	(178)	423,378	
Canadian portfolio	1,853,092	163,157	6,988	(15,429)	(52)	2,007,756	
U.S. portfolio	575,572	—	634	(2,700)	28,823	602,329	
European portfolio	—	289,720	495	(19,961)	17,070	287,324	
Total investment properties	\$ 2,428,664	\$ 452,877	\$ 8,117	\$ (38,090)	\$ 45,841	\$ 2,897,409	

(1) During the six months ended June 30, 2020, the Trust wrote off acquisition related costs totalling \$25,500 included in fair value adjustments on investment properties.

(2) Included in the U.S. and European portfolios are foreign currency gains totalling \$28,332 and \$17,074, respectively.

Acquisitions

The following acquisitions were completed during the six months ended June 30, 2020:

	Acquired GLA (thousands of sq. ft.)	Occupancy at acquisition (%)	WALT at acquisition (years)	Purchase price ⁽¹⁾	Date acquired
840 Trillium Drive, Kitchener, Ontario	39	100.0	10.4	\$ 5,700	January 13, 2020
Berkshire portfolio, Kitchener, Ontario ⁽²⁾	577	100.0	2.2	62,500	January 17, 2020
1995 Markham Road, Scarborough, Ontario	228	100.0	6.8	33,100	January 22, 2020
2–20 Exportweg, Waddinxveen, Netherlands ⁽³⁾	169	100.0	14.8	27,355	January 22, 2020
12–16 Het Sterrenbeeld, Den Bosch, Netherlands ⁽³⁾	95	100.0	6.5	10,700	January 28, 2020
7–9 Robert-Bosch-Straße, Dietzenbach, Germany ⁽³⁾	160	74.5	10.7	14,950	January 31, 2020
10 Heibloemweg, Helmond, Netherlands ⁽³⁾	117	100.0	7.9	13,598	February 5, 2020
					February 19, 2020 and
Dutch portfolio, Netherlands ⁽³⁾⁽⁴⁾	2,061	96.4	4.2	201,576	March 17, 2020
700–840 McCaffrey Road, Montréal, Québec	80	100.0	3.4	9,100	February 24, 2020
100 East Beaver Creek, Richmond Hill, Ontario	110	100.0	7.0	24,000	February 28, 2020
220 Water Street, Whitby, Ontario	211	100.0	3.0	17,600	March 2, 2020
311 Pinebush Road, Cambridge, Ontario	57	100.0	20.0	4,905	March 23, 2020
Total	3,904	97.1	5.2	\$ 425,084	

(1) Excludes transaction costs of \$25,500.

(2) Berkshire portfolio consists of 12 investment properties.

(3) Acquisitions in the Netherlands and Germany were settled in euros and translated into Canadian dollars as at the respective transaction dates.

(4) The Dutch portfolio consists of 31 investment properties. 29 properties were acquired on February 19, 2020 and 2 properties were acquired on March 17, 2020. The purchase price excludes an assumed ground lease liability totalling \$2,293.

For the year ended December 31, 2019, the Trust acquired 32 investment properties for gross proceeds net of adjustments and before transaction costs totalling \$370.5 million.

Dispositions

For the six months ended June 30, 2020, there were no dispositions completed by the Trust. For the year ended December 31, 2019, the Trust disposed of 41 investment properties for gross proceeds net of adjustments and before transaction costs totalling \$272.6 million.

Fair value adjustments to investment properties

For the three months ended June 30, 2020, the Trust recorded an overall fair value loss of \$1.6 million, mainly driven by a fair value loss of \$6.9 million in Western Canada, partially offset by a fair value gain of \$5.4 million in Ontario. The fair value loss in Western Canada was driven by increased downtime, lower rental rates in our leasing assumptions and an increase in capitalization rates on certain properties. The fair value gain in Ontario was driven by leasing activity, including an early renewal at a single-tenant building in the GTA.

For the six months ended June 30, 2020, the Trust recorded an overall fair value loss of \$38.1 million primarily due to the write-off of acquisition related costs totalling \$25.5 million on acquired properties in Europe, Ontario and Québec, and a fair value loss of \$11.7 million in Western Canada for the same reasons as noted above.

Foreign currency translation

For the three months ended June 30, 2020, the foreign currency translation impact on our U.S. and European portfolios was a decrease of \$24.7 million and \$5.2 million, respectively, due to a weaker U.S. dollar and euro relative to the Canadian dollar.

For the six months ended June 30, 2020, the foreign currency translation impact on our U.S. and European portfolios was an increase of \$28.3 million and \$17.1 million, respectively, due to a stronger U.S. dollar and euro relative to the Canadian dollar.

Significant assumptions used in the valuation of investment properties

The fair value of the investment properties as at June 30, 2020 and December 31, 2019 represents the Trust's best estimate based on the internally and externally available information as at the end of the reporting period.

The Trust values its investment properties using both the cap rate method and the discounted cash flow method. The results of both methods are evaluated by considering the range of values calculated under both methods on a property by property basis.

The duration and full scope of the economic impact of COVID-19 is unknown at this time. Key valuation assumptions that could be impacted over the long term include: market rents, leasing costs, vacancy rates, discount rates and cap rates. The Trust will continue to monitor the effect of the economic environment on the valuation of its investment properties. If there are any changes in the critical and key assumptions used in valuing the investment properties, or in regional, national or international economic conditions, or new developments in the COVID-19 pandemic, the fair value of investment properties may change materially.

The significant valuation metrics used in the cap rate method are cap rates. The following table summarizes cap rates by region as at June 30, 2020 and December 31, 2019:

	June 30, 2020		Total portfolio ⁽¹⁾ December 31, 2019	
	Range (%)	Weighted average (%) ⁽²⁾	Range (%)	Weighted average (%) ⁽²⁾
Western Canada	6.00–7.50	6.61	5.75–7.50	6.60
Ontario	4.50–7.50	5.21	4.50–7.50	5.23
Québec	5.25–6.50	6.11	5.50–6.50	6.13
Canadian portfolio	4.50–7.50	5.82	4.50–7.50	5.90
U.S. portfolio	5.75–6.75	6.13	5.75–6.75	6.12
Total portfolio	4.50–7.50	5.89	4.50–7.50	5.95

(1) Excludes investment properties acquired during the quarter as applicable and the European portfolio acquired in the first quarter of 2020.

(2) Weighted average percentage based on investment property fair value.

The significant valuation metrics used in the discounted cash flow method as at June 30, 2020 and December 31, 2019 are set out in the table below:

	June 30, 2020		Total portfolio ⁽¹⁾ December 31, 2019	
	Range (%)	Weighted average (%) ⁽²⁾	Range (%)	Weighted average (%) ⁽²⁾
Discount rate	5.38–8.75	6.87	5.38–8.75	6.92
Terminal cap rate	5.00–8.00	6.23	5.00–8.00	6.28

(1) Excludes investment properties acquired during the quarter as applicable and the European portfolio acquired in the first quarter of 2020.

(2) Weighted average percentage based on investment property fair value.

Building improvements

Building improvements represent investments made in our investment properties to ensure optimal building performance, to improve the experience of our tenants, as well as to reduce operating costs. In order to retain desirable rentable space and to generate adequate revenue over the long term, we must maintain or, in some cases, improve each property's condition to meet market demand.

Recoverable capital expenditures are recovered from tenants in accordance with their leases over the useful life of the building improvements. Recoverable amounts include an imputed interest charge and management fee.

Non-recoverable capital expenditures are not recovered from tenants and are costs incurred to repair or maintain the property's structural condition and bring properties up to the Trust's operating standards.

Value-add capital expenditures are not recovered from tenants and include upgrades completed on certain properties that are expected to increase the Trust's ability to attract tenants and obtain higher rental rates.

The following table summarizes building improvements incurred for the three and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Recoverable capital expenditures	\$ 1,021	\$ 3,467	\$ 1,366	\$ 3,560
Non-recoverable capital expenditures	330	260	380	420
Value-add capital expenditures	100	423	325	943
Building improvements – continuing operations⁽¹⁾	1,451	4,150	2,071	4,923
Add: Building improvements – Eastern Canada ⁽²⁾	—	814	—	933
Total building improvements	\$ 1,451	\$ 4,964	\$ 2,071	\$ 5,856

(1) Excludes Eastern Canada portfolio in the comparative period.

(2) Includes activity prior to the Eastern Canada portfolio being reclassified to assets held for sale.

Lease incentives and initial direct leasing costs

Refer to the section “Lease incentives and initial direct leasing costs” under the heading “Our Operations” for further discussion.

OUR FINANCING

Our debt strategy includes managing our maturity schedule to help mitigate interest rate risk and limit exposure in any given year, as well as fixing the rates and extending loan terms as long as possible when interest rates are favourable.

Debt summary

The key performance indicators in the management of our debt are as follows:

	As at		
	June 30, 2020	December 31, 2019	June 30, 2019
Financing metrics⁽¹⁾			
Total debt	\$ 869,901	\$ 1,014,568	\$ 955,813
Weighted average face interest rate on debt (period-end) ⁽²⁾	3.57%	3.59%	3.69%
Weighted average remaining term to maturity on debt (years)	5.6	5.5	4.4
Interest coverage ratio (times) ⁽³⁾	4.1	3.8	3.7
Level of debt (net debt-to-assets ratio) ⁽³⁾	28.1%	23.7%	37.4%
Net debt-to-adjusted EBITDAFV (years) ⁽³⁾	5.4	4.3	6.4
Unencumbered assets ⁽³⁾⁽⁴⁾	\$ 1,107,427	\$ 96,251	\$ 381,108
Available liquidity ⁽³⁾	\$ 395,437	\$ 591,537	\$ 95,364

(1) Financing metrics include income (loss) from discontinued operations as applicable.

(2) Weighted average face interest rate on debt is calculated as the weighted average face interest rate of all interest bearing debt as at period-end.

(3) Interest coverage ratio, level of debt (net debt-to-assets ratio), net debt-to-adjusted EBITDAFV, unencumbered assets and available liquidity are non-GAAP measures. The descriptions and calculations of these measures are included under the heading “Non-GAAP Measures and Other Disclosures”.

(4) Unencumbered assets excludes assets held for sale as at June 30, 2019.

We have used the proceeds from our equity offering to reduce debt in North America as part of the strategy to reduce our overall cost of debt. We have and will continue to increase our unencumbered asset pool and pursue an investment grade credit rating.

Liquidity and capital resources

Dream Industrial REIT’s primary sources of capital are cash generated from (utilized in) operating activities, credit facilities, mortgage financing and refinancing, and equity and debt issues. Our primary uses of capital include the payment of distributions, costs of attracting and retaining tenants, recurring property maintenance, major property improvements, debt principal repayments, interest payments and property acquisitions. We expect to meet all of our ongoing obligations with current cash and cash equivalents, cash generated from operations, draws on the revolving credit facility, conventional mortgage refinancings and, as growth requires and when appropriate, new equity or debt issues.

In our condensed consolidated financial statements, our current liabilities exceed our current assets by \$70.4 million. Typically, real estate entities seek to address liquidity needs by having a balanced debt maturity schedule, undrawn credit facilities and a pool of unencumbered assets. We are able to use our revolving credit facility on short notice, which eliminates the need to hold a significant amount of cash and cash equivalents on hand. Working capital balances fluctuate significantly from period to period depending on the timing of receipts and payments. Scheduled principal repayments that are due within one year total \$22.6 million, and debt maturities that are due within one year total \$66.8 million. The debt maturities are typically refinanced with mortgages of terms between five and ten years. Amounts payable outstanding at the end of any reporting period depend primarily on the timing of leasing costs and capital expenditures incurred, as well as the impact of transaction costs incurred on any acquisitions or dispositions completed during the reporting period. With our balanced debt maturity schedule, undrawn revolving credit facility of \$340.7 million, cash and cash equivalents of \$54.7 million and unencumbered assets pool of \$1,107.4 million, we have sufficient liquidity and capital resources as at June 30, 2020.

Financing activities

During the three months and six months ended June 30, 2020, as part of our previously announced strategy to reduce the Trust's overall cost of debt, the Trust early discharged mortgages totalling \$159.5 million, comprising primarily 15 Canadian mortgages totalling \$149.1 million with a weighted average face interest rate of 3.74%. The Trust incurred debt settlement costs totalling \$3.9 million in relation to the early discharge of mortgages. The Trust used the net proceeds from the February 2020 equity offering to discharge the mortgages early and to cover the associated debt settlement costs.

On July 2, 2020, the Trust repaid a \$17.1 million mortgage with a face interest rate of 2.71%. The mortgage was secured by four investment properties located in the GTA, with an aggregate fair value of approximately \$60 million.

Revolving credit facilities

On June 12, 2020, the Trust entered into an agreement for a new US\$250 million unsecured revolving credit facility ("Unsecured Facility"), which replaced the existing \$150 million secured revolving credit facility. In addition to being able to borrow on the Unsecured Facility in Canadian and U.S. dollars, the Trust can borrow in euros. The Unsecured Facility bears interest at the Canadian Bankers' Acceptance ("BA") rate plus 1.70% or Canadian prime rate plus 0.70% on Canadian dollar draws, or U.S. LIBOR rate plus 1.70% or U.S. base rate plus 0.70% on U.S. dollar draws, or euro LIBOR rate plus 1.70% on euro draws. The Unsecured Facility matures on January 14, 2022.

As at June 30, 2020 and December 31, 2019, there were no amounts drawn on the respective revolving credit facilities.

Foreign currency swaps

On April 30, 2020, the Trust settled three foreign currency swap agreements for net cash payment of \$3.4 million. The swap agreements were short-term forward contracts to sell euros for Canadian or U.S. dollars. Refer to Note 17 of the condensed consolidated financial statements for the three and six months ended June 30, 2020 and June 30, 2019 for details on our foreign currency swaps.

Composition and continuity of total debt

Refer to Note 6 of the condensed consolidated financial statements for the three and six months ended June 30, 2020 and June 30, 2019 for details on the composition and continuity of our debt.

Our current total debt profile is balanced with maturities well-distributed over the next 10 years. The following is our total debt as at June 30, 2020:

	Debt balance due at maturity	Scheduled principal repayments on debt maturing in future periods	Amount	Weighted average face rate on balance due at maturity
Remainder of 2020	\$ 17,053	\$ 11,196	\$ 28,249	2.71%
2021	111,925	21,479	133,404	3.90%
2022	43,874	18,541	62,415	3.08%
2023	98,077	15,984	114,061	3.59%
2024	62,838	14,774	77,612	3.68%
2025–2030	410,343	51,111	461,454	3.56%
Total	\$ 744,110	\$ 133,085	\$ 877,195	3.58%
Unamortized financing costs			(7,583)	
Unamortized fair value adjustments			289	
Total debt			\$ 869,901	

Commitments and contingencies

We are contingently liable with respect to guarantees that are issued in the normal course of business and with respect to litigation and claims that may arise from time to time. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on our condensed consolidated financial statements.

The Trust participates in a joint venture with other related parties that own a development site in Las Vegas, Nevada. Under the operating agreement, the Trust has committed to make capital contributions of US\$10.7 million for the development of the project, in addition to the purchase price of the land. Since inception of the joint venture to June 30, 2020, the Trust has funded US\$0.4 million in development costs.

OUR EQUITY

Total equity

Our discussion of equity includes LP B Units, which are economically equivalent to REIT Units. However, pursuant to IFRS, the LP B Units are classified as a liability in our condensed consolidated financial statements.

	June 30, 2020		December 31, 2019		As at June 30, 2019	
	Number of Units	Amount	Number of Units	Amount	Number of Units	Amount
REIT Units and unitholders' equity	152,671,424	\$ 1,605,641	134,801,881	\$ 1,372,564	119,983,510	\$ 1,181,784
Retained earnings	—	179,791	—	187,443	—	127,282
Accumulated other comprehensive income (loss)	—	27,889	—	(435)	—	806
Total equity per condensed consolidated financial statements	152,671,424	1,813,321	134,801,881	1,559,572	119,983,510	1,309,872
Add: LP B Units	18,551,855	198,134	18,551,855	243,771	18,551,855	218,912
Total equity (including LP B Units)⁽¹⁾	171,223,279	\$ 2,011,455	153,353,736	\$ 1,803,343	138,535,365	\$ 1,528,784
NAV per Unit⁽¹⁾		\$ 11.75		\$ 11.76		\$ 11.04

(1) Total equity (including LP B Units) and NAV per Unit are non-GAAP measures defined in the section "Non-GAAP Measures and Other Disclosures".

Our Declaration of Trust authorizes the issuance of an unlimited number of two classes of units: REIT Units and Special Trust Units.

The Special Trust Units may only be issued to holders of LP B Units, are not transferable separately from the LP B Units and are used to provide voting rights with respect to Dream Industrial REIT to persons holding LP B Units. The LP B Units are held by wholly owned subsidiaries of Dream Office REIT. Both the REIT Units and the Special Trust Units entitle the holder to one vote for each Unit at all meetings of the unitholders. The LP B Units are exchangeable on a one-for-one basis for REIT Units at the option of the holder. The LP B Units and corresponding Special Trust Units together have economic and voting rights equivalent in all material respects to REIT Units.

Pursuant to the Distribution Reinvestment and Unit Purchase Plan ("DRIP") and the distribution reinvestment provisions of the amended and restated limited partnership agreement governing Dream Industrial LP, the following table summarizes the number of REIT Units issued and cost of issuing the REIT Units to the subsidiaries of Dream Office REIT for the three and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
REIT Units issued to Dream Office REIT	—	399,762	385,535	836,786
Total cost of REIT Units issued to Dream Office REIT	\$ —	\$ 4,744	\$ 4,950	\$ 9,413

The table below summarizes Dream Office REIT's ownership of the Trust as at June 30, 2020 and December 31, 2019:

	As at	
	June 30, 2020	December 31, 2019
Number of REIT Units held by Dream Office REIT	9,177,705	8,792,170
Number of LP B Units held by Dream Office REIT	18,551,855	18,551,855
Total number of Units held by Dream Office REIT	27,729,560	27,344,025
Dream Office REIT's percentage ownership of the Trust	16.2%	17.8%

As at August 4, 2020, the number of Units held by Dream Office REIT was 27,729,560.

