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Management's discussion and analysis

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

SECTION I – FINANCIAL HIGHLIGHTS

KEY PERFORMANCE INDICATORS

Performance is measured by these and other key indicators:

	As at	
	September 30, 2018 ⁽¹⁾	December 31, 2017 ⁽¹⁾
Total portfolio		
Number of properties	222	215
Gross leasable area ("GLA") (in millions of sq. ft.)	20.1	17.2
Occupancy rate – including committed	96.8%	96.6%
Occupancy rate – in-place	95.5%	95.7%
Average occupancy for the period	95.5%	95.8%
Average in-place base rent per sq. ft. – Canada	\$ 7.22	\$ 7.17
Average in-place base rent per sq. ft. – U.S. (US\$)	\$ 3.93	\$ 4.08
Weighted average remaining lease term (years)	4.1	4.0
Estimated market rent in excess of in-place rent – Canada ⁽²⁾	3.7%	3.1%
Estimated market rent in excess of in-place rent – U.S. ⁽²⁾	0.8%	0.7%

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Operating results				
Investment properties revenue	\$ 47,597	\$ 42,091	\$ 143,458	\$ 127,622
Net rental income	33,665	29,037	98,738	86,374
Net operating income ("NOI") ⁽³⁾	33,665	29,037	98,738	86,374
Net income	29,960	9,091	91,073	15,193
Funds from operations ("FFO") ⁽³⁾	22,749	18,708	64,106	54,969
Distributions				
Total distributions ⁽⁴⁾	\$ 19,211	\$ 14,033	\$ 53,122	\$ 41,655
Distribution Reinvestment and Unit Purchase Plan ("DRIP") participation rate ⁽⁴⁾	37.4%	36.1%	38.2%	35.9%
Per Unit amounts				
Distribution rate	\$ 0.17	\$ 0.17	\$ 0.52	\$ 0.52
FFO (basic) ⁽³⁾⁽⁵⁾	0.21	0.23	0.64	0.69
FFO (diluted) ⁽³⁾⁽⁵⁾	0.21	0.23	0.64	0.68
FFO payout ratio⁽⁶⁾	85.0%	76.1%	82.0%	77.1%

	As at	
	September 30, 2018	December 31, 2017
Financing		
Weighted average effective interest rate ⁽⁷⁾	3.72%	3.88%
Weighted average face interest rate ⁽⁷⁾	3.62%	3.75%
Weighted average remaining term to maturity (years)	4.3	3.8
Interest coverage ratio (times) ⁽³⁾ – year-to-date	3.4	3.3
Level of debt (net debt-to-assets) ⁽³⁾	44.3%	47.9%
Net debt-to-adjusted EBITDA ⁽³⁾	7.0	7.3
Unencumbered assets ⁽⁸⁾	\$ 209,703	\$ 113,191

(1) Excludes property or properties held for sale.

(2) Estimated market rents 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.

- (3) NOI, FFO, interest coverage ratio, level of debt (net debt-to-assets) and net debt-to-adjusted EBITDA are non-GAAP measures. See “Non-GAAP measures and other disclosures” for a description of these non-GAAP measures.
- (4) A description of total distributions and DRIP participation rate can be found under the heading “Our equity”.
- (5) A description of the determination of basic and diluted amounts per Unit can be found under the heading “Non-GAAP measures and other disclosures”.
- (6) FFO payout ratio is calculated as the ratio of the distribution rate to diluted FFO per Unit.
- (7) A description of weighted average effective interest rate and weighted average face interest rate can be found under the heading “Our financing”.
- (8) A description of unencumbered assets can be found under the heading “Non-GAAP measures and other disclosures”. Unencumbered assets includes property or properties held for sale.

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 “Dream Industrial” or “the Trust”) should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017 and the condensed consolidated financial statements for the nine months ended September 30, 2018.

This MD&A is dated as at November 6, 2018.

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
- “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.

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, 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, 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” or “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; the financial condition of tenants; our ability to refinance maturing debt; leasing risks, including those associated with the ability to lease vacant space; our ability to source and complete accretive acquisitions; and interest rates.

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; 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 November 6, 2018. Dream Industrial 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 real estate investment trust which provides investors with the opportunity to invest in a pure-play industrial REIT based in Canada with a growing presence in the U.S. Our REIT Units are listed on the Toronto Stock Exchange under the trading symbol DIR.UN.

As of the date of this MD&A, excluding the asset held for sale, we own 223 primarily light industrial income-producing properties totalling 20.2 million square feet of gross leasable area ("GLA"). Our properties are located in key industrial markets across Canada and the U.S.

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 industrial distribution and warehousing properties in major markets, based on an established platform;
- Providing predictable and sustainable cash distributions 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 income-producing industrial properties across key markets in Canada and the U.S., providing stable and predictable distributions to unitholders on a tax-efficient basis. Our strategy is to grow our portfolio by investing in key markets to generate stable cash flows 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, retain and attract 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 and strengthening our conservative financial profile

We operate our business in a disciplined manner with a strong focus on maintaining a conservative financial structure. We actively manage our mortgage maturity profile, 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 the Trust's asset manager, Dream Asset Management Corporation, the Trust has access to the U.S. market and PAULS Corp's operational platform in the U.S.

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 functionality and appeal to future tenants; and how the asset complements our existing portfolio.

FINANCIAL OVERVIEW

Dream Industrial continued to deliver on its strategic initiatives with two acquisitions in the third quarter, 721,000 square feet in Columbus, Ohio and 205,000 square feet in the Greater Toronto Area (“GTA”). The Columbus properties and the GTA property are all fully leased with a weighted average lease term (“WALT”) of approximately 6.6 years.

The Trust continues its positive operational momentum with 14.3% overall NOI (a non-GAAP measure) growth and 1.7% comparative properties NOI (a non-GAAP measure) growth for the nine months ended September 30, 2018, compared to the same period last year. Occupancy remains strong at 96.8%, up 20 basis points (“bps”) from the previous quarter. During the quarter, occupancy in Western Canada increased by 130 bps from 92.9% at June 30, 2018 to 94.2% at September 30, 2018. For leases transacted during the nine months ended September 30, 2018, average rental spreads to the expiring rents for Ontario and Québec were higher by 12.3% and 8.2%, respectively. The renewal spreads for the total portfolio for the quarter were 2.7% higher than the expiring rates with increases of 3.2% in Ontario, 8.2% in Québec and 1.1% in Eastern Canada, respectively, offset by a decrease of 3.5% in Western Canada, where we remain focused on occupancy growth.

Our net asset value (“NAV”) (a non-GAAP measure) continued to grow with an increase of \$0.77, or 8.2%, compared to December 31, 2017, reflecting higher investment property values. Our balance sheet remains strong with our level of debt (net debt-to-assets) (a non-GAAP measure) at 44.3% and liquidity (a non-GAAP measure) of \$86.8 million, comprised of \$78.4 million available on our credit facility and the remainder from cash and cash equivalents.

With a strong balance sheet and acquisitions that improve the overall quality of our investment property portfolio, we have set the foundation for further growth for the remainder of 2018 and in 2019.

Net income for the three months ended September 30, 2018 was \$30.0 million, compared to \$9.1 million in the prior year comparative quarter. For the nine months ended September 30, 2018, net income was \$91.1 million, compared to \$15.2 million in the prior year comparative period. Net income increased due to higher net rental income and positive fair value adjustments to investment properties attributed to higher investment property valuations, offset by fair value adjustments on the Trust’s subsidiary redeemable units as the Trust’s unit price increased. The fair value adjustments are excluded from the calculation of FFO.

Diluted FFO per Unit (a non-GAAP measure) for the three months ended September 30, 2018 was \$0.21, compared to \$0.23 in the prior year comparative quarter. For the nine months ended September 30, 2018, diluted FFO was \$0.64, compared to \$0.68 in the prior year comparative period. The increase from overall NOI growth was offset by lower leverage, as well as the timing of reinvesting proceeds from the equity offering in June 2018.

NAV per Unit as at September 30, 2018 was \$10.12, an increase of \$0.77, or 8.2%, compared to December 31, 2017, reflecting higher investment property values.