Continuity of equity

The following table summarizes the changes in our outstanding equity:

	REIT Units	LP B Units	Total Units
Total Units outstanding on January 1, 2020	134,801,881	18,551,855	153,353,736
Units issued pursuant to public offering	16,859,000	—	16,859,000
Units issued pursuant to DRIP	931,334	—	931,334
Units issued pursuant to DUIP and Unit Purchase Plan	79,209	—	79,209
Total Units outstanding on June 30, 2020	152,671,424	18,551,855	171,223,279
Percentage of all Units	89.2%	10.8%	100.0%
Units issued pursuant to DUIP	5,987	—	5,987
Total Units outstanding on August 4, 2020⁽¹⁾	152,677,411	18,551,855	171,229,266
Percentage of all Units	89.2%	10.8%	100.0%

(1) The date of this report.

Public offerings and private placement of REIT Units

The following table summarizes the public offering of REIT Units issued during the six months ended June 30, 2020. Total costs related to the offering were charged directly to unitholders' equity.

Date of public offering	Number of REIT Units	Unit price	Gross proceeds	Issue costs
February 12, 2020 ⁽¹⁾	16,859,000	\$ 13.65	\$ 230,125	\$ 9,892

(1) Includes 2,199,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

The following table summarizes the public offerings of REIT Units issued for the year ended December 31, 2019.

Date of public offering	Number of REIT Units	Unit price	Gross proceeds	Issue costs
February 13, 2019 ⁽¹⁾	13,800,000	\$ 10.45	\$ 144,210	\$ 6,408
April 25, 2019 ⁽²⁾	12,477,500	11.55	144,115	6,405
December 11, 2019 ⁽³⁾	12,834,000	13.45	172,617	7,565
Total	39,111,500		\$ 460,942	\$ 20,378

(1) Includes 1,800,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

(2) Includes 1,627,500 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

(3) Includes 1,674,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

On December 19, 2019, the Trust completed a private placement to sell an aggregate of 325,000 REIT Units to Michael J. Cooper, Trustee, and Brian Pauls, Chief Executive Officer and Trustee, at a price of \$13.45 per REIT Unit, for gross proceeds of \$4.4 million.

Short form base shelf prospectus

On October 15, 2019, the Trust filed and obtained a receipt for a final short form base shelf prospectus dated October 11, 2019, which is valid for a 25-month period, during which time the Trust may, from time to time, offer and issue REIT Units, subscription receipts and debt securities, or any combination thereof, having an aggregate offering price of up to \$2 billion. As at June 30, 2020, \$402.7 million of REIT Units have been issued under the current base shelf prospectus. The issuance is pursuant to the current base shelf prospectus as supplemented by the prospectus supplement.

Normal course issuer bid

The Trust commenced a normal course issuer bid ("NCIB") on March 31, 2020 which will remain in effect until the earlier of March 30, 2021 or the date on which the Trust has purchased the maximum number of REIT Units permitted under the NCIB. Under the NCIB, the Trust has the ability to purchase for cancellation up to a maximum of 14,204,702 of its REIT Units (representing 10% of Dream Industrial REIT's public float of 142,047,020 REIT Units) through the facilities of the TSX. The actual number of REIT Units that may be purchased and the timing of any such purchases will be determined by the Trust subject to a maximum daily purchase limitation of 128,414 REIT Units, which equals 25% of the average daily trading volume ("ADTV") during the last six calendar months preceding the commencement of the NCIB (being 513,657 REIT Units per day), other than purchases pursuant to applicable block purchase exceptions.

In connection with the NCIB, the Trust has established an automatic securities purchase plan (the “ASP Plan”) with its designated broker to facilitate the purchase of REIT Units under the NCIB at times when the Trust would ordinarily not be permitted to purchase REIT Units due to regulatory restrictions or self-imposed blackout periods. Purchases will be made by the Trust’s broker based upon the parameters prescribed by the TSX and the terms of the parties’ written agreement. Outside of such restricted or blackout periods, the REIT Units may also be purchased in accordance with management’s discretion. The ASP Plan has been pre-cleared by the TSX and will terminate on March 30, 2021.

Distribution Reinvestment and Unit Purchase Plan (“DRIP”) participation rate

The DRIP allows holders of REIT Units or subsidiary redeemable units, other than unitholders who are resident of or present in the U.S., to elect to have all cash distributions from the Trust reinvested in additional units. Unitholders under the DRIP are eligible to receive a bonus distribution of Units equal to 3% of the cash distribution reinvested.

In response to the market disruption caused by the COVID-19 pandemic, the Trust suspended its DRIP effective as of the distribution payable on April 15, 2020 to unitholders of record as at March 31, 2020 (the “March 2020 Distribution”). The DRIP will remain suspended until further notice and commencing with the March 2020 Distribution, distributions of the Trust will be paid only in cash. Upon reinstatement of the DRIP, plan participants enrolled in the DRIP at the time of its suspension who remain enrolled at the time of its reinstatement will automatically resume participation in the DRIP.

Distribution policy

Dream Industrial REIT’s Declaration of Trust provides the Board of Trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust.

We currently pay monthly distributions of \$0.05833 per REIT Unit, or \$0.70 per REIT Unit on an annual basis. Similar to other non-GAAP measures such as total equity (including LP B Units), our discussion of distributions includes LP B Units, which are economically equivalent to REIT Units. However, pursuant to IFRS, the LP B Units are classified as a liability in our condensed consolidated financial statements.

The following table summarizes the total distributions and DRIP participation rate for the three and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30, 2020		Three months ended June 30, 2019	
	Amount	% of total	Amount	% of total
Distributions reinvested less 3% bonus distribution (DRIP participation rate) ⁽¹⁾	\$ —	—%	\$ 9,515	39.3%
Distributions paid in cash	29,963	100.0%	14,679	60.7%
Total distributions excluding 3% bonus distribution	29,963	100.0%	24,194	100.0%
3% bonus distribution	—		268	
Total distributions⁽¹⁾	\$ 29,963		\$ 24,462	

(1) Total distributions, DRIP participation rate and distributions paid in cash are non-GAAP measures. See “Non-GAAP Measures and Other Disclosures” for a description.

	Six months ended June 30, 2020		Six months ended June 30, 2019	
	Amount	% of total	Amount	% of total
Distributions reinvested less 3% bonus distribution (DRIP participation rate) ⁽¹⁾	\$ 7,857	13.3%	\$ 17,635	39.0%
Distributions paid in cash	51,015	86.7%	27,624	61.0%
Total distributions less 3% bonus distribution	58,872	100.0%	45,259	100.0%
3% bonus distribution	299		524	
Total distributions⁽¹⁾	\$ 59,171		\$ 45,783	

(1) Total distributions, DRIP participation rate and distributions paid in cash are non-GAAP measures. See “Non-GAAP Measures and Other Disclosures” for a description.

Cash flows from operating activities, net of cash interest paid on debt and total distributions (a non-GAAP measure)

In any given period, actual cash flows generated from (utilized in) operating activities, net of cash interest paid on debt, may differ from total distributions (a non-GAAP measure), primarily due to fluctuations in non-cash working capital and the impact of leasing costs, which fluctuate with lease maturities, renewal terms, the type of asset being leased, and when tenants fulfill the terms of their respective lease agreements. These seasonal fluctuations or the unpredictability of when leasing costs are incurred are funded with our cash and cash equivalents on hand and, if necessary, with our existing demand revolving credit facility. As a result of these factors, the Trust anticipates that future cash flows generated from (utilized in) operating activities, net of cash interest paid on debt, may be less than total distributions (a non-GAAP measure). With a conservative balance sheet, significant liquidity and a plan to improve and grow our portfolio, the Trust does not anticipate suspending the cash distributions in the foreseeable future.

To the extent that cash generated from (utilized in) operating activities, net of cash interest paid on debt, may be less than the total distributions (a non-GAAP measure), the Trust will fund the shortfalls with cash and cash equivalents on hand and with the amounts available on the revolving credit facility. The use of the revolving credit facility may involve risks compared with using cash and cash equivalents on hand as a source of funding, such as the risk that interest rates may rise in the future, which may make it more expensive for the Trust to borrow under the revolving credit facility, and the risk associated with increasing the overall indebtedness of the Trust. In the event that shortfalls exist, the Trust does not anticipate cash distributions will be suspended in the foreseeable future but does expect that there could be timing differences between the execution of our acquisition strategy and asset recycling opportunities and the redeployment of capital raised from equity offerings. Accordingly, to the extent there are shortfalls, distributions may be considered an economic return of capital. The Trust determines the distribution rate by, among other considerations, its assessment of cash flows generated from (utilized in) operating activities, net of cash interest paid on debt. Dream Industrial REIT's Declaration of Trust provides the Board of Trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust.

In any given period, the Trust anticipates that net income (loss) will continue to vary from total distributions (a non-GAAP measure), as net income (loss) includes non-cash items such as fair value adjustments to investment properties and financial instruments. Accordingly, the Trust does not use net income (loss) as a proxy for determining distributions.

The following table summarizes net income (loss), cash flows generated from (utilized in) operating activities, net of cash interest paid on debt (included in the condensed consolidated financial statements), and total distributions (a non-GAAP measure) for the three and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Net income	\$ 2,944	\$ 84,017	\$ 44,961	\$ 75,756
Cash generated from operating activities, net of cash interest paid on debt	28,370	18,542	47,566	39,233
Total distributions ⁽¹⁾	29,963	24,462	59,171	45,783

(1) Total distributions is a non-GAAP measure. See "Non-GAAP Measures and Other Disclosures" under the heading "Total distributions".

As required by National Policy 41-201, "Income Trusts and Other Indirect Offerings", the following table outlines the differences between net income (loss) and total distributions (a non-GAAP measure), as well as the differences between cash generated from (utilized in) operating activities, net of cash interest paid on debt, and total distributions (a non-GAAP measure), in accordance with the guidelines.

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Excess (shortfall) of net income over total distributions ⁽¹⁾	\$ (27,019)	\$ 59,555	\$ (14,210)	\$ 29,973
Shortfall of cash generated from operating activities, net of cash interest paid on debt over total distributions ⁽¹⁾	(1,593)	(5,920)	(11,605)	(6,550)

(1) Total distributions is a non-GAAP measure. See "Non-GAAP Measures and Other Disclosures" under the heading "Total distributions".

For the three and six months ended June 30, 2020, total distributions (a non-GAAP measure) exceeded net income by \$27.0 million and \$14.2 million, respectively, primarily due to the impact of non-cash items such as fair value adjustments to investment properties and fair value adjustments to financial instruments. For the three and six months ended June 30, 2019, net income exceeded total distributions (a non-GAAP measure) by \$59.6 million and \$30.0 million, respectively, due to the same reasons noted above.

For the three and six months ended June 30, 2020, total distributions (a non-GAAP measure) exceeded cash flows generated from operating activities, net of cash interest paid on debt, by \$1.6 million and \$11.6 million, respectively, due to timing differences between the realization of working capital, investment in lease incentives and initial direct leasing costs, and the redeployment of capital raised from equity offerings. For the three and six months ended June 30, 2019, total distributions (a non-GAAP measure) exceeded cash flows generated from operating activities, net of cash interest paid on debt, by \$5.9 million and \$6.6 million, respectively, due to the same reasons noted above.

Of the total distributions (a non-GAAP measure) declared for the three and six months ended June 30, 2020, \$nil and \$9.8 million were reinvested through the DRIP (including 3% bonus distributions). As noted earlier in this section, the Trust has suspended its DRIP effective with the March 2020 Distribution in light of the market disruption caused by COVID-19. Over time, reinvestments pursuant to the DRIP will increase the number of Units outstanding, which may result in upward pressure on the total amount of cash distributions. Our Declaration of Trust provides our Board of Trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust, which allows for any unforeseen expenditures and the variability in cash distributions as a result of additional Units issued pursuant to the Trust's DRIP.

SECTION IV

QUARTERLY INFORMATION

The following tables show quarterly information since July 1, 2018:

Key portfolio, leasing, financing and capital information

	2020						2019		2018	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3		
Portfolio⁽¹⁾										
Number of properties	262	262	209	209	209	244	223	222		
GLA (in millions of sq. ft.)	25.8	25.8	21.9	21.8	21.6	23.7	20.2	20.1		
Leasing⁽¹⁾										
Occupancy rate – in-place and committed (period-end)	95.6%	96.1%	95.8%	96.2%	96.9%	96.5%	97.1%	96.8%		
Occupancy rate – in-place (period-end)	95.0%	95.8%	94.9%	95.8%	96.3%	95.3%	95.7%	95.5%		
Tenant retention ratio	71.8%	89.5%	85.3%	46.5%	82.0%	72.6%	74.7%	78.2%		
Average in-place and committed base rent per sq. ft. (period-end)										
Canadian portfolio	\$ 7.38	\$ 7.33	\$ 7.43	\$ 7.39	\$ 7.29	\$ 7.26	\$ 7.26	\$ 7.22		
U.S. portfolio (US\$)	\$ 3.95	\$ 3.93	\$ 3.87	\$ 3.85	\$ 3.81	\$ 3.81	\$ 3.93	\$ 3.93		
European portfolio (€)	€ 5.16	€ 5.10	—	—	—	—	—	—		
Financing⁽²⁾										
Level of debt (net debt-to-assets ratio) ⁽³⁾	28.1%	28.2%	23.7%	31.4%	37.4%	42.4%	43.5%	44.3%		
Net debt-to-adjusted EBITDAFV (years) ⁽³⁾	5.4	5.3	4.3	5.4	6.4	7.1	7.2	7.0		
Interest coverage ratio (times) ⁽³⁾	4.1	3.9	3.8	3.8	3.7	3.4	3.3	3.2		
Weighted average face interest rate on debt (period-end) ⁽⁴⁾	3.57%	3.57%	3.59%	3.69%	3.69%	3.72%	3.65%	3.62%		
Weighted average remaining term to maturity on debt (years)	5.6	5.9	5.5	4.9	4.4	4.4	4.4	4.3		
Unencumbered assets (in millions) ⁽³⁾	\$ 1,107.4	\$ 842.5	\$ 96.3	\$ 345.3	\$ 381.1	\$ 318.3	\$ 190.7	\$ 205.8		
Available liquidity ⁽³⁾	\$ 395.4	\$ 215.8	\$ 591.5	\$ 280.1	\$ 95.4	\$ 77.2	\$ 103.2	\$ 86.7		
Capital										
Total number of Units (in millions) ⁽⁵⁾	171.2	171.2	153.4	139.4	138.5	125.3	110.6	109.8		
NAV per Unit ⁽³⁾	\$ 11.75	\$ 11.84	\$ 11.76	\$ 11.09	\$ 11.04	\$ 10.61	\$ 10.54	\$ 10.12		

(1) Total portfolio and leasing metrics exclude assets held for sale at the end of each period as applicable.

(2) Financing metrics include assets and liabilities classified as held for sale at the end of each period and income (loss) from discontinued operations as applicable.

(3) Level of debt (net debt-to-assets ratio), net debt-to-adjusted EBITDAFV, interest coverage ratio, unencumbered assets, available liquidity and NAV per Unit are non-GAAP measures. See "Non-GAAP Measures and Other Disclosures" for a description.

(4) Weighted average face interest rate on debt is calculated as the weighted average face interest rate of all interest bearing debt.

(5) Total number of Units includes 18.6 million LP B Units, which are classified as a liability under IFRS.

Results of operations

Given that the entire Eastern Canada region was classified as assets held for sale at the end of June 30, 2019 and subsequently sold on July 31, 2019, the associated results of operations were presented separately as income (loss) from discontinued operations in the condensed consolidated statements of comprehensive income for the three and six months ended June 30, 2020 and June 30, 2019. The trailing quarters presented below were also restated to conform to current period presentation.

	2020				2019			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Investment properties revenue	\$ 59,060	\$ 56,550	\$ 50,984	\$ 49,511	\$ 49,796	\$ 45,040	\$ 41,942	\$ 39,495
Investment properties operating expenses	(16,682)	(16,809)	(14,760)	(13,593)	(14,611)	(13,341)	(11,799)	(10,769)
Net rental income	42,378	39,741	36,224	35,918	35,185	31,699	30,143	28,726
Other income	65	865	959	543	198	210	50	343
Other expenses	(16,484)	(20,134)	(15,605)	(14,952)	(15,625)	(14,582)	(13,810)	(16,095)
Fair value adjustments and net gain (loss) on transactions and other activities	(22,741)	22,620	90,612	(21,662)	64,720	(28,611)	46,754	15,331
Income (loss) before income taxes and discontinued operations	3,218	43,092	112,190	(153)	84,478	(11,284)	63,137	28,305
Current and deferred income taxes (expense) recovery, net	(274)	(1,056)	(5,404)	(503)	(1,977)	(574)	(743)	778
Income (loss) from continuing operations, net of taxes	2,944	42,036	106,786	(656)	82,501	(11,858)	62,394	29,083
Income (loss) from discontinued operations, net of taxes	—	(19)	(144)	(2,310)	1,516	3,597	4,061	877
Net income (loss)	\$ 2,944	\$ 42,017	\$ 106,642	\$ (2,966)	\$ 84,017	\$ (8,261)	\$ 66,455	\$ 29,960
Other comprehensive income (loss)								
Unrealized gain (loss) on foreign currency translation, net of taxes	(15,762)	43,699	(5,812)	4,680	(8,397)	(1,708)	7,703	(2,375)
Unrealized gain (loss) on effective interest rate hedge, net of taxes	—	—	—	—	—	(36)	6	39
Share of other comprehensive income (loss) from equity accounted investment	(362)	749	(109)	—	—	—	—	—
	(16,124)	44,448	(5,921)	4,680	(8,397)	(1,744)	7,709	(2,336)
Comprehensive income (loss)	\$ (13,180)	\$ 86,465	\$ 100,721	\$ 1,714	\$ 75,620	\$ (10,005)	\$ 74,164	\$ 27,624

Our results of operations may vary significantly from period to period as a result of fair value adjustments to investment properties, fair value adjustments to financial instruments, and net gains or losses on transactions and other activities. Operating activity from our U.S. and European portfolios and fair value adjustments to investment properties may impact the deferred income taxes in any given period. Furthermore, the growth in our net rental income from period to period reflects our strategy to grow and upgrade the quality of our portfolio by investing in the Trust's target markets.