Comparative properties NOI (a non-GAAP measure) for the three months ended September 30, 2018 increased 0.6% over the prior year comparative quarter. Comparative properties NOI was \$29.5 million for the three months ended September 30, 2018 (\$29.3 million for the three months ended September 30, 2017). For the nine months ended September 30, 2018, comparative properties NOI increased 1.7% over the prior year comparative period. Comparative properties NOI was \$88.5 million for the nine months ended September 30, 2018 (\$87.0 million for the nine months ended September 30, 2017).

The increase is due to higher average occupancy and higher rental rates in Ontario, higher average occupancy in Eastern Canada and higher rental rates in Québec, offset by lower average occupancy in Western Canada.

In-place occupancy (including committed space) for our total portfolio remained strong at 96.8% at September 30, 2018, compared to 96.6% at June 30, 2018. For our comparative portfolio, in-place occupancy was unchanged at 96.1% at September 30, 2018.

In Western Canada, occupancy increased by 130 bps due to stronger leasing activity led by Calgary. Occupancy was relatively stable in Ontario and Eastern Canada, with Québec down 90 bps due to two early terminations. Our U.S. portfolio was unchanged at 100%.

Our occupancy at September 30, 2018 includes 263,000 square feet of commitments on vacant space, all of which will commence in the next two quarters.

Leasing activity during the quarter consisted of 733,000 square feet of new leases and renewals, compared to 714,000 square feet of expiries and terminations during the quarter. Approximately 70.6% of our expiries were renewed during the quarter and, including the relocation of tenants within our portfolio, the retention ratio was 78.2%. The average remaining lease term at September 30, 2018 was 4.1 years.

In-place rents for the Canadian portfolio were \$7.22 per square foot; in-place rents for the U.S. portfolio were US\$3.93 per square foot. Renewals for the quarter were completed at \$7.22 per square foot, or 2.7% higher than expiring rates. New leases were completed at \$7.73 per square foot.

Renewal spreads for the three months ended September 30, 2018 were positive in Ontario, Québec and Eastern Canada, with renewals completed at rental rates 3.7% higher than the expiring rental rates. We early renewed a 210,000 square foot tenant in Ontario expiring in 2019. The existing lease had no scheduled rent increases for the remaining term, and with this renewal agreement, we negotiated a 1.9% increase effective this quarter with an additional 13% increase in mid-2019, the latter of which is not reflected in the third quarter renewal spread. In Québec, for the renewals commencing in the quarter, renewal spreads were 8.2% higher than expiring rents. In Western Canada, renewal spreads for the three months ended September 30, 2018 were 3.5% lower than the expiring rents. The Trust is focused on maximizing occupancy while prudently investing capital in Western Canada and is well-positioned to report improved results as the market recovers. For leases transacted during the nine months ended September 30, 2018, average rental spreads to the expiring rents for Ontario and Québec were higher by 12.3% and 8.2%, respectively.

Estimated market rents for the Canadian portfolio were \$7.49 per square foot; estimated market rents for the U.S. portfolio were US\$3.96 per square foot. In our Canadian portfolio, market rents were 3.7% above in-place rents, reflecting strong demand for industrial space across all regions and primarily in Ontario.

Leasing and tenant profile remained stable. Our lease maturities profile remains staggered and the tenant base remains diversified.

Investment properties at September 30, 2018 totalled 20.1 million square feet and were valued at \$2.1 billion, reflecting a weighted average capitalization rate of 6.34% on stabilized NOI (a non-GAAP measure).

Compared to December 31, 2017, our comparative property values increased by \$96.6 million. The increases were driven by Ontario and Québec where the property values increased by \$77.1 million and \$28.8 million, respectively, due to leasing activity, lower capitalization rates and higher market rents. In Eastern Canada and Western Canada, comparative property values increased by \$2.9 million and decreased by \$12.2 million, respectively, due to leasing activity, and property-specific changes in capitalization and market rents.

The Trust further expanded in the GTA and entered the Columbus industrial market. On August 2, 2018, the Trust completed the acquisition of a 205,000 square foot, fully leased, Class A multi-tenant industrial property in the GTA for a purchase price of \$37.4 million. On September 6, 2018, the Trust completed the acquisition of two fully leased properties totalling 721,000 square feet in Columbus, Ohio, for a purchase price of \$81.2 million.