Funds from operations

	2020				2019				2018	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3		
Net income (loss)	\$ 2,944	\$ 42,017	\$ 106,642	\$ (2,966)	\$ 84,017	\$ (8,261)	\$ 66,455	\$ 29,960		
Add (deduct):										
Amortization of lease incentives ⁽¹⁾	425	327	400	361	388	492	374	364		
Interest expense on subsidiary redeemable units	3,247	3,311	3,344	3,344	3,344	3,344	3,344	3,344		
Fair value adjustments to investment properties ⁽¹⁾	1,551	36,539	(89,768)	(6,587)	(61,405)	(20,337)	(38,794)	(8,337)		
Fair value adjustments to financial instruments	20,270	(57,272)	(4,314)	28,191	(1,505)	48,445	(8,876)	(4,462)		
Costs on sale of investment properties ⁽¹⁾	—	2	557	2,220	419	—	—	—		
Fair value adjustments of deferred trust units included in G&A expenses	(67)	(43)	99	104	75	95	26	49		
Internal leasing costs ⁽¹⁾	702	797	596	608	747	737	820	805		
Other (transaction cost recovery)	—	—	226	—	—	—	—	(151)		
Foreign exchange (gain) loss	213	(2,688)	2,219	(69)	(440)	(138)	—	—		
Deferred income taxes expense (recovery)	273	1,055	5,436	489	1,977	574	711	(755)		
FFO⁽²⁾ before the undernoted adjustment	\$ 29,558	\$ 24,045	\$ 25,437	\$ 25,695	\$ 27,617	\$ 24,951	\$ 24,060	\$ 20,817		
Debt settlement costs ⁽¹⁾	—	3,949	372	964	—	—	—	1,932		
FFO⁽²⁾	\$ 29,558	\$ 27,994	\$ 25,809	\$ 26,659	\$ 27,617	\$ 24,951	\$ 24,060	\$ 22,749		
FFO per Unit – diluted ⁽²⁾⁽³⁾⁽⁴⁾	\$ 0.17	\$ 0.17	\$ 0.18	\$ 0.19	\$ 0.20	\$ 0.21	\$ 0.22	\$ 0.21		
FFO payout ratio – diluted ⁽²⁾	101.7%	102.3%	97.8%	91.6%	86.2%	83.7%	80.6%	85.0%		

(1) Includes amounts from both continuing and discontinued operations as applicable in the respective periods.

(2) FFO, diluted FFO per Unit and diluted FFO payout ratio are non-GAAP measures. See “Non-GAAP Measures and Other Disclosures” for a description of these measures.

(3) The LP B Units are included in the calculation of diluted FFO per Unit.

(4) Diluted FFO per Unit excludes \$623 of interest expense on convertible debentures for the third quarter of 2018.

NON-GAAP MEASURES AND OTHER DISCLOSURES

The following non-GAAP measures are important measures used by management in evaluating the Trust’s underlying operating performance and debt management. These non-GAAP measures are not defined by IFRS, do not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

Funds from operations (“FFO”)

Management believes FFO (including diluted FFO per Unit) is an important measure of our operating performance. This non-GAAP measurement is a commonly used measure of performance of real estate operations; however, it does not represent net income (loss) or cash flows generated from (utilized in) operating activities, as defined by IFRS, is not necessarily indicative of cash available to fund the Trust’s needs and may not be comparable with similar measures presented by other income trusts.

In February 2019, REALPAC issued a white paper on Funds from Operations and Adjusted Funds from Operations for IFRS. The Trust has reviewed the REALPAC FFO white paper guidelines and our determination of FFO is substantially aligned with the REALPAC FFO white paper guidelines with the exception of the add-back of debt settlement costs arising from capital management activities and disposals of investment properties. These debt settlement costs are primarily funded from either net proceeds from equity offerings or net proceeds from dispositions, and not from cash flows from operating activities. Thus, the Trust is of the view that debt settlement costs incurred as a result of capital management or investing activities should be excluded from the determination of FFO. Debt settlement costs incurred as a result of operating activities are included in the determination of FFO.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, FFO has been reconciled to net income (loss) in the table below for the three and six months ended June 30, 2020 and June 30, 2019.

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Net income for the period	\$ 2,944	\$ 84,017	\$ 44,961	\$ 75,756
Add (deduct):				
Amortization of lease incentives ⁽¹⁾	425	388	752	880
Interest expense on subsidiary redeemable units	3,247	3,344	6,558	6,688
Fair value adjustments to investment properties ⁽¹⁾	1,551	(61,405)	38,090	(81,742)
Fair value adjustments to financial instruments	20,270	(1,505)	(37,002)	46,940
Costs on sale of investment properties ⁽¹⁾	—	419	2	419
Fair value adjustments of deferred trust units included in G&A expenses	(67)	75	(110)	170
Internal leasing costs ⁽¹⁾	702	747	1,499	1,484
Foreign exchange (gain) loss	213	(440)	(2,475)	(578)
Deferred income taxes expense	273	1,977	1,328	2,551
FFO for the period before the undernoted adjustment	29,558	27,617	53,603	52,568
Debt settlement costs ⁽¹⁾	—	—	3,949	—
FFO for the period	\$ 29,558	\$ 27,617	\$ 57,552	\$ 52,568

(1) Includes amounts from both continuing and discontinued operations as applicable in the respective periods.

Diluted FFO payout ratio

The diluted FFO payout ratio is calculated as the ratio of the distribution rate to diluted FFO per Unit. Management believes it is an important measure of the Trust’s ability to pay distributions with its funds from operations. However, FFO payout ratio is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

The calculation of diluted FFO payout ratio is included in the table below:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Distribution rate	\$ 0.175	\$ 0.175	\$ 0.35	\$ 0.35
Diluted FFO per Unit ⁽¹⁾	\$ 0.172	\$ 0.203	\$ 0.344	\$ 0.412
Diluted FFO payout ratio	101.7%	86.2%	101.7%	85.0%

(1) Diluted FFO per Unit is a non-GAAP measure. The calculation of diluted FFO per Unit is included in the section “Our Results of Operations” under the heading “Funds from operations (“FFO”)”. In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, FFO has been reconciled to net income (loss) as included in the condensed consolidated financial statements for the three and six months ended June 30, 2020 and June 30, 2019 in the section above.

Weighted average number of Units

The basic weighted average number of Units includes the weighted average of all REIT Units, LP B Units, and vested but unissued deferred trust units and income deferred trust units.

The diluted weighted average number of Units outstanding used in the FFO per Unit calculation includes the basic weighted average number of Units, unvested deferred trust units and associated income deferred trust units. As at June 30, 2020, there were 399,348 unvested deferred trust units and associated income deferred trust units (June 30, 2019 – 397,142).

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Weighted average Units outstanding				
Basic (in thousands)	171,221	135,342	167,059	127,079
Diluted (in thousands)	171,620	135,739	167,435	127,472

Comparative properties net operating income (“NOI”)

Comparative properties NOI is a non-GAAP measure used by management in evaluating the performance of properties owned by the Trust in the current and comparative periods presented. This non-GAAP measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

When the Trust compares comparative properties NOI on a quarter-over-quarter basis, the Trust excludes investment properties acquired after January 1, 2020, assets held for sale, and assets disposed of in the current and prior periods. On a quarter-over-prior year quarter basis, the Trust excludes investment properties acquired after April 1, 2019. On a year-over-year basis, the Trust excludes investment properties acquired after January 1, 2019. Comparative properties NOI also excludes lease termination fees and other rental income, straight-line rent, estimated credit loss, COVID-19 related adjustments and provisions and amortization of lease incentives.

Given that the entire Eastern Canada region was classified as assets held for sale at the end of June 30, 2019 and subsequently sold on July 31, 2019, the associated results of operations were presented separately as income (loss) from discontinued operations and excluded from comparative properties NOI in the current and prior periods.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, comparative properties NOI has been reconciled to net rental income under the headings “Comparative properties NOI (quarter-over-quarter comparison)”, “Comparative properties NOI (quarter-over-prior year quarter comparison)”, and “Comparative properties NOI (year-over-year comparison)”.

Unencumbered assets

Unencumbered assets represent the value of investment properties, excluding properties held for sale, that have not been pledged as collateral for the financing of the Trust’s revolving credit facility or mortgages. This non-GAAP measure is used by management in assessing the borrowing capacity available to the Trust. However, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the table below reconciles investment properties included in the condensed consolidated financial statements to unencumbered assets as at June 30, 2020, December 31, 2019 and June 30, 2019:

Amounts included in condensed consolidated financial statements	June 30, 2020	December 31, 2019	June 30, 2019
Investment properties	\$ 2,897,409	\$ 2,428,664	\$ 2,273,401
Less: Pledged as collateral	1,789,982	2,332,413	1,892,293
Unencumbered assets	\$ 1,107,427	\$ 96,251	\$ 381,108

Net asset value (“NAV”) per Unit

NAV per Unit is calculated as the total equity (including LP B Units) divided by the total number of REIT Units and LP B Units. This non-GAAP measure is an important measure reflecting management’s view of the intrinsic value of the Trust. However, NAV per Unit is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts. The calculation of NAV per Unit is included under the heading “Total Equity”.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the table within the section “Our Equity” under the heading “Total equity” reconciles NAV per Unit to total equity (as per condensed consolidated financial statements).

Total equity (including LP B Units or subsidiary redeemable units)

One of the components used to determine the Trust’s NAV per Unit is total equity (including LP B Units). Total equity (including LP B Units) is calculated as the sum of equity per condensed consolidated financial statements and the subsidiary redeemable units. Management believes it is important to include the subsidiary redeemable units for the purpose of determining the Trust’s capital management. Management does not consider the subsidiary redeemable units to be debt or borrowings of the Trust, but rather a component of the Trust’s equity. However, total equity (including LP B Units) is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the table within the section “Our Equity” under the heading “Total equity” reconciles total equity (including LP B Units) to total equity (as per condensed consolidated financial statements).

Total distributions

Total distributions is calculated as the sum of the distributions on REIT Units and interest on subsidiary redeemable units. Management believes it is important to include interest on subsidiary redeemable units for the purpose of determining the Trust’s total distributions to all of its unitholders. Management does not consider the interest on subsidiary redeemable units to be an interest expense of the Trust, but rather a component of the Trust’s total distributions. However, total distributions is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the table below reconciles total distributions to amounts included in the condensed consolidated financial statements for the three and six months ended June 30, 2020 and June 30, 2019.

Amounts included in condensed consolidated financial statements	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Distributions on REIT Units	\$ 26,716	\$ 21,118	\$ 52,613	\$ 39,095
Interest on subsidiary redeemable units	3,247	3,344	6,558	6,688
Total distributions	\$ 29,963	\$ 24,462	\$ 59,171	\$ 45,783

Distribution Reinvestment and Unit Purchase Plan (“DRIP”) participation rate

The DRIP participation rate is the ratio of total distributions reinvested less bonus distribution over total distributions. Management believes it is an important measure in evaluating the impact the DRIP will have on the Trust’s ability to sustain current distribution levels during the current and future periods. Over time, reinvestments pursuant to the DRIP will increase the number of Units outstanding, which may result in upward pressure on the total amount of cash distributions.

The calculation of the DRIP participation rate has been included under the heading “Distribution policy”. DRIP participation rate is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, total distributions reinvested and total distributions paid in cash have been reconciled to amounts included in the condensed consolidated financial statements for the three and six months ended June 30, 2020 and June 30, 2019.

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Distributions reinvested as included in condensed consolidated financial statements	\$ —	\$ 9,163	\$ 11,881	\$ 17,504
Less: Distributions reinvested pertaining to prior period	—	(2,771)	(3,725)	(2,736)
Add: Distributions reinvested on July 15	—	3,391	—	3,391
Less: 3% bonus distribution	—	(268)	(299)	(524)
Distributions reinvested less 3% bonus distribution (DRIP participation rate)	\$ —	\$ 9,515	\$ 7,857	\$ 17,635

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Distributions paid in cash as included in condensed consolidated financial statements	\$ 29,963	\$ 14,525	\$ 46,295	\$ 26,636
Less: Distributions paid in cash pertaining to prior period	(9,987)	(4,582)	(5,267)	(3,748)
Add: Distributions paid in cash on July 15	9,987	4,736	9,987	4,736
Distributions paid in cash	\$ 29,963	\$ 14,679	\$ 51,015	\$ 27,624

Available liquidity

Available liquidity is defined as the sum of cash and cash equivalents and undrawn revolving credit facilities at period-end. Management believes that available liquidity, a non-GAAP measurement, is an important measure in determining our resources available to meet all of our ongoing obligations. This non-GAAP measure does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the table below reconciles available liquidity to cash and cash equivalents included as per the condensed consolidated financial statements as at June 30, 2020, December 31, 2019 and June 30, 2019:

Amounts per condensed consolidated financial statements	June 30, 2020	December 31, 2019	June 30, 2019
Cash and cash equivalents	\$ 54,737	\$ 441,537	\$ 7,837
Undrawn revolving credit facility	340,700	150,000	87,527
Available liquidity	\$ 395,437	\$ 591,537	\$ 95,364

Level of debt (net debt-to-assets ratio)

Management believes that level of debt (net debt-to-assets ratio) is an important non-GAAP measure in the management of our debt levels. This non-GAAP measure does not have a standard meaning and may not be comparable with similar measures presented by other income trusts. Net debt-to-assets ratio as shown below is determined as total debt (including debt related to assets held for sale) at the principal amount outstanding (total debt plus unamortized financing costs, less unamortized fair value adjustments), less cash and cash equivalents, all divided by total assets (net of cash and cash equivalents).

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the following table calculates the level of debt (net debt-to-assets ratio) as at June 30, 2020, December 31, 2019, and June 30, 2019:

Amounts per condensed consolidated financial statements	June 30, 2020	December 31, 2019	June 30, 2019
Non-current debt	\$ 781,312	\$ 952,917	\$ 764,856
Current debt	88,589	61,651	154,590
Debt	869,901	1,014,568	919,446
Debt related to assets held for sale	—	—	36,367
Total debt	869,901	1,014,568	955,813
Add (deduct):			
Unamortized financing costs	7,583	8,073	6,003
Unamortized fair value adjustments	(289)	(949)	(1,313)
Total debt at principal amount outstanding	877,195	1,021,692	960,503
Less: Cash and cash equivalents	(54,737)	(441,537)	(7,837)
Net debt	\$ 822,458	\$ 580,155	\$ 952,666
Total assets	2,978,407	2,892,891	2,556,058
Less: Cash and cash equivalents	(54,737)	(441,537)	(7,837)
Total assets (net of cash and cash equivalents)	\$ 2,923,670	\$ 2,451,354	\$ 2,548,221
Net debt-to-assets ratio	28.1%	23.7%	37.4%

Net debt-to-adjusted EBITDAFV

Management believes that net debt-to-adjusted EBITDAFV, a non-GAAP measurement, is an important measure in determining the time it takes the Trust, on a go forward basis, based on its normalized operating performance, to repay its debt. This non-GAAP measurement does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

Net debt-to-adjusted EBITDAFV as shown below is calculated as total debt (including debt related to assets held for sale) at the principal amount outstanding (total debt plus unamortized financing costs, less unamortized fair value adjustments), less cash and cash equivalents, all divided by adjusted EBITDAFV – annualized. Adjusted EBITDAFV – annualized is calculated as the quarterly EBITDAFV plus normalized NOI of properties acquired in the quarter less NOI of properties disposed of prior to the current quarter. EBITDAFV is defined below under the heading “Earnings before interest, taxes, depreciation, amortization and fair value adjustments (“EBITDAFV”)”.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the following table calculates the annualized net debt-to-adjusted EBITDAFV for the three months ended June 30, 2020, December 31, 2019, and June 30, 2019:

Amounts included in condensed consolidated financial statements	June 30, 2020	December 31, 2019	June 30, 2019
Non-current debt	\$ 781,312	\$ 952,917	\$ 764,856
Current debt	88,589	61,651	154,590
Debt	869,901	1,014,568	919,446
Debt related to assets held for sale	—	—	36,367
Total debt	869,901	1,014,568	955,813
Add (deduct):			
Unamortized financing costs	7,583	8,073	6,003
Unamortized fair value adjustments	(289)	(949)	(1,313)
Total debt at principal amount outstanding	877,195	1,021,692	960,503
Less: Cash and cash equivalents	(54,737)	(441,537)	(7,837)
Net debt	\$ 822,458	\$ 580,155	\$ 952,666
EBITDAFV⁽¹⁾ – quarterly	37,967	33,796	36,760
Add:			
Normalized NOI of properties acquired in the quarter ⁽²⁾	—	176	619
Net rental (income) loss from properties sold in prior periods ⁽³⁾	3	34	(66)
Adjusted EBITDAFV – quarterly	37,970	34,006	37,313
Adjusted EBITDAFV – annualized	\$ 151,880	\$ 136,024	\$ 149,252
Net debt-to-adjusted EBITDAFV (years)	5.4	4.3	6.4

(1) EBITDAFV for the three months ended June 30, 2020, December 31, 2019, and June 30, 2019 (a non-GAAP measure) has been reconciled to net income (loss) for the respective periods under the heading “Earnings before interest, taxes, depreciation, amortization and fair value adjustments (“EBITDAFV”)”.

(2) Represents the incremental NOI had the acquisitions in the respective periods occurred for the full quarter, determined using the average daily NOI times the number of days the Trust did not own the properties.

(3) Includes net rental loss from discontinued operations as applicable in the respective periods.

Interest coverage ratio

Management believes that interest coverage ratio, a non-GAAP measurement, is an important measure in determining our ability to cover interest expense on debt based on our operating performance. This non-GAAP measurement does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

Interest coverage ratio as shown below is calculated as the trailing 12-month EBITDAFV divided by the trailing 12-month interest expense on debt. Interest expense on subsidiary redeemable units is excluded from this ratio as it represents distributions on units; however, pursuant to IFRS, the distributions are presented as interest expense. The interest coverage ratio includes the results of continuing and discontinued operations.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the following table calculates the interest coverage ratio for the trailing 12-month periods ended June 30, 2020 and June 30, 2019, and for the year ended December 31, 2019.

	For the trailing 12-month period ended June 30, 2020 ⁽¹⁾	For the year ended December 31, 2019 ⁽²⁾	For the trailing 12-month period ended June 30, 2019 ⁽¹⁾
EBITDAFV	\$ 143,129	\$ 139,217	\$ 134,560
Interest expense on debt ⁽³⁾	34,839	36,173	36,717
Interest coverage ratio (times)	4.1	3.8	3.7

(1) Trailing 12-month EBITDAFV and trailing 12-month interest expense on debt (non-GAAP measures) are calculated below under the heading “Trailing 12-month EBITDAFV and trailing 12-month interest expense on debt”.

(2) EBITDAFV for the year ended December 31, 2019 (a non-GAAP measure) has been reconciled to net income (loss) under the heading “Earnings before interest, taxes, depreciation, amortization and fair value adjustments (“EBITDAFV”)”.

(3) Includes interest expense on debt from continuing and discontinued operations.

Trailing 12-month EBITDAFV and trailing 12-month interest expense on debt

Management believes that the trailing 12-month EBITDAFV and trailing 12-month interest expense on debt, both of which are non-GAAP measures, are important in identifying longer-term trends in property operating performance and the cost of the Trust's debt. These non-GAAP measurements do not have standardized meanings and may not be comparable with similar measures presented by other income trusts.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the following tables calculate EBITDAFV and interest expense on debt for the trailing 12-month periods ended June 30, 2020 and June 30, 2019.

	Trailing 12-month period ended June 30, 2020
EBITDAFV for the six months ended June 30, 2020 ⁽¹⁾	\$ 74,303
Add: EBITDAFV for the year ended December 31, 2019 ⁽¹⁾	139,217
Less: EBITDAFV for the six months ended June 30, 2019 ⁽¹⁾	(70,391)
Trailing 12-month EBITDAFV	\$ 143,129

(1) EBITDAFV for the six months ended June 30, 2020 and June 30, 2019 and for the year ended December 31, 2019 (a non-GAAP measure) have been reconciled to net income (loss) for the respective periods under the heading "Earnings before interest, taxes, depreciation, amortization and fair value adjustments ("EBITDAFV")".

	Trailing 12-month period ended June 30, 2020
Interest expense on debt for the six months ended June 30, 2020 ⁽¹⁾	\$ 17,509
Add: Interest expense on debt for the year ended December 31, 2019 ⁽²⁾	36,173
Less: Interest expense on debt for the six months ended June 30, 2019 ⁽¹⁾⁽²⁾	(18,843)
Trailing 12-month interest expense	\$ 34,839

(1) Per condensed consolidated financial statements.

(2) Includes interest expense on debt from continuing and discontinued operations.

	Trailing 12-month period ended June 30, 2019
EBITDAFV for the six months ended June 30, 2019 ⁽¹⁾	\$ 70,391
Add: EBITDAFV for the year ended December 31, 2018 ⁽¹⁾	123,865
Less: EBITDAFV for the six months ended June 30, 2018 ⁽¹⁾	(59,696)
Trailing 12-month EBITDAFV	\$ 134,560

(1) EBITDAFV for the six months ended June 30, 2019 and June 30, 2018 and for the year ended December 31, 2018 (a non-GAAP measure) have been reconciled to net income (loss) for the respective periods under the heading "Earnings before interest, taxes, depreciation, amortization and fair value adjustments ("EBITDAFV")".

	Trailing 12-month period ended June 30, 2019
Interest expense on debt for the six months ended June 30, 2019 ⁽¹⁾	\$ 18,843
Add: Interest expense on debt for the year ended December 31, 2018	37,070
Less: Interest expense on debt for the six months ended June 30, 2018	(19,196)
Trailing 12-month interest expense	\$ 36,717

(1) Includes interest expense on debt from continuing and discontinued operations per condensed consolidated financial statements.

Earnings before interest, taxes, depreciation, amortization and fair value adjustments ("EBITDAFV")

EBITDAFV is defined by the Trust as net income (loss) for the period adjusted for fair value adjustments to investment properties and financial instruments, net gain (loss) on transactions and other activities (includes depreciation and amortization), interest expense, debt settlement costs, other items included in investment properties revenue, and net current and deferred income taxes expense. The adjustments include activity from continuing and discontinued operations. This non-GAAP measurement is an important measure used by the Trust in evaluating property operating performance; however, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, EBITDAFV has been reconciled to net income (loss) in the table below:

	For the three months ended			For the six months ended			For the year ended	
	June 30, 2020	December 31, 2019	June 30, 2019	June 30, 2020	June 30, 2019	June 20, 2018	December 31, 2019	December 31, 2018
Net income for the period	\$ 2,944	\$ 106,642	\$ 84,017	\$ 44,961	\$ 75,756	\$ 61,113	\$ 179,432	\$ 157,528
Add (deduct):								
Fair value adjustments to investment properties ⁽¹⁾	1,551	(89,768)	(61,405)	38,090	(81,742)	(60,744)	(178,097)	(107,875)
Fair value adjustments to financial instruments	20,270	(4,314)	(1,505)	(37,002)	46,940	30,458	70,817	17,120
Net (gain) loss on transactions and other activities ⁽¹⁾	920	3,618	737	(965)	1,352	1,716	7,737	3,207
Interest expense on debt ⁽¹⁾	8,376	8,686	9,520	17,509	18,843	19,196	36,173	37,070
Interest expense on subsidiary redeemable units	3,247	3,344	3,344	6,558	6,688	6,688	13,376	13,376
Debt settlement costs ⁽¹⁾	375	372	—	4,324	—	—	1,336	1,932
Other items included in investment properties revenue ⁽²⁾	10	(188)	75	(502)	3	(2)	(15)	271
Current and deferred income taxes expense, net ⁽¹⁾	274	5,404	1,977	1,330	2,551	1,271	8,458	1,236
EBITDAFV for the period	\$ 37,967	\$ 33,796	\$ 36,760	\$ 74,303	\$ 70,391	\$ 59,696	\$ 139,217	\$ 123,865

(1) Fair value adjustments to investment properties, net (gain) loss on transactions and other activities, interest expense on debt, debt settlement costs, and current and deferred income taxes expense, net, include continuing and discontinued operations.

(2) Includes lease termination fees and other items, straight-line rent and amortization of lease incentives from continuing and discontinued operations.

SECTION V

DISCLOSURE CONTROLS AND OUR PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

At June 30, 2020, the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of the Trust, along with the assistance of senior management, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to Dream Industrial REIT is made known to the CEO and CFO in a timely manner and information required to be disclosed by Dream Industrial REIT is recorded, processed, summarized and reported within the time periods specified in securities legislation, and have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the condensed consolidated financial statements in accordance with IFRS.

During the six months ended June 30, 2020, there have not been any changes that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

SECTION VI

RISKS AND OUR STRATEGY TO MANAGE

In addition to the specific risks discussed in this MD&A, we are exposed to various risks and uncertainties, many of which are beyond our control and could have an impact on our business, financial condition, operating results and prospects. Unitholders should consider these risks and uncertainties when assessing our outlook in terms of investment potential. For a further discussion of the risks and uncertainties identified by Dream Industrial REIT, please see below and refer to our 2019 Annual Report and our latest Annual Information Form filed on the System for Electronic Document Analysis and Retrieval (“SEDAR”) (www.sedar.com).

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The duration and full scope of the economic impact of COVID-19 is unknown and as a result it is not possible to estimate the full impact on our financial results and operations. Risks and uncertainties arising from this global pandemic could include, but are not limited to, the impact on our tenants, global economies and financial markets, and our information technology systems.

COVID-19 has led to the extended shutdown of certain businesses, which may in turn result in disruptions, delays or reductions to our tenants’ supply chains. COVID-19 may also impact consumer demand for our tenants’ products or services, which may negatively impact our tenants’ businesses. While governments have eased COVID-19 restrictions and businesses have started to reopen, there are still restrictive measures in place. These factors may impact our tenants’ ability to meet their payment obligations.

COVID-19 has slowed down global economies, increased volatility in financial markets and has resulted in a decline in the value of the Trust's unit price. The pandemic could impact debt and equity markets which could affect the Trust's ability to access capital.

COVID-19 has led to increased risks associated with cyber security. As such, this could impact our information technology systems and networks.

All of these factors may have a material adverse effect on our business, our results of operations and our ability to make cash distributions to unitholders.

Elevated estimation uncertainty as a result of COVID-19

The pandemic has created significant uncertainty in the general economy including the real estate market. Such a pandemic could, if prolonged, adversely impact our business directly and/or indirectly. Management continues to assess the impact of COVID-19, and governments' responses to it, on the Trust. Portions of our financial results incorporate estimates from management that are subject to increased uncertainty due to the market disruptions caused by the COVID-19 pandemic. Areas of increased estimation uncertainty in the Trust's condensed consolidated financial statements include the fair value of its investment properties, and the recoverability of amounts receivable and equity accounted investments.

The amounts recorded in these condensed consolidated financial statements are based on the latest reliable information available to management at the time the condensed consolidated financial statements were prepared where that information reflects conditions at the date of the condensed consolidated financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Increase in credit risk as a result of COVID-19

Credit risk arises from the possibility that tenants in investment properties or counterparties to financial instruments may not fulfill their lease or contractual obligations. The Trust mitigates its credit risks from its tenants by attracting tenants of sound financial standing and by diversifying its mix of tenants.

COVID-19 and the measures to contain it have created significant uncertainty in the general economy. A deterioration in the economy may impact the ability of tenants to meet their obligations under their leases or contracts. The Trust continues to assess the effect of economic conditions on the creditworthiness of its tenants. As part of this assessment, the Trust reviews the risk profiles of its tenant base to assess which tenants are likely to continue meeting their obligations under their leases and which tenants are at a greater risk of default. We expect that certain tenants may require financial assistance and we continue to work with them while monitoring the various government assistance programs as more information becomes available.

SECTION VII

CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS IN APPLYING ACCOUNTING POLICIES

Preparing the condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent liabilities. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but that are inherently uncertain and unpredictable, the result of which is the basis of the carrying amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment in the future to the carrying amounts of the asset or liability affected. Dream Industrial REIT's critical accounting judgments, estimates and assumptions in applying accounting policies are described in Note 2 to the condensed consolidated financial statements for the three and six months ended June 30, 2020 and June 30, 2019 and also in our annual consolidated financial statements for the year ended December 31, 2019.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Dream Industrial REIT's changes in accounting policies are described in Note 3 to the condensed consolidated financial statements for the three and six months ended June 30, 2020 and June 30, 2019.

Additional information

Additional information relating to Dream Industrial REIT, including the latest Annual Information Form of Dream Industrial REIT, is available on SEDAR at www.sedar.com.

SECTION VIII – PROPERTY LISTING

The table in this section includes supplementary information on our portfolio as at June 30, 2020.

Property	Owned share of total GLA in thousands of square feet	Clear ceiling height (warehouse component) in feet	Owned share of site area in acres	Number of tenants	Weighted average remaining lease term in years	In-place and committed occupancy
7140 40th Street SE, Calgary	352	30.0	13.8	1	9.3	100.0%
1919 84th Avenue (Park 19), Edmonton	49	21.0	3.7	1	4	100.0%
1802 Stock Road, Regina	46	28.0	3.6	1	2.9	100.0%
2721 Hopewell Place NE, Calgary	38	22.0	1.9	1	2.3	100.0%
204 - 26229 Township Road 531A (Parkland County), Edmonton	35	24.0	9.0	1	0.7	100.0%
6908 6th Street SE (Glenmore Business Park), Calgary	31	18.0	3.2	1	4.3	100.0%
3917 81st Avenue, Edmonton	30	28.0	5.5	1	0.8	100.0%
2876 Sunridge Way NE (Sunridge Business Park), Calgary	30	16.0	2.3	1	5.4	100.0%
3250 Sunridge Way NE (Sunridge Business Park), Calgary	27	24.0	2.1	1	0.1	100.0%
2240 Premier Way (GE Turbine), Edmonton	26	30.0	1.5	1	2.1	100.0%
345 & 363 Maxwell Crescent, Regina	23	24.0	3.4	1	0.7	100.0%
7121 6th Street SE (Glenmore Business Park), Calgary	19	20.0	0.9	1	1.4	100.0%
120 Pond Street East, Brooks	14	24.0	5.2	1	1.3	100.0%
1105 Pettigrew Avenue, Regina	12	18.0	2.1	1	2.8	100.0%
1640 Broder Street, Regina	11	16.0	1.1	1	3.6	100.0%
Western Canada Single-tenant	743	26.3	59.3	15	5.7	100.0%
310 Henderson Drive, Regina	376	24.0	24.0	2	3.3	100.0%
7803 35th Street SE, Calgary	189	20.0	10.2	6	2.7	100.0%
15303 128th Avenue, Edmonton	177	25.0	12.4	3	3.6	100.0%
611–615 71st Avenue SE & 7515 6th Street SE (Glenmore Business Park), Calgary	168	20.0	6.5	15	3.2	95.7%
Chestermere Industrial Park, Regina	164	19.0	9.1	20	2.3	91.1%
7504 30th Street SE, Calgary	139	22.0	6.0	2	2.4	100.0%
11445 163rd Street (Alberta Park), Edmonton	131	22.0	5.2	8	4.4	64.0%
9603–9699 45th Avenue NW, Edmonton	111	22.0	6.0	26	1.6	99.2%
Victoria Industrial Park, Regina	110	19.0	6.8	19	3.4	87.2%
3916 61st Avenue, Calgary	100	26.0	5.1	2	1.3	100.0%
7004–7042 30th Street SE, Calgary	94	18.0	5.3	9	4.6	100.0%
Henderson Business Centre, Regina	90	19.0	5.0	12	2.2	79.7%
26229 Township Road 531, Parkland County	89	24.7	6.5	13	2.5	97.6%
7008 5th Street SE (Glenmore Business Park), Calgary	86	17.0	3.7	7	2.4	100.0%
11404 Winterburn Road NW, Edmonton	81	23.8	6.3	14	2.6	94.1%
7004 5th Street SE (Glenmore Business Park), Calgary	79	20.0	3.4	10	1.9	95.7%
9451 45th Avenue (Southwood Centre), Edmonton	75	28.0	4.5	2	7.7	100.0%
4710–4760 14th Street NE (McCall Industrial Park), Calgary	73	18.0	4.0	22	2.1	100.0%
2777 23rd Avenue NE (Sunridge Business Park), Calgary	67	24.0	3.8	2	5.4	100.0%
3510 29th Street NE (ACC Centre), Calgary	65	24.0	3.0	9	3.5	95.7%
7111 6th Street SE (Glenmore Business Park), Calgary	65	20.0	2.9	4	1.9	100.0%
3401 19th Street, Calgary	64	22.0	4.1	5	2.9	100.0%
2150 29th Street NE (Sunridge Business Park), Calgary	60	24.0	3.3	6	2.7	77.7%
7710 5th Street SE (Glenmore Business Park), Calgary	59	20.0	2.3	26	2.8	86.7%
550 71st Avenue SE (Glenmore Business Park), Calgary	59	12.0	2.6	7	1.8	97.4%
2175 29th Street NE (Sunridge Business Park), Calgary	58	24.0	3.5	4	5.4	93.7%
2256 29th Street NE (Sunridge Business Park), Calgary	58	24.0	3.5	4	4.3	100.0%
4403–4435 97th Street NW, Edmonton	58	24.0	3.2	5	2.9	100.0%
1139–1165 40th Avenue NE, Calgary	57	20.0	2.9	5	4.7	92.9%
4504–4576 14th Street NE, Calgary	57	16.0	4.1	30	1.6	97.5%
2151 32nd Street NE (Sunridge Business Park), Calgary	57	24.0	3.4	5	3.1	83.0%
2928 Sunridge Way NE (Sunridge Business Park), Calgary	57	24.0	4.1	3	4.5	100.0%
501–529 36th Avenue SE, Calgary	57	18.0	2.9	6	5.9	56.4%
2121 29th Street NE (Sunridge Business Park), Calgary	57	24.0	3.8	3	6.2	100.0%
6812 6th Street SE (Glenmore Business Park), Calgary	57	20.0	5.7	6	3.2	100.0%
402 McDonald Street (Imperial Business Centre), Regina	56	18.0	2.8	13	2.6	57.9%
4402–4434 10th Street NE, Calgary	54	16.0	3.1	7	1.7	93.3%
2985 23rd Avenue NE (Sunridge Business Park), Calgary	54	24.0	3.0	4	4.9	100.0%

Property	Owned share of total GLA in thousands of square feet	Clear ceiling height (warehouse component) in feet	Owned share of site area in acres	Number of tenants	Weighted average remaining lease term in years	In-place and committed occupancy
7003 5th Street SE (Glenmore Business Park), Calgary	53	20.0	2.7	11	4.3	84.5%
16134 114th Avenue NW, Edmonton	48	26.8	4.4	8	2.8	80.0%
2886 Sunridge Way NE (Sunridge Business Park), Calgary	44	24.0	3.5	5	6.5	100.0%
610 70th Avenue SE (Glenmore Business Park), Calgary	44	20.0	3.5	9	3.2	88.4%
1512–1514 8th Street, Edmonton	43	20.0	10.2	2	4.7	100.0%
535–561 36th Avenue SE, Calgary	41	16.0	1.9	2	5.7	100.0%
5824 Burbank Road SE, Calgary	40	20.0	2.4	7	3.6	100.0%
310 Hoffer Drive (McDonald Business Centre), Regina	38	18.0	2.8	3	2.7	66.7%
4001 19th Street, Calgary	37	22.0	2.5	8	1.9	93.8%
6810 6th Street SE (Glenmore Business Park), Calgary	32	19.0	3.2	3	3.6	100.0%
6804–6818 30th Street SE, Calgary	30	16.0	1.2	4	2	100.0%
7131 6th Street SE (Glenmore Business Park), Calgary	30	20.0	1.3	2	1.9	100.0%
16104 114th Avenue NW, Edmonton	29	20.0	4.4	5	1.9	92.4%
6023–6039 Centre Street South, Calgary	29	15.0	1.5	6	2	100.0%
4502–4516 10th Street NE, Calgary	29	16.0	1.4	5	0.7	74.9%
3030 Sunridge Way NE (Sunridge Business Park), Calgary	27	24.0	2.1	6	1.4	100.0%
6043–6055 Centre Street South, Calgary	25	15.0	1.3	5	2.2	100.0%
530–544 38A Avenue SE, Calgary	24	16.0	1.2	8	2.6	100.0%
7007 5th Street SE (Glenmore Business Park), Calgary	23	19.0	1.2	3	2.6	100.0%
616 71st Avenue SE (Glenmore Business Park), Calgary	22	21.0	1.0	2	3.5	83.8%
1135–1149 45th Avenue NE, Calgary	22	16.0	1.3	5	2.5	87.5%
6910 6th Street SE (Glenmore Business Park), Calgary	21	16.0	2.1	4	2.9	100.0%
4620–4640 11th Street NE, Calgary	21	16.0	1.4	11	2	100.0%
102–114 61st Avenue SW, Calgary	19	14.0	1.1	4	4.5	100.0%
4001–4019 23rd Street NE, Calgary	16	16.0	1.1	5	4.2	100.0%
2915–2925 58th Avenue SE, Calgary	16	16.0	1.0	4	1.8	84.6%
125 McDonald Street, Regina	14	13.0	1.2	1	5.3	28.7%
3503–3521 62nd Avenue SE, Calgary	13	13.0	1.2	8	2.2	100.0%
Western Canada Multi-tenant	4,338	21.1	262.1	492	3.2	93.7%
Western Canada	5,081	21.8	321.4	507	3.6	94.6%
275 Wellington Street East, Aurora	315	27.0	16.3	1	6.8	100.0%
220 Water Street, Whitby	211	20.0	24.4	1	2.7	100.0%
45 Progress Avenue, Toronto	210	24.0	10.3	1	14	100.0%
3230 Mainway Drive, Burlington	208	21.0	9.9	1	5.3	100.0%
290 Humberline Drive, Etobicoke	180	20.0	6.9	1	2.6	100.0%
750 Creditstone Road, Vaughan	177	24.0	9.0	1	4.5	100.0%
121 Pippin Road, Vaughan	170	24.0	8.6	1	9.5	100.0%
580 Industrial Road, London	114	24.0	12.7	1	7.6	100.0%
441 Chrislea Road, Vaughan	101	22.0	4.1	1	6.1	100.0%
2130 South Service Road West, Oakville	98	24.0	4.4	—	—	—%
300 Orenda Road, Brampton	97	18.0	6.0	1	6.5	100.0%
970 Fraser Drive, Burlington	95	28.0	6.9	1	7.5	100.0%
3 & 5 Blair Drive, Brampton	82	28.0	6.4	1	4	100.0%
274 Humberline Drive, Etobicoke	81	20.0	3.9	1	4.8	100.0%
2226 South Service Road West, Oakville	79	22.0	3.5	1	0.5	100.0%
9305 Twin Oaks Drive, Windsor	74	28.0	5.2	1	5.2	100.0%
2 Lone Oak Court, Toronto	72	24.0	4.4	1	2	100.0%
6885–6895 Menway Court, Mississauga	66	20.0	3.4	1	4.7	100.0%
311 Pinebush Road, Cambridge	57	30.0	4.9	1	19.7	100.0%
896 Meyerside Drive, Mississauga	47	20.0	2.4	1	5.9	100.0%
1460 Strasburg Road, Kitchener	47	26.0	3.7	1	0.4	100.0%
880 Rangeview Road, Mississauga	46	24.0	3.2	1	2.3	100.0%
135 Pinebush Road, Cambridge	44	60.0	5.6	1	0.1	100.0%
840 Trillium Drive, Kitchener	39	28.0	2.6	1	9.9	100.0%
5905 Kennedy Road, Mississauga	38	22.0	2.1	1	5.6	100.0%
6045 Kestrel Road, Mississauga	35	20.0	1.8	1	3.8	100.0%
2946 Walker Road, Windsor	32	22.0	4.0	1	2.5	100.0%
781 Westgate Road, Oakville	30	22.0	4.2	1	10.2	100.0%
50 Groff Place, Kitchener	29	16.0	5.4	1	2.1	100.0%

Property	Owned share of total GLA in thousands of square feet	Clear ceiling height (warehouse component) in feet	Owned share of site area in acres	Number of tenants	Weighted average remaining lease term in years	In-place and committed occupancy
6520 Gottardo Court, Mississauga	26	18.0	1.2	1	1.5	100.0%
750 Barmac Drive, Toronto	24	18.0	1.5	1	8.8	100.0%
7420 Pacific Circle, Mississauga	24	18.0	1.2	1	4	100.0%
1300 Fewster Road, Mississauga	24	14.0	1.2	1	1	100.0%
5805 Kennedy Road, Mississauga	22	18.0	1.0	1	3.3	100.0%
5380 Timberlea Boulevard, Mississauga	20	18.0	1.0	—	—	—%
5462 Timberlea Boulevard, Mississauga	18	18.0	1.0	—	—	—%
5370 Timberlea Boulevard, Mississauga	17	18.0	0.8	1	2.7	100.0%
5750 Coopers Avenue, Mississauga	16	18.0	0.9	1	0.7	100.0%
615 Trillium Drive, Kitchener	16	18.0	2.7	1	0.1	100.0%
5444 Timberlea Boulevard, Mississauga	15	18.0	0.9	1	0.1	100.0%
1465 Strasburg Road, Kitchener	12	18.0	1.5	1	3.2	100.0%
Ontario Single-tenant	3,108	23.4	201.1	38	5.8	95.6%
6581–6601 Kitimat Road, Mississauga	318	25.0	16.9	15	4.1	100.0%
1602 Tricont Avenue, Whitby	259	35.0	19.0	5	6.9	97.8%
161 West Mall, Toronto	205	38.0	10.5	2	5.6	100.0%
2360 Cornwall Road, Oakville	200	28.0	10.3	3	2.5	100.0%
45A & 45B West Wilmot Street, Richmond Hill	189	19.0	8.0	40	2.9	96.1%
255 Wicksteed Avenue, Toronto	178	24.0	8.0	3	4.4	100.0%
2140–2150 Winston Park Drive, Mississauga	172	19.0	7.5	39	3.1	89.7%
90 Nolan Court, Markham	125	18.0	7.0	29	2.6	96.1%
55 Horner Avenue, Etobicoke	96	22.0	6.2	3	3.8	90.7%
4515/4525 Rhodes Drive, Windsor	92	22.0	9.0	7	2.3	85.1%
1111 Tristar Drive, Mississauga	78	22.0	3.7	2	0.7	100.0%
903–951 Matheson Boulevard, Mississauga	77	18.0	3.8	8	1.7	100.0%
1100 Courtney Park Drive, Mississauga	72	22.0	3.4	1	2.3	26.3%
100 Lingard Road, Cambridge	70	46.0	5.4	2	2.6	100.0%
5825–5895 Kennedy Road, Mississauga	68	15.0	3.4	8	3.1	100.0%
6400 Shawson Drive, Mississauga	62	22.0	2.9	3	3.5	100.0%
5554 Tomken Road, Mississauga	61	18.0	3.2	10	2.8	100.0%
1995 Markham Road, Scarborough	228	24.0	10.9	2	6.4	100.0%
100 East Beaver Creek, Richmond Hill	110	28.0	6.3	4	8	100.0%
500 Trillium Drive, Kitchener	109	16.0	7.9	14	2.2	100.0%
20 Steckle Place I & II, Kitchener	88	16.0	6.0	11	2.5	100.0%
550 Trillium Drive, Kitchener	66	18.0	4.1	7	1.9	100.0%
975 Bleams Road, Kitchener	57	18.0	4.0	4	2.3	100.0%
65 Trillium Park Place, Kitchener	48	16.0	3.1	3	2.4	100.0%
25 Groff Place, Kitchener	47	18.0	5.4	7	1.1	100.0%
1045 Trillium Drive, Kitchener	31	24.0	2.7	3	1.8	100.0%
250 Trillium Drive, Kitchener	27	18.0	1.8	5	1.7	100.0%
6300 Viscount Road, Mississauga	60	16.0	4.3	4	3.4	100.0%
845 Harrington Court, Burlington	56	15.0	4.0	10	4	100.0%
5716–5730 Coopers Avenue, Mississauga	54	14.0	3.4	24	1.8	100.0%
855 Matheson Boulevard, Mississauga	47	18.0	2.0	12	2.3	100.0%
333 Wyecroft Road, Oakville	43	18.0	2.7	8	2.8	100.0%
5448 Timberlea Boulevard, Mississauga	32	16.0	1.8	2	5	100.0%
5430 Timberlea Boulevard, Mississauga	31	17.0	1.8	2	7.6	100.0%
5466 Timberlea Boulevard, Mississauga	29	18.0	1.6	2	3.3	100.0%
135 East Beaver Creek, Richmond Hill	29	17.0	1.8	5	2.2	82.6%
5420 Timberlea Boulevard, Mississauga	20	18.0	1.1	2	4.6	100.0%
Ontario Multi-tenant	3,534	23.4	204.9	311	3.8	96.7%
Ontario	6,642	23.4	406.0	349	4.7	96.2%
1411, 1421 & 1451 rue Ampère, Boucherville	458	27.0	21.6	1	4.9	100.0%
1900 Dickson Street (Molson Distribution Centre), Montréal	225	26.0	17.1	1	2.5	100.0%
2350 de la Province, Longueuil	222	20.0	11.5	1	1.6	100.0%
1125 50th Avenue, Montréal	211	26.0	13.3	1	4.3	100.0%
8000 Avenue Blaise-Pascal, Montréal	206	23.0	13.8	1	1.8	100.0%
1313 Autoroute Chomedey, Laval	184	26.0	8.1	1	4.9	100.0%
650 rue Bergeron, Drummondville	181	28.0	10.5	1	2.5	100.0%

Property	Owned share of total GLA in thousands of square feet	Clear ceiling height (warehouse component) in feet	Owned share of site area in acres	Number of tenants	Weighted average remaining lease term in years	In-place and committed occupancy
10555 Henri-Bourassa Ouest, St-Laurent	121	22.0	10.5	1	3.6	100.0%
2340 St. Laurent Blvd., Ottawa	115	24.0	6.2	1	4.8	100.0%
101 Autoroute 440, Laval	68	22.0	4.6	1	2.9	100.0%
1805 50 ^e Avenue, Lachine	61	19.0	2.3	1	0.9	100.0%
1421 rue Nobel, Sainte-Julie	51	22.0	4.3	1	1.3	100.0%
3700–3720 AutoRoute des Laurentides, Laval	50	24.0	3.6	1	10.1	100.0%
1870 Boulevard Saint-Régis, Dollard-des-Ormeaux	40	22.0	1.8	1	0.9	100.0%
29 rue de Varennes, Gatineau	24	20.0	3.4	1	0.6	100.0%
361 Boulevard Montpellier, St-Laurent	19	18.0	1.2	1	6.3	100.0%
Québec Single-tenant⁽¹⁾	2,236	24.5	133.8	16	3.5	100.0%
Humber Place, 1250–1280, Ottawa	231	26.0	11.7	7	4.3	100.0%
2995 Boulevard le Corbusier, Laval	131	24.0	4.7	7	2.2	99.8%
5000 rue Fairway & 1645 50 ^e Avenue, Lachine	108	18.0	5.5	3	8.7	95.1%
1700–1764 50 ^e Avenue, Lachine	95	24.0	4.2	1	1.3	96.8%
1100–1154 rue Berlier, Laval	92	18.0	4.5	8	2.9	95.1%
9090–9100 Boulevard Cavendish, St-Laurent	89	18.0	7.5	2	1.7	100.0%
333 Chemin du Tremblay, Boucherville	87	18.0	3.8	3	2.4	96.1%
1876–1936 32 ^e Avenue, Lachine	85	18.0	4.7	3	4.5	100.0%
1500 rue Nobel, Boucherville	82	18.0	4.1	6	1.9	94.7%
2000 32 ^e Avenue, Lachine	81	18.0	4.8	4	2.2	100.0%
1624–1692 50 ^e Avenue, Lachine	79	19.0	4.3	6	1.6	84.3%
1151–1179 Autoroute 440, Laval	79	19.0	3.9	14	1.7	100.0%
10001–10091 Renaude-Lapointe, Montréal	78	18.0	3.7	3	3.4	96.5%
700–840 McCaffrey Road, Montréal	80	18.0	3.8	2	3	100.0%
2101 rue Nobel, Sainte-Julie	73	20.0	4.8	5	4	88.1%
1950 32 ^e Avenue, Montréal	72	18.0	4.5	8	2.2	100.0%
1825–1865 32 ^e Avenue, Montréal	72	18.0	4.9	9	2.8	100.0%
4300–4400 Boulevard Bois-Franc, St-Laurent	69	18.0	3.9	4	3.0	100.0%
4605–4645 rue Fairway & 1405–1465 46 ^e Avenue, Lachine	61	19.0	4.0	5	2.9	100.0%
1010 rue Berlier & 2854–2870 Boulevard Industriel, Laval	59	19.0	3.1	7	1.7	100.0%
1025–1087 Autoroute 440, Laval	57	18.0	2.8	10	3.3	100.0%
585–625 Avenue Meloche, Dorval	55	18.0	2.7	2	3	100.0%
135 Chemin du Tremblay, Boucherville	50	16.0	2.4	8	2.1	85.0%
Québec Multi-tenant⁽¹⁾	1,965	19.8	104.3	127	3.1	97.3%
Québec	4,201	22.3	238.1	143	3.3	98.8%
Total Canadian Portfolio	15,924	22.6	965.5	999	4.0	96.4%
445 Couchville Industrial Blvd, Nashville, TN	716	32.0	58.6	1	5.8	100.0%
860 Marine Drive, Charlotte, NC	472	30.0	26.0	1	2.5	100.0%
9000 Smith's Mill Road, Columbus, OH	417	32.0	21.9	1	6	100.0%
5445 Guion Road, Indianapolis, IN	380	28.0	27.5	1	1.8	100.0%
3208 E Blue Lick Road, Louisville, KY	303	28.0	16.7	—	—	—%
1201 Perry Road, Indianapolis, IN	252	29.5	12.3	1	2.8	100.0%
3800 Sunset Avenue, Chicago, IL	209	24.0	10.0	1	2.5	100.0%
7730 American Way, Orlando, FL	193	25.0	20.6	1	2.8	100.0%
4777–4791 Roberts Road, Columbus, OH	52	21.0	26.1	1	1.8	100.0%
2375–2405 International Street, Columbus, OH	52	21.0	14.8	1	3.6	100.0%
2250–2280 International Street, Columbus, OH	52	21.0	6.1	1	2.8	100.0%
United States Single-tenant	3,098	29.1	240.6	10	3.8	90.2%
5605 Holmescrest Lane, Memphis, TN	885	32.0	47.3	2	4.1	100.0%
4470 Southpoint Drive, Memphis, TN	500	32.0	23.3	2	3.6	100.0%
5100 W 123rd Street, Chicago, IL	465	30.0	27.0	2	7.3	100.0%
5300 Proviso Drive, Chicago, IL	343	30.0	17.0	2	3.5	100.0%
8860 Smith's Mill Road, Columbus, OH	304	32.0	17.0	4	2.6	100.0%
8820 Smith's Mill Road, Columbus, OH	264	30.0	15.1	4	5.7	100.0%
301–363 N Third Avenue, Chicago, IL	250	21.0	14.3	2	3.2	100.0%
1819 N Walcutt Road, Columbus, OH	243	18.0	11.3	5	2.6	100.0%
4311 Janitrol Road, Columbus, OH	240	30.0	12.7	3	3.7	85.0%
640–700 Dearborn Park Lane, Columbus, OH	108	24.0	5.9	4	1.5	100.0%
2275–2353 International Street, Columbus, OH	102	21.0	14.8	1	6	100.0%

Property	Owned share of total GLA in thousands of square feet	Clear ceiling height (warehouse component) in feet	Owned share of site area in acres	Number of tenants	Weighted average remaining lease term in years	In-place and committed occupancy
2111–2191 International Street, Columbus, OH	102	21.0	8.6	5	3.9	61.0%
2000 Conner Road, Cincinnati, OH	77	22.0	4.9	4	1.4	100.0%
2200–2236 International Street, Columbus, OH	76	21.0	6.1	1	5.1	27.1%
2100 Conner Road, Cincinnati, OH	63	22.0	4.0	5	3.5	100.0%
2350–2380 International Street, Columbus, OH	52	21.0	6.1	2	4.8	100.0%
4701–4717 Roberts Road, Columbus, OH	52	21	26.1	3	3.3	100.0%
2300–2330 International Street, Columbus, OH	51	21	6.1	3	3.9	100.0%
United States Multi-tenant	4,177	28.2	267.6	54	4.1	96.9%
United States	7,275	28.6	508.2	64	4.0	94.0%
2 Venus, Heerenveen	189	30	11.8	1	1.5	100.0%
2–20 Exportweg, Waddinxveen	169	23	6.0	1	14.3	100.0%
83 Impact, Duiven	158	30	6.3	1	5.9	100.0%
2–4a Kamerlingh Onnesweg /1–10 Bessemerstraat, Dordrecht	135	26	3.9	1	2.5	100.0%
10 Heibloemweg, Helmond	117	32	4.7	1	7.5	100.0%
77 Maasheseweg, Venray	98	26	3.5	1	5.5	100.0%
35 Newtonstraat, Heerhugowaard	95	12	2.7	1	4.5	100.0%
12–16 Het Sterrenbeeld, Den Bosch	95	26	2.2	1	6	100.0%
2 Edisonstraat, Oldenzaal, Oldenzaal	76	23	2.0	1	2	100.0%
50 Kobaltweg, Utrecht	68	13	2.6	1	6	100.0%
18 Boterberg, Tilburg	59	20	1.6	1	10.6	100.0%
100 Radonstraat, Zoetermeer	58	20	2.2	1	7	100.0%
29 Duitslanddreef, Heerenveen	48	23	2.3	1	7	100.0%
365 s-Gravenlandseweg, Schiedam	43	21	1.8	1	4.6	100.0%
9–11 Nijborg, Renswoude	41	26	1.4	1	10.8	100.0%
6465–6467 Hazeldonk, Breda	37	30	3.9	1	2.5	100.0%
1306 Ekkersrijt, Son en Breugel	34	34	1.1	1	7	100.0%
18 Meidoornkade, Houten	26	33	0.9	1	3.7	100.0%
59 Jan van Galenstraat, Schiedam	16	34	0.4	1	2.5	100.0%
92 Kanaal Zuid, Apeldoorn	13	31	0.6	1	1	100.0%
24 Franciscusweg, Hilversum	12	21	0.4	1	1.8	100.0%
37A & 37B Televisieweg, Almere	10	23	0.2	1	2	100.0%
349 & 349A Franciscusweg, Hilversum	7	25	0.3	1	2	100.0%
Europe Single-tenant	1,604	25.2	62.8	23	5.9	100.0%
10 Bruningweg, Arnhem	220	23	3.7	2	4.9	100.0%
7–9 Robert-Bosch-Straße, Dietzenbach	160	26	7.4	3	10.2	74.5%
40 Damsluisweg, Almere	140	33	5.0	2	4	99.8%
6469–6475 Hazeldonk, Breda	88	16	3.4	3	2.5	85.7%
50 Klokkenbergweg, 29 Kuiperbergweg, Amsterdam	73	16	1.4	2	6.4	51.3%
30–48 Koningsweg, Groningen	70	16	2.7	4	1.4	100.0%
40–140 Innsbruckweg, Rotterdam	69	33	2.4	8	2.7	86.1%
3–13 Berchvliet, 14 Sierenborch, Amsterdam	65	20	2.9	15	3.4	100.0%
50–68 Melbournestraat/32–56 Sydneystraat, Rotterdam	54	23	2.0	11	1.5	100.0%
3–5 Klompenmakerstraat, Ridderkerk	31	36	1.0	1	3.9	55.9%
353–355 Franciscusweg, Hilversum	16	33	0.4	2	2.5	100.0%
17 Lageweg, Hoorn	12	20.2	0.4	5	1.6	84.1%
Europe Multi-tenant	998	24.3	32.7	58	4.5	88.5%
Europe	2,602	24.9	95.5	81	5.4	95.6%
Total Portfolio Single-tenant Buildings	10,789	25.7	697.6	102	4.4	95.9%
Total Portfolio Multi-tenant Buildings	15,012	26.3	871.6	1,042	3.9	95.4%
Total Portfolio	25,801	24.5	1,569.2	1,144	4.1	95.6%

(1) Includes two properties located in Ottawa, Ontario.

Condensed consolidated balance sheets

(unaudited)

(in thousands of Canadian dollars)	Note	June 30, 2020	December 31, 2019
Assets			
NON-CURRENT ASSETS			
Investment properties	4	\$ 2,897,409	\$ 2,428,664
Equity accounted investment		8,945	8,008
Other non-current assets		535	4,773
		2,906,889	2,441,445
CURRENT ASSETS			
Amounts receivable		14,414	7,410
Prepaid expenses and other assets		2,367	2,499
Cash and cash equivalents		54,737	441,537
		71,518	451,446
Total assets		\$ 2,978,407	\$ 2,892,891
Liabilities			
NON-CURRENT LIABILITIES			
Debt	6	\$ 781,312	\$ 952,917
Subsidiary redeemable units		198,134	243,771
Deferred Unit Incentive Plan		8,865	10,250
Deferred income tax liabilities, net		11,324	9,511
Other non-current liabilities		23,551	14,467
		1,023,186	1,230,916
CURRENT LIABILITIES			
Debt	6	88,589	61,651
Amounts payable and accrued liabilities		53,311	40,752
		141,900	102,403
Total liabilities		1,165,086	1,333,319
Equity			
Unitholders' equity		1,605,641	1,372,564
Retained earnings		179,791	187,443
Accumulated other comprehensive income (loss)		27,889	(435)
Total equity		1,813,321	1,559,572
Total liabilities and equity		\$ 2,978,407	\$ 2,892,891

See accompanying notes to the condensed consolidated financial statements.

On behalf of the Board of Trustees of Dream Industrial Real Estate Investment Trust:

"Vincenza Sera"

Vincenza Sera
Trustee

"Sheldon Wiseman"

Sheldon Wiseman
Trustee

Condensed consolidated statements of comprehensive income (loss)

(unaudited)

(in thousands of Canadian dollars)	Note	Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
Investment properties revenue	7	\$ 59,060	\$ 49,796	\$ 115,610	\$ 94,836
Investment properties operating expenses		(16,682)	(14,611)	(33,491)	(27,952)
Net rental income		42,378	35,185	82,119	66,884
Other income					
Interest and fee income		65	198	930	408
		65	198	930	408
Other expenses					
General and administrative		(4,486)	(3,169)	(8,227)	(5,798)
Interest:					
Debt		(8,376)	(9,112)	(17,509)	(17,721)
Subsidiary redeemable units		(3,247)	(3,344)	(6,558)	(6,688)
Debt settlement costs		(375)	—	(4,324)	—
		(16,484)	(15,625)	(36,618)	(30,207)
Fair value adjustments and net gain (loss) on transactions and other activities					
Fair value adjustments to investment properties	4	(1,551)	63,399	(38,090)	83,683
Fair value adjustments to financial instruments	8	(20,270)	1,505	37,002	(46,940)
Net gain (loss) on transactions and other activities	9	(920)	(184)	967	(634)
		(22,741)	64,720	(121)	36,109
Income before income taxes and discontinued operations		3,218	84,478	46,310	73,194
Current and deferred income taxes expense, net		(274)	(1,977)	(1,330)	(2,551)
Income from continuing operations, net of taxes		2,944	82,501	44,980	70,643
Income (loss) from discontinued operations, net of taxes		—	1,516	(19)	5,113
Net income		\$ 2,944	\$ 84,017	\$ 44,961	\$ 75,756
Other comprehensive income (loss)					
Items that will be reclassified subsequently to net income:					
Unrealized gain (loss) on foreign currency translation, net of taxes		\$ (15,762)	\$ (8,397)	\$ 27,937	\$ (10,106)
Unrealized loss on effective interest rate hedge, net of taxes		—	—	—	(35)
Share of other comprehensive income (loss) from equity accounted investment		(362)	—	387	—
		(16,124)	(8,397)	28,324	(10,141)
Comprehensive income (loss)		\$ (13,180)	\$ 75,620	\$ 73,285	\$ 65,615

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of changes in equity

(unaudited)

		Attributable to unitholders of the Trust				
					Accumulated other comprehensive income (loss)	Total equity
(in thousands of Canadian dollars)		Number of REIT Units	Unitholders' equity	Retained earnings		
Six months ended June 30, 2020	Note					
Balance at January 1, 2020		134,801,881	\$ 1,372,564	\$ 187,443	\$ (435)	\$ 1,559,572
Net income		—	—	44,961	—	44,961
Distributions paid and payable	10	—	—	(52,613)	—	(52,613)
Public offering of REIT Units	11	16,859,000	230,125	—	—	230,125
Distribution Reinvestment Plan ⁽¹⁾		931,334	11,881	—	—	11,881
REIT Units issued for vested deferred trust units and Unit Purchase Plan		79,209	974	—	—	974
Issue costs and other	11	—	(9,903)	—	—	(9,903)
Other comprehensive income		—	—	—	28,324	28,324
Balance at June 30, 2020		152,671,424	\$ 1,605,641	\$ 179,791	\$ 27,889	\$ 1,813,321

(1) Includes REIT Units issued under the Distribution Reinvestment Plan for LP B Units.

		Attributable to unitholders of the Trust				
					Accumulated other comprehensive income	Total equity
(in thousands of Canadian dollars)		Number of REIT Units	Unitholders' equity	Retained earnings		
Six months ended June 30, 2019	Note					
Balance at January 1, 2019		92,062,659	\$ 887,757	\$ 90,621	\$ 10,947	\$ 989,325
Net income		—	—	75,756	—	75,756
Distributions paid and payable	10	—	—	(39,095)	—	(39,095)
Public offering of REIT Units	11	26,277,500	288,325	—	—	288,325
Distribution Reinvestment Plan ⁽¹⁾		1,552,644	17,504	—	—	17,504
REIT Units issued for vested deferred trust units and Unit Purchase Plan		90,707	1,021	—	—	1,021
Issue costs and other	11	—	(12,823)	—	—	(12,823)
Other comprehensive loss		—	—	—	(10,141)	(10,141)
Balance at June 30, 2019		119,983,510	\$ 1,181,784	\$ 127,282	\$ 806	\$ 1,309,872

(1) Includes REIT Units issued under the Distribution Reinvestment Plan for LP B Units.

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of cash flows

(unaudited)

		Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
(in thousands of Canadian dollars)	Note		(Note 3)		(Note 3)
Generated from (utilized in) operating activities					
Net income		\$ 2,944	\$ 84,017	\$ 44,961	\$ 75,756
Non-cash items:					
Fair value adjustments to investment properties	4	1,551	(61,405)	38,090	(81,742)
Unrealized fair value adjustments to financial instruments	8	16,855	(1,505)	(40,417)	46,940
Depreciation and amortization	12	430	398	761	906
Other adjustments	12	4,194	5,894	5,425	9,578
Change in non-cash working capital	12	2,384	(6,256)	(1,724)	(7,124)
Investment in lease incentives and initial direct leasing costs		(1,807)	(3,872)	(5,156)	(6,910)
Interest expense on debt		8,376	9,520	17,509	18,843
Debt settlement cost		375	—	4,324	—
		35,302	26,791	63,773	56,247
Generated from (utilized in) investing activities					
Investment in building improvements		(1,067)	(4,271)	(1,675)	(5,941)
Investment in property and equipment		—	(41)	—	(75)
Acquisitions and transaction costs of investment properties		(1,772)	(75,047)	(433,074)	(309,598)
Deposit on acquisition of investment properties		—	(1,200)	—	(1,500)
Investment in equity-accounted investment		(334)	—	(528)	—
Net proceeds from disposal of investment properties		—	6,265	—	6,265
		(3,173)	(74,294)	(435,277)	(310,849)
Generated from (utilized in) financing activities					
Borrowings	6	—	59,868	—	188,322
Lump sum repayments	6	—	(124,159)	(159,538)	(150,141)
Principal repayments	6	(5,326)	(6,470)	(11,648)	(13,238)
Financing costs additions	6	(1,014)	—	(1,014)	(1,039)
Interest paid on debt		(6,932)	(8,249)	(16,207)	(17,014)
Interest paid on subsidiary redeemable units		(3,247)	—	(3,247)	—
Debt settlement costs paid		—	—	(3,883)	—
Distributions paid on REIT Units	10	(26,716)	(14,525)	(43,048)	(26,636)
Cash proceeds on issuance of REIT Units	11	—	144,118	230,125	288,328
Issue costs paid on REIT Units		(11)	(6,486)	(10,519)	(12,483)
Cash settlement of deferred trust units		—	—	(114)	—
		(43,246)	44,097	(19,093)	256,099
Increase (decrease) in cash and cash equivalents		(11,117)	(3,406)	(390,597)	1,497
Foreign exchange gain on cash held in foreign currency		28	281	3,797	1,372
Cash and cash equivalents, beginning of period		65,826	10,962	441,537	4,968
Cash and cash equivalents, end of period		\$ 54,737	\$ 7,837	\$ 54,737	\$ 7,837

See accompanying notes to the condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

(All dollar amounts in thousands of Canadian dollars, except for per Unit amounts)

Note 1

ORGANIZATION

Dream Industrial Real Estate Investment Trust (“Dream Industrial REIT” or the “Trust”) is an open-ended investment trust created pursuant to a Declaration of Trust, as amended and restated, under the laws of the Province of Ontario. The condensed consolidated financial statements of Dream Industrial REIT include the accounts of Dream Industrial REIT and its subsidiaries. Dream Industrial REIT owns and operates industrial properties in key markets across North America and in Europe.

The principal office and centre of administration of the Trust is 30 Adelaide Street East, Suite 301, State Street Financial Centre, Toronto, Ontario, M5C 3H1. The Trust is listed on the Toronto Stock Exchange (“TSX”) under the symbol “DIR.UN”. Dream Industrial REIT’s condensed consolidated financial statements for the three and six months ended June 30, 2020 were authorized for issuance by the Board of Trustees on August 4, 2020, after which they may only be amended with the Board of Trustees’ approval.

For simplicity, throughout the Notes, reference is made to the units of the Trust as follows:

- “REIT Units”, meaning units of the Trust;
- “LP B Units” or “subsidiary redeemable units”, meaning the Class B limited partnership units of Dream Industrial LP (“DILP”), a subsidiary of the Trust;
- “Special Trust Units”, meaning units issued in connection with subsidiary redeemable units; and
- “Units”, meaning REIT Units and subsidiary redeemable units, collectively.

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed. The condensed consolidated financial statements should be read in conjunction with the Trust’s annual consolidated financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS, as issued by the IASB.

Accounting policies

The condensed consolidated financial statements have been prepared using the same significant accounting policies and methods as those used in the Trust’s annual consolidated financial statements for the year ended December 31, 2019, except as disclosed below.

Modification of financial assets arising from lease contracts

From time to time the Trust may agree with tenants to modify the terms of lease agreements, including changes to the consideration under the lease. When the changes result in a reduction in amounts receivable relating to past lease periods, the Trust applies IFRS 9, “Financial Instruments”, in determining whether to partially or fully derecognize those receivables. Other changes to the terms and conditions of the lease are treated as lease modifications in accordance with IFRS 16, “Leases”, and the modified lease is accounted for as a new lease from the effective date of the modification, with any prepaid or accrued lease payments relating to the original lease included as part of the lease payments for the new lease.

Critical accounting judgments, estimates and assumptions in applying accounting policies

Preparing the condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future. Except as disclosed below, management has applied the same methodologies in making critical accounting judgments, estimates and assumptions as disclosed in the Trust’s annual consolidated financial statements for the year ended December 31, 2019.

Elevated estimation uncertainty as a result of COVID-19

On March 11, 2020, the World Health Organization declared the novel coronavirus ("COVID-19") a global pandemic. The pandemic has created significant uncertainty in the general economy including the real estate market. Such a pandemic could, if prolonged, adversely impact our business directly and/or indirectly. Management continues to assess the impact of COVID-19 and governments' responses to it on the Trust. Portions of our financial results incorporate estimates from management that are subject to increased uncertainty due to the market disruptions caused by the COVID-19 pandemic. Areas of increased estimation uncertainty in the Trust's condensed consolidated financial statements include the fair value of its investment properties, and the recoverability of amounts receivable and equity accounted investment.

The amounts recorded in these condensed consolidated financial statements are based on the latest reliable information available to management at the time the condensed consolidated financial statements were prepared where that information reflects conditions at the date of the condensed consolidated financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Note 3

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Except as disclosed below, the condensed consolidated financial statements have been prepared using the same significant accounting policies and methods as those used in the Trust's annual consolidated financial statements for the year ended December 31, 2019. These changes were made in accordance with the applicable transitional provisions as described below.

Business combinations

Effective January 1, 2020, the Trust has applied the amendments to the requirements of IFRS 3, "Business Combinations" ("IFRS 3"), in relation to whether a transaction meets the definition of a business combination. The amendments provide the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. The Trust has applied the optional concentration test to its 2020 acquisitions.

Presentation of interest expense on debt in the condensed consolidated statement of cash flows

The Trust has amended its accounting policy for the presentation of interest expense on debt in the condensed consolidated statements of cash flows. Effective January 1, 2020, the Trust has elected to present interest expense on debt as a cash flow arising from financing activities where it was previously included in cash flows from operating activities. The Trust has made this change in order to better align with the presentation of cash flows related to debt transactions. As a result of this change in presentation, cash flows generated from (utilized in) operating activities for the three and six months ended June 30, 2019 have increased by \$8,249 and \$17,014, respectively, with a corresponding reduction to cash flows generated from (utilized in) financing activities.

Note 4

INVESTMENT PROPERTIES

	Note	Six months ended June 30, 2020	Year ended December 31, 2019
Balance at beginning of period		\$ 2,428,664	\$ 2,138,411
Additions:			
Acquisitions of investment properties	5	452,877	376,693
Building improvements		2,071	9,780
Lease incentives and initial direct leasing costs		6,046	14,418
Total additions to investment properties		460,994	400,891
Dispositions and reclassifications to assets held for sale:			
Dispositions of investment properties		—	(8,030)
Investment properties reclassified to assets held for sale		—	(260,120)
Total dispositions and reclassifications to assets held for sale		—	(268,150)
Changes included in net income:			
Fair value adjustments to investment properties		(38,090)	178,547
Change in straight-line rent		1,187	1,233
Amortization of lease incentives		(752)	(1,617)
Total changes included in net income		(37,655)	178,163
Changes included in other comprehensive income (loss):			
Foreign currency translation gain (loss)		45,406	(20,651)
Total changes included in other comprehensive income (loss)		45,406	(20,651)
Balance at end of period		\$ 2,897,409	\$ 2,428,664
Change in unrealized income included in net income			
Change in fair value of investment properties		\$ (38,090)	\$ 181,214

Investment properties includes \$11,713 (December 31, 2019 – \$10,434) related to straight-line rent receivables.

The following table summarizes the total investment properties pledged as security for debt as at June 30, 2020 and December 31, 2019:

	June 30, 2020	December 31, 2019
Pledged as collateral for mortgages	\$ 1,789,982	\$ 2,062,146
Pledged as collateral for revolving credit facility	—	270,267
Not pledged against debt	1,107,427	96,251
Total investment properties	\$ 2,897,409	\$ 2,428,664

Valuations of externally appraised investment properties

The following table summarizes the investment properties valued by qualified external valuation professionals for the six months ended June 30, 2020 and year ended December 31, 2019:

	June 30, 2020	December 31, 2019
Investment properties valued by qualified external valuation professionals	\$ —	\$ 547,585
Number of investment properties valued by qualified external valuation professionals	—	59
Percentage of the total investment property values	—	23%

Fair value adjustments to investment properties

The fair value of the investment properties as at June 30, 2020 and December 31, 2019 represents the Trust's best estimate based on the internally and externally available information as at the end of the reporting period.

The duration and full scope of the economic impact of COVID-19 is unknown at this time. Key valuation assumptions that could be impacted over the long term include: market rents, leasing costs, vacancy rates, discount rates and cap rates. The Trust will continue to monitor the effect of the economic environment on the valuation of its investment properties. If there are any changes in the critical and key assumptions used in valuing the investment properties, or in regional, national or international economic conditions, or new developments in the COVID-19 pandemic, the fair value of investment properties may change materially.

Assumptions used in the valuation of investment properties

As at June 30, 2020, the Trust's investment properties were valued using the cap rate and discounted cash flow methods. The significant and unobservable Level 3 valuation metrics used in the methods as at June 30, 2020 and December 31, 2019 are set out in the table below:

	June 30, 2020 ⁽¹⁾		December 31, 2019 ⁽¹⁾	
	Range (%)	Weighted average (%) ⁽²⁾	Range (%)	Weighted average (%) ⁽²⁾
Cap rate method				
Cap rate	4.50–7.50	5.89	4.50–7.50	5.95
Discounted cash flow method				
Discount rate	5.38–8.75	6.87	5.38–8.75	6.92
Terminal cap rate	5.00–8.00	6.23	5.00–8.00	6.28

(1) Excludes investment properties acquired during the respective quarter as applicable and the European portfolio acquired in the first quarter of 2020.

(2) Weighted average based on investment property fair value.

Sensitivities on assumptions

The following sensitivity tables outline the potential impact on the fair value of investment properties, excluding the European portfolio acquired in the first quarter of 2020, assuming a change in the weighted average cap rates, discount rates and terminal rates by a respective 25 basis points ("bps") as at June 30, 2020:

Cap rate method	Impact to change in weighted average cap rates			
	+25 bps		-25 bps	
Increase (decrease) in value	\$	(106,219)	\$	115,631

Discounted cash flow method	Impact to change in weighted average discount rates		Impact to change in weighted average terminal cap rates	
	+25 bps	-25 bps	+25 bps	-25 bps
Increase (decrease) in value	\$	(62,042)	\$	67,399
			\$	(48,250)
			\$	49,419

Note 5

INVESTMENT PROPERTY ACQUISITIONS

Detailed below are the investment property acquisitions completed for the six months ended June 30, 2020.

	Purchase price ⁽¹⁾	Date acquired
840 Trillium Drive, Kitchener, Ontario	\$ 5,700	January 13, 2020
Berkshire portfolio, Kitchener, Ontario ⁽²⁾	62,500	January 17, 2020
1995 Markham Road, Scarborough, Ontario	33,100	January 22, 2020
2–20 Exportweg, Waddinxveen, Netherlands ⁽³⁾	27,355	January 22, 2020
12–16 Het Sterrenbeeld, Den Bosch, Netherlands ⁽³⁾	10,700	January 28, 2020
7–9 Robert-Bosch-Straße, Dietzenbach, Germany ⁽³⁾	14,950	January 31, 2020
10 Heibloemweg, Helmond, Netherlands ⁽³⁾	13,598	February 5, 2020
Dutch portfolio, Netherlands ⁽³⁾⁽⁴⁾	201,576	February 19, 2020 and March 17, 2020
700–840 McCaffrey Road, Montréal, Québec	9,100	February 24, 2020
100 East Beaver Creek, Richmond Hill, Ontario	24,000	February 28, 2020
220 Water Street, Whitby, Ontario	17,600	March 2, 2020
311 Pinebush Road, Cambridge, Ontario	4,905	March 23, 2020
Total	\$ 425,084	

(1) Excludes transaction costs of \$25,500.

(2) Berkshire portfolio consists of 12 investment properties.

(3) Acquisitions in the Netherlands and Germany were settled in euros and translated into Canadian dollars as at the respective transaction dates.

(4) The Dutch portfolio consists of 31 investment properties. 29 properties were acquired on February 19, 2020 and two properties were acquired on March 17, 2020. The purchase price excludes an assumed ground lease liability totalling \$2,293.

For the year ended December 31, 2019, the Trust acquired 32 investment properties for gross proceeds net of adjustments and before transaction costs totalling \$370,511.

Detailed below are the considerations paid for the acquired investment properties for the six months ended June 30, 2020 and for the year ended December 31, 2019:

	Note	Six months ended June 30, 2020	Year ended December 31, 2019
Cash paid		\$ 406,807	\$ 357,954
Deposits paid in prior period and released to seller on closing		2,700	1,322
Assumed non-cash working capital and capital expenditure obligations		5,156	5,851
Assumed mortgage	6	10,421	5,384
Total consideration paid before undernoted items		425,084	370,511
Transaction costs and land transfer taxes		25,500	6,182
Assumed ground lease liability		2,293	—
Total acquisitions of investment properties		\$ 452,877	\$ 376,693

Note 6

DEBT

	June 30, 2020	December 31, 2019
Mortgages	\$ 870,883	\$ 1,015,143
Revolving credit facility ⁽¹⁾	(982)	(575)
Total debt	869,901	1,014,568
Less: Current portion	(88,589)	(61,651)
Non-current debt	\$ 781,312	\$ 952,917

(1) Revolving credit facility balance consists of financing costs, net of amortization and write-offs. As at June 30, 2020 and December 31, 2019, there were no amounts drawn on the revolving credit facility.

On July 2, 2020, the Trust repaid a mortgage totalling \$17,053.

Continuity of total debt

The following tables provide a continuity of total debt for the six months ended June 30, 2020 and year ended December 31, 2019:

	Note	June 30, 2020		
		Mortgages	Revolving credit facility	Total
Total debt as at January 1, 2020		\$ 1,015,143	\$ (575)	\$ 1,014,568
Cash items:				
Lump sum repayments ⁽¹⁾		(159,538)	—	(159,538)
Principal repayments		(11,648)	—	(11,648)
Financing costs additions		—	(1,014)	(1,014)
Non-cash items:				
Debt assumed on acquisition of investment property	5	10,421	—	10,421
Foreign exchange adjustments		16,055	—	16,055
Other adjustments ⁽²⁾		450	607	1,057
Total debt as at June 30, 2020		\$ 870,883	\$ (982)	\$ 869,901

(1) Lump sum repayments related to the early repayment of mortgages funded with net proceeds from February 12, 2020 equity offering.

(2) Other adjustments include amortization and write-off of financing costs of \$1,260 and amortization of fair value adjustments on assumed debt of \$(203).

		December 31, 2019		
	Note	Mortgages	Revolving credit facility ⁽¹⁾	Total
Total debt as at January 1, 2019		\$ 910,970	\$ 26,760	\$ 937,730
Cash items:				
Borrowings		228,648	174,794	403,442
Lump sum repayments		(56,681)	(201,379)	(258,060)
Principal repayments		(24,636)	—	(24,636)
Financing costs additions		(3,587)	(350)	(3,937)
Non-cash items:				
Debt classified as liabilities related to assets held for sale		(36,367)	—	(36,367)
Debt assumed on acquisition of investment property ⁽²⁾	5	5,384	—	5,384
Foreign exchange adjustments		(9,065)	(791)	(9,856)
Other adjustments ⁽³⁾		477	391	868
Total debt as at December 31, 2019		\$ 1,015,143	\$ (575)	\$ 1,014,568

(1) Amounts drawn against the revolving credit facility during the year were denominated in both Canadian and U.S. dollars. U.S. dollar amounts have been converted at foreign exchange rates in accordance with the Trust's accounting policies.

(2) Debt assumed from DHAAT, a related party of the Trust.

(3) Other adjustments include amortization of financing costs of \$1,512 and amortization of fair value adjustments on assumed debt of \$(644).

Revolving credit facility

On June 12, 2020, the Trust entered into an agreement for a new US\$250,000 unsecured revolving credit facility (the "Unsecured Facility"), which replaced the existing \$150,000 secured revolving credit facility. In addition to being able to borrow on the Unsecured Facility in Canadian and U.S. dollars, the Trust can borrow in euros. The Unsecured Facility bears interest at the Canadian Bankers' Acceptance ("BA") rate plus 1.70% or Canadian prime rate plus 0.70% on Canadian dollar draws, or U.S. LIBOR rate plus 1.70% or U.S. base rate plus 0.70% on U.S. dollar draws, or euro LIBOR rate plus 1.70% on euro draws. The Unsecured Facility matures on January 14, 2022.

As at June 30, 2020 and December 31, 2019, there were no amounts drawn on the respective revolving credit facilities.

The following tables summarize certain details of the Trust's respective revolving credit facilities as at June 30, 2020 and December 31, 2019:

		June 30, 2020			
	Maturity date	Borrowing capacity	Principal outstanding	Other adjustments	Amounts available to be drawn
Unsecured Facility	January 14, 2022	\$ 340,700	\$ —	\$ —	\$ 340,700

		December 31, 2019			
	Maturity date	Borrowing capacity	Principal outstanding	Other adjustments	Amounts available to be drawn
Secured revolving credit facility ⁽¹⁾⁽²⁾	June 30, 2021	\$ 150,000	\$ —	\$ —	\$ 150,000

(1) Canadian BA rate plus 1.70% or Canadian prime rate plus 0.70% or U.S. LIBOR rate plus 1.70% or U.S. base rate plus 0.70%.

(2) The secured revolving credit facility has the ability to be drawn in Canadian and U.S. dollars.

Note 7

INVESTMENT PROPERTIES REVENUE

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Rental income	\$ 50,795	\$ 41,443	\$ 97,939	\$ 78,595
Recoveries revenue	8,265	8,353	17,671	16,241
Total	\$ 59,060	\$ 49,796	\$ 115,610	\$ 94,836

Note 8

FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Unrealized remeasurement of carrying value of subsidiary redeemable units	\$ (23,932)	\$ 2,412	\$ 45,637	\$ (42,299)
Unrealized remeasurement of carrying value of deferred trust units	(1,062)	(67)	1,501	(1,856)
Unrealized fair value adjustment on interest rate swaps	(655)	(840)	(6,721)	(2,785)
Unrealized fair value adjustment on foreign exchange swaps	8,794	—	—	—
Total unrealized fair value adjustments	\$ (16,855)	\$ 1,505	\$ 40,417	\$ (46,940)
Realized fair value adjustment on foreign exchange swaps ⁽¹⁾	(3,415)	—	(3,415)	—
Total	\$ (20,270)	\$ 1,505	\$ 37,002	\$ (46,940)

(1) On April 30, 2020, the Trust settled three foreign currency swap agreements for net cash payment of \$3,415. See Note 17 for further details.

Note 9

NET GAIN (LOSS) ON TRANSACTIONS AND OTHER ACTIVITIES

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Internal leasing costs	\$ (702)	\$ (584)	\$ (1,499)	\$ (1,156)
Foreign exchange gain (loss)	(213)	440	2,475	578
Depreciation of property and equipment	(5)	(11)	(9)	(27)
Costs on sale of investment properties	—	(29)	—	(29)
Total	\$ (920)	\$ (184)	\$ 967	\$ (634)

Note 10

DISTRIBUTIONS

Dream Industrial REIT's Declaration of Trust, as amended and restated, provides the Board of Trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust. Monthly distribution payments to unitholders are payable on or about the 15th day of the following month.

The Trust declared distributions of \$0.175 and \$0.35, respectively, in each of the three and six months ended June 30, 2020 and June 30, 2019.

The following table summarizes distributions paid and payable for the six months ended June 30, 2020 and June 30, 2019:

	Six months ended June 30,	
	2020	2019
Paid in cash	\$ (43,048)	\$ (26,636)
Paid by way of reinvestment in REIT Units ⁽¹⁾	(8,537)	(10,816)
Less: Payable at December 31, 2019/December 31, 2018	7,878	5,370
Plus: Payable at June 30, 2020/June 30, 2019	(8,905)	(7,013)
Total distributions paid and payable	\$ (52,612)	\$ (39,095)

(1) Excludes REIT Units issued under the DRIP for LP B Units.

On June 19, 2020, the Trust announced a cash distribution of \$0.05833 per REIT Unit for the month of June 2020. The June 2020 distribution is payable to unitholders on record as at June 30, 2020. On July 15, 2020, the June 2020 distribution was paid in cash totalling \$8,905.

On July 22, 2020, the Trust announced a cash distribution of \$0.05833 per REIT Unit for the month of July 2020. The July 2020 distribution will be payable on August 14, 2020 to unitholders on record as at July 31, 2020.

Note 11

EQUITY

Public offerings of REIT Units

The following table summarizes the public offerings of REIT Units issued for the six months ended June 30, 2020 and June 30, 2019. Total costs related to the offerings were charged directly to unitholders' equity.

Date of public offering	Six months ended June 30, 2020			
	Number of REIT Units	Unit price	Gross proceeds	Issue costs
February 12, 2020 ⁽¹⁾	16,859,000	\$ 13.65	\$ 230,125	\$ 9,892

(1) Includes 2,199,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

Date of public offering	Six months ended June 30, 2019			
	Number of REIT Units	Unit price	Gross proceeds	Issue costs
February 13, 2019 ⁽¹⁾	13,800,000	\$ 10.45	\$ 144,210	\$ 6,408
April 25, 2019 ⁽²⁾	12,477,500	11.55	144,115	6,405
Total	26,277,500		\$ 288,325	\$ 12,813

(1) Includes 1,800,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

(2) Includes 1,627,500 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

Short form base shelf prospectus

On October 15, 2019, the Trust filed and obtained a receipt for a final short form base shelf prospectus dated October 11, 2019, which is valid for a 25-month period, during which time the Trust may, from time to time, offer and issue REIT Units, subscription receipts and debt securities, or any combination thereof, having an aggregate offering price of up to \$2,000,000. As at June 30, 2020, \$402,742 of REIT Units have been issued under the current base shelf prospectus. The issuance is pursuant to the current base shelf prospectus as supplemented by the prospectus supplement.

Normal course issuer bid

The Trust commenced a normal course issuer bid ("NCIB") on March 31, 2020 which will remain in effect until the earlier of March 30, 2021 or the date on which the Trust has purchased the maximum number of REIT Units permitted under the NCIB. Under the NCIB, the Trust has the ability to purchase for cancellation up to a maximum of 14,204,702 of its REIT Units (representing 10% of Dream Industrial REIT's public float of 142,047,020 REIT Units) through the facilities of the TSX. The actual number of REIT Units that may be purchased and the timing of any such purchases will be determined by the Trust subject to a maximum daily purchase limitation of 128,414 REIT Units, which equals 25% of the average daily trading volume ("ADTV") during the last six calendar months preceding the commencement of the NCIB (being 513,657 REIT Units per day), other than purchases pursuant to applicable block purchase exceptions.

In connection with the NCIB, the Trust has established an automatic securities purchase plan (the "ASP Plan") with its designated broker to facilitate the purchase of REIT Units under the NCIB at times when the Trust would ordinarily not be permitted to purchase REIT Units due to regulatory restrictions or self-imposed blackout periods. Purchases will be made by the Trust's broker based upon the parameters prescribed by the TSX and the terms of the parties' written agreement. Outside of such restricted or blackout periods, the REIT Units may also be purchased in accordance with management's discretion. The ASP Plan has been pre-cleared by the TSX and will terminate on March 30, 2021.

For the three and six months ended June 30, 2020, no REIT Units were purchased through NCIB.

Distribution Reinvestment and Unit Purchase Plan

The Distribution Reinvestment and Unit Purchase Plan (the "DRIP") allows holders of REIT Units or subsidiary redeemable units, other than unitholders who are resident of or present in the U.S., to elect to have all cash distributions from the Trust reinvested in additional units. Unitholders under the DRIP are eligible to receive a bonus distribution of units equal to 3% of the cash distribution reinvested.

In response to the market disruption caused by the COVID-19 pandemic, the Trust announced on March 27, 2020 that it has suspended the DRIP effective as of the distribution payable on April 15, 2020 to unitholders of record as at March 31, 2020 (the "March 2020 Distribution"). The DRIP will remain suspended until further notice, and commencing with the March 2020 Distribution, distributions of the Trust will be paid only in cash. Upon reinstatement of the DRIP, plan participants enrolled in the DRIP at the time of its suspension who remain enrolled at the time of its reinstatement will automatically resume participation in the DRIP.

Note 12

SUPPLEMENTARY CASH FLOW INFORMATION

The components of depreciation and amortization under operating activities include:

	Note	Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
Amortization of lease incentives	4	\$ 425	\$ 387	\$ 752	\$ 879
Depreciation of property and equipment	9	5	11	9	27
Total depreciation and amortization		\$ 430	\$ 398	\$ 761	\$ 906

The components of other adjustments under operating activities include:

	Note	Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
Change in straight-line rent	4	\$ (372)	\$ (247)	\$ (1,187)	\$ (811)
Deferred unit compensation expense		833	841	1,199	1,309
Interest on subsidiary redeemable units		3,247	3,344	6,558	6,688
Deferred income tax expense		273	1,977	1,328	2,551
Foreign exchange loss (gain)	9	213	(440)	(2,475)	(578)
Costs on sale of investment properties		—	419	2	419
Total other adjustments		\$ 4,194	\$ 5,894	\$ 5,425	\$ 9,578

The components of the changes in non-cash working capital under operating activities include:

		Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
Increase in amounts receivable	\$	(4,944)	(835)	(6,837)	(2,091)
Decrease (increase) in prepaid expenses and other assets		1,998	(2,023)	151	(2,058)
Decrease (increase) in other non-current assets		(12)	(17)	49	(21)
Increase (decrease) in amounts payable and accrued liabilities		5,384	(4,229)	3,629	(4,103)
Increase (decrease) in other non-current liabilities		(42)	848	1,284	1,149
Change in non-cash working capital	\$	2,384	(6,256)	(1,724)	(7,124)

Note 13

SEGMENTED INFORMATION

For the year ended December 31, 2019, the Trust's reportable operating segments of its investment properties and results of operations were segmented into geographic components, namely Western Canada, Ontario, Québec and the U.S.

For the three and six months ended June 30, 2020, the Trust included Europe as a new segment to incorporate the Trust's newly acquired properties in that geographic market during the prior quarter.

The chief operating decision-maker, determined to be the Chief Executive Officer of the Trust, considers the performance of assets held for sale and disposed properties separately from the investment properties in the geographic segments, and discontinued operations separately from the segmented income in the geographic segments.

The Trust did not allocate interest expense to the geographic segments since financing is viewed as a corporate function. The decision as to where to incur the debt is largely based on minimizing the cost of debt and is not specifically related to the segments. Similarly, other income, other expenses, fair value adjustments to financial instruments, net gain (loss) on transactions and other activities (excluding internal leasing costs), and income taxes were not allocated to the segments.

Three months ended June 30, 2020	Western Canada	Ontario	Québec	U.S.	Europe	Segment total	Other ⁽¹⁾	Total
Investment properties revenue	\$ 16,090	\$ 16,046	\$ 9,287	\$ 12,655	\$ 4,983	\$ 59,061	\$ (1)	\$ 59,060
Investment properties operating expenses	(6,122)	(4,746)	(2,305)	(3,152)	(355)	(16,680)	(2)	(16,682)
Net rental income (segmented income)	\$ 9,968	\$ 11,300	\$ 6,982	\$ 9,503	\$ 4,628	\$ 42,381	\$ (3)	\$ 42,378
Fair value adjustments on investment properties	\$ (6,879)	\$ 5,350	\$ 199	\$ (221)	\$ —	\$ (1,551)	\$ —	\$ (1,551)
Net loss on transactions and other activities ⁽²⁾	(337)	(224)	(141)	—	—	(702)	(218)	(920)

(1) Other includes properties sold and properties originally held for sale and subsequently sold during the prior year that were not presented separately as discontinued operations. Furthermore, other includes items within net gain (loss) on transactions and other activities that were not segmented.

(2) Net loss on transactions and other activities allocated to the geographic segments represent internal leasing costs.

Three months ended June 30, 2019	Western Canada	Ontario	Québec	U.S.	Europe	Segment total	Other ⁽¹⁾	Total
Investment properties revenue	\$ 16,742	\$ 13,189	\$ 8,363	\$ 11,502	\$ 49,796	\$ —	\$ —	\$ 49,796
Investment properties operating expenses	(5,727)	(4,011)	(2,216)	(2,657)	(14,611)	—	—	(14,611)
Net rental income (segmented income)	\$ 11,015	\$ 9,178	\$ 6,147	\$ 8,845	\$ 35,185	\$ —	\$ —	\$ 35,185
Fair value adjustments on investment properties	\$ (1,109)	\$ 45,194	\$ 5,906	\$ 13,408	\$ 63,399	\$ —	\$ —	\$ 63,399
Net gain (loss) on transactions and other activities ⁽²⁾	(300)	(146)	(138)	—	(584)	400	—	(184)

(1) Other includes items within net gain (loss) on transactions and other activities that were not segmented.

(2) Net gain (loss) on transactions and other activities allocated to the geographic segments represent internal leasing costs.

Six months ended June 30, 2020	Western Canada	Ontario	Québec	U.S.	Europe	Segment total	Other ⁽¹⁾	Total
Investment properties revenue	\$ 32,534	\$ 31,690	\$ 18,732	\$ 25,180	\$ 7,475	\$ 115,611	\$ (1)	\$ 115,610
Investment properties operating expenses	(11,915)	(9,411)	(4,980)	(6,611)	(555)	(33,472)	(19)	(33,491)
Net rental income (segmented income)	\$ 20,619	\$ 22,279	\$ 13,752	\$ 18,569	\$ 6,920	\$ 82,139	\$ (20)	\$ 82,119
Fair value adjustments on investment properties ⁽²⁾	\$ (11,695)	\$ (2,720)	\$ (1,014)	\$ (2,700)	\$ (19,961)	\$ (38,090)	\$ —	\$ (38,090)
Net gain (loss) on transactions and other activities ⁽³⁾	(654)	(510)	(335)	—	—	(1,499)	2,466	967

(1) Other includes properties sold and properties originally held for sale and subsequently sold during the prior year that were not presented separately as discontinued operations. Furthermore, other includes items within net gain (loss) on transactions and other activities that were not segmented.

(2) During the six months ended June 30, 2020, the Trust wrote off transaction costs totalling \$25,500 included in fair value adjustments on investment properties.

(3) Net gain (loss) on transactions and other activities allocated to the geographic segments represent internal leasing costs.

Six months ended June 30, 2019	Western Canada	Ontario	Québec	U.S.	Europe	Segment total	Other ⁽¹⁾	Total
Investment properties revenue	\$ 33,609	\$ 25,595	\$ 16,442	\$ 19,190	\$ 94,836	\$ —	\$ —	\$ 94,836
Investment properties operating expenses	(11,663)	(7,680)	(4,452)	(4,157)	(27,952)	—	—	(27,952)
Net rental income (segmented income)	\$ 21,946	\$ 17,915	\$ 11,990	\$ 15,033	\$ 66,884	\$ —	\$ —	\$ 66,884
Fair value adjustments on investment properties	\$ (2,834)	\$ 64,055	\$ 12,503	\$ 9,959	\$ 83,683	\$ —	\$ —	\$ 83,683
Net gain (loss) on transactions and other activities ⁽²⁾	(587)	(297)	(272)	—	(1,156)	522	—	(634)

(1) Other includes items within net gain (loss) on transactions and other activities that were not segmented.

(2) Net gain (loss) on transactions and other activities allocated to the geographic segments represent internal leasing costs.

Investment properties

Six months ended June 30, 2020	Western Canada	Ontario	Québec	U.S.	Europe	Total
Investment properties	\$ 613,328	\$ 971,050	\$ 423,378	\$ 602,329	\$ 287,324	\$ 2,897,409
Capital expenditures ⁽¹⁾	3,388	2,607	993	634	495	8,117

(1) Includes building improvements and initial direct leasing costs and lease incentives.

Year ended December 31, 2019	Western Canada	Ontario	Québec	U.S.	Other ⁽¹⁾	Total
Investment properties	\$ 621,946	\$ 817,061	\$ 414,085	\$ 575,572	—	\$ 2,428,664
Capital expenditures ⁽²⁾	10,451	6,058	3,669	699	3,321	24,198

(1) Includes capital expenditures associated with the Eastern Canada region prior to region being reclassified to assets held for sale at June 30, 2019.

(2) Includes building improvements and initial direct leasing costs and lease incentives.

Note 14

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

From time to time, Dream Industrial REIT and its subsidiaries enter into transactions with related parties, generally conducted on a cost-recovery basis or under normal commercial terms.

Related party transactions

Fees and cost reimbursements with related parties were as follows:

Agreements with DAM

The following table summarizes our fees paid to or received from DAM, including both continuing and discontinued operations, for the three and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Incurring under the Asset Management Agreement:				
Asset management fee (included in general and administrative expenses)	\$ (1,522)	\$ (1,380)	\$ (2,925)	\$ (2,641)
Acquisition fee (included in investment properties)	—	(374)	(2,748)	(2,243)
Expense reimbursements related to financing arrangements	(244)	(87)	(516)	(167)
Total costs incurred under the Asset Management Agreement	\$ (1,766)	\$ (1,841)	\$ (6,189)	\$ (5,051)
Total costs reimbursed under the Shared Services and Cost Sharing Agreement	\$ (252)	(154)	(793)	(333)
Total property management fees earned under the Property Management Agreement	\$ —	\$ —	\$ —	\$ 7

The Asset Management Agreement (“AMA”) with DAM provides for an incentive fee payable in an amount equal to 15% of the Trust’s adjusted funds from operations per unit as defined in the AMA, which includes gains on the disposition of any properties in the year (together, “AFFO”), in excess of the hurdle amount initially set at \$0.80 per unit and which increases annually by 50% of the increase in the consumer price index (the “Hurdle Amount”). For the most recently completed fiscal year for the AMA which ended October 3, 2019, the Hurdle Amount was \$0.86 per unit.

The AMA has an initial term ending October 3, 2022 and is automatically renewed for further five-year terms unless and until terminated in accordance with its terms. The AMA may be terminated by DAM at any time after the initial term. Other than in respect of termination resulting from certain events of insolvency of DAM, on termination of the AMA, all accrued fees under the AMA, including the incentive fee, are payable to DAM. In such circumstances or if the Trust is acquired, the incentive fee is calculated as if all the Trust’s properties were sold on the applicable date.

Disposition gains in the AFFO calculation used for determining the incentive fee are based on the fair value of the Trust’s investment properties, at the applicable date, relative to their historic purchase price. As at June 30, 2020, the historic purchase price for the Trust’s investment properties was \$2,434,512 (December 31, 2019 – \$2,009,428).

As at June 30, 2020 and December 31, 2019, no incentive fee has been paid or payable by the Trust to DAM.

The amount of the incentive fee payable by the Trust on any date will be contingent upon various factors, including, but not limited to, changes in the Trust's AFFO as defined in the AMA, movements in the fair value of investment properties, acquisitions and dispositions, future foreign exchange rates, and changes in the total number of outstanding units of the Trust.

Agreements with DHAAT

The following table summarizes our fees received from DHAAT for the three and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Total revenue under lease agreements and the Property Management Agreement	\$ —	\$ 38	\$ —	\$ 77

Agreement and transactions with Dream Office REIT

The following table summarizes the costs reimbursed to Dream Office REIT for the three and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Total costs reimbursed under the Services Agreement	\$ (1,238)	\$ (1,275)	\$ (2,533)	\$ (2,046)

The following table summarizes our distributions paid and payable to subsidiaries of Dream Office REIT for the three and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Distributions paid and payable to Dream Office REIT on subsidiary redeemable units	\$ (3,247)	\$ (3,344)	\$ (6,558)	\$ (6,688)
Distributions paid and payable to Dream Office REIT on REIT Units	(1,606)	(1,425)	(3,220)	(2,789)
Distributions paid and payable to Dream Office REIT	\$ (4,853)	\$ (4,769)	\$ (9,778)	\$ (9,477)

Agreements with PAULS Corp

The following table summarizes our fees paid and costs reimbursed to an affiliate of PAULS Corp for the three and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Property management	\$ (209)	\$ (218)	\$ (417)	\$ (363)
Portfolio management	(269)	(119)	(480)	(158)
Leasing costs	(47)	(21)	(47)	(21)
Financing costs	(2)	(4)	(10)	(14)
Total costs incurred under the Property Management Agreement	\$ (527)	\$ (362)	\$ (954)	\$ (556)

Amounts due from (to) related parties

	June 30, 2020	December 31, 2019
Amounts due from related parties		
Dream Office REIT	\$ 218	\$ 2,275
DAM	6	—
Amounts due to related parties		
DAM	\$ (1,028)	\$ (935)
Dream Office REIT	(475)	(302)
PAULS Corp	(158)	(100)

Distributions and interest payable to Dream Office REIT

	June 30, 2020	December 31, 2019
Interest payable on subsidiary redeemable units to Dream Office REIT ⁽¹⁾	\$ (1,082)	\$ (1,114)
Distributions payable to Dream Office REIT ⁽²⁾	(535)	(529)

(1) Interest payable on subsidiary redeemable units is in relation to the 18,551,855 subsidiary redeemable units held by Dream Office REIT as at June 30, 2020 and December 31, 2019.

(2) Distributions payable is in relation to the 9,177,705 REIT Units held by Dream Office REIT as at June 30, 2020 (December 31, 2019 – 8,792,170 REIT Units).

Note 15

COMMITMENTS AND CONTINGENCIES

Dream Industrial REIT and its operating subsidiaries are contingently liable under guarantees that are issued in the normal course of business and with respect to litigation and claims that may arise from time to time. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on our condensed consolidated financial statements.

The Trust participates in a joint venture with other related parties that own a development site in Las Vegas, Nevada. Under the operating agreement, the Trust has committed to make capital contributions of US\$10,703 for the development of the project, in addition to the purchase price of the land. Since inception of the joint venture to June 30, 2020, the Trust has funded US\$381 in development costs.

Note 16

RISK MANAGEMENT

The Trust previously disclosed its risk exposures in the annual consolidated financial statements for the year ended December 31, 2019 and they have remained unchanged except as disclosed below.

Increase in credit risk as a result of COVID-19

Credit risk arises from the possibility that tenants in investment properties may not fulfill their lease. The Trust mitigates its credit risks from its tenants by attracting tenants of sound financial standing and by diversifying its mix of tenants.

COVID-19 and the measures to contain it have created significant uncertainty in the general economy. A deterioration in the economy may impact the ability of tenants to meet their obligations under their leases. The Trust continues to assess the effect of economic conditions on the creditworthiness of its tenants. As part of this assessment, the Trust reviews the risk profiles of its tenant base to assess which tenants are likely to continue meeting their obligations under their leases and which tenants are at a greater risk of default.

As at June 30, 2020, the Trust has recorded COVID-19 related provisions totalling \$1,277 which are included in net rental income. This provisions balance represents an estimate of potential credit losses on our trade receivables for all uncollected rent as at June 30, 2020 along with the 25% of recurring contractual gross rent that the Trust expects to forgive, subject to the participating tenants' eligibility in the Canada Emergency Commercial Rent Assistance ("CECRA") program.

European foreign exchange risk

During 2020, the Trust expanded its investment activities into the European market and as a result is exposed to additional foreign exchange risk due to the fluctuation in the exchange rates between the Canadian dollar and the euro. The Trust's objective in managing foreign exchange risk is to mitigate the exposure from fluctuations in the foreign exchange rate by placing euro-denominated debt against its European investments, and the Trust may in the short term enter into short-term foreign currency swaps until that debt is in place.

Note 17

FAIR VALUE MEASUREMENTS

Financial instruments carried at amortized cost where carrying value does not approximate fair value are noted below:

	Note	June 30, 2020		December 31, 2019	
		Carrying value	Fair value	Carrying value	Fair value
Mortgages	6	\$ 870,883	\$ 889,129	\$ 1,015,143	\$ 1,018,854
Revolving credit facility	6	(982)	—	(575)	—

Amounts receivable, cash and cash equivalents, tenant security deposits, amounts payable and accrued liabilities are carried at amortized cost, which approximates fair value due to their short-term nature. Subsidiary redeemable units and deferred trust units are carried at amortized cost, which approximates fair value as they are readily redeemable financial instruments.

The following table provides the fair value measurement hierarchy of the Trust's financial assets and liabilities measured at fair value on a recurring basis:

Recurring fair value measurements	Carrying value as at		Fair value as at June 30, 2020		
	June 30, 2020		Level 1	Level 2	Level 3
Financial liabilities: Fair value of interest rate swaps	\$ (6,194)	\$	—	\$ (6,194)	\$ —

Recurring fair value measurements	Carrying value as at		Fair value as at December 31, 2019		
	December 31, 2019		Level 1	Level 2	Level 3
Financial assets: Fair value of interest rate swaps	\$ 1,422	\$	—	\$ 1,422	\$ —
Financial liabilities: Fair value of interest rate swaps	(895)		—	(895)	—

Quoted prices in active markets represent a Level 1 valuation. When quoted prices are not available, the Trust maximizes the use of observable inputs. When all significant inputs are observable, either directly or indirectly, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. The Trust's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer. There were no transfers in or out of Level 1, Level 2 or Level 3 fair value measurements during the period.

The fair value measurement of the interest rate swaps was valued by qualified independent valuation professionals based on the present value of the estimated future cash flows determined using observable yield curves.

Foreign currency swaps

During the first quarter, the Trust entered into three foreign currency swap agreements to reduce the Trust's exposure to foreign currency fluctuations on its European investments. The details of the foreign currency swap agreements are as follows:

As at June 30, 2020					
	Sell euros	Contracted rate (euro to US\$)	Maturity date	Financial instrument measurement	Fair value assets ⁽¹⁾
Euro to U.S. dollar foreign currency swap	€ 72,461	\$ 1.10	April 30, 2020	Fair value through profit or loss	\$ —
Total	€ 72,461				\$ —

(1) Included in "Prepaid and other assets" in the condensed consolidated balance sheets prior to settlement on April 30, 2020.

As at June 30, 2020					
	Sell euros	Contracted rate (euro to C\$)	Maturity date	Financial instrument measurement	Fair value liabilities ⁽¹⁾
Euro to Canadian dollar foreign currency swap	€ 72,000	\$ 1.44	April 30, 2020	Fair value through profit or loss	\$ —
Euro to Canadian dollar foreign currency swap	10,350	1.50	April 30, 2020	Fair value through profit or loss	—
Total	€ 82,350				\$ —

(1) Included in "Amounts payable and accrued liabilities" in the condensed consolidated balance sheets prior to settlement on April 30, 2020.

On April 30, 2020, the Trust settled the three foreign currency swap agreements for net cash payment of \$3,415 (see Note 8).

Corporate Information

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STOCK EXCHANGE LISTING

The Toronto Stock Exchange

Listing Symbol: DIR.UN

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