Subsequent to the quarter, on October 24, 2018, the Trust purchased a 121,000 square foot, fully leased Class A distribution facility located in the Greater Montréal Area for a purchase price of \$13.6 million, excluding transaction costs. The purchase was financed with working capital and the Trust's revolving credit facility.

Total debt as at September 30, 2018 was \$926.2 million. The weighted average remaining term on our total debt was 4.3 years, and the weighted average face interest rate was 3.62%.

On August 2, 2018, the Trust early redeemed the 5.25% convertible debentures at par. The Trust paid \$111.8 million in aggregate, representing \$111.3 million in principal outstanding on the redemption date and \$0.5 million in accrued interest.

As at September 30, 2018, the Trust had \$8.4 million of cash and cash equivalents, \$78.4 million available to be drawn on the revolving credit facility, and \$209.7 million of unencumbered assets.

OUR PROPERTIES

Dream Industrial REIT owns and operates a diversified portfolio of industrial distribution and warehousing properties located in key markets across Canada and in the U.S.

As at September 30, 2018, our portfolio consists of 222 properties comprising 20.1 million square feet of GLA. Our properties are located in desirable business parks, situated close to highways and generally considered functional and well suited for their respective markets. The occupancy rate across our portfolio is 96.8%. Our occupancy rate includes lease commitments totalling approximately 263,000 square feet for space that is currently being readied for occupancy but for which rental revenue is not yet being recognized.

Our properties are geographically diversified as follows:

	September 30, 2018 ⁽¹⁾			December 31, 2017 ⁽¹⁾		
	Number of properties	Owned GLA (sq. ft.)	% of owned GLA	Number of properties	Owned GLA (sq. ft.)	% of owned GLA
Western Canada	83	5,058	25.2	83	5,058	29.4
Ontario	59	5,099	25.4	57	4,795	27.9
Québec	36	3,765	18.8	36	3,765	21.9
Eastern Canada	37	2,661	13.3	37	2,660	15.5
U.S.	7	3,488	17.3	2	910	5.3
Total	222	20,071	100.0	215	17,188	100.0

(1) Excludes property or properties held for sale.

Our portfolio, totalling 20.1 million square feet, consists of 12.7 million square feet, or 63% of total GLA, of multi-tenant buildings, and 7.4 million square feet, or 37% of total GLA, of single-tenant buildings. Of the 7.4 million square feet of single-tenant space, 2.7 million square feet is located in Ontario, 2.1 million is located in Québec and 1.8 million is located in the U.S. Multi-tenant space is distributed more evenly throughout the portfolio, with a relatively higher concentration of 4.3 million square feet in Alberta and Saskatchewan. 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 those 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 the geographic distribution, maintaining a balance of the two building types in the portfolio is part of our diversification strategy.

SECTION II – EXECUTING THE STRATEGY

OUR OPERATIONS

The following key performance indicators related to our operations influence the cash generated from operating activities:

Occupancy

At September 30, 2018, the overall percentage of occupied and committed space across our portfolio remained high at 96.8%. Occupancy increased by 0.2% and 0.1%, respectively, when compared to June 30, 2018 and September 30, 2017.

On a comparative properties basis, occupancy at September 30, 2018 was stable at 96.1%, when compared to June 30, 2018 and September 30, 2017.

(percentage)	Total portfolio ⁽¹⁾			Comparative properties ⁽²⁾		
	September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	June 30, 2018	September 30, 2017
Western Canada	94.2	92.9	96.5	94.3	92.9	96.5
Ontario	98.7	99.0	99.7	98.7	99.0	97.7
Québec	97.3	98.2	95.4	97.3	98.2	95.4
Eastern Canada	93.1	93.4	93.5	93.1	93.4	93.5
Total Canada	96.1	96.0	96.7	96.1	96.1	96.1
U.S.	100.0	100.0	—	—	—	—
Total	96.8	96.6	96.7	96.1	96.1	96.1
Portfolio size (millions of sq. ft.)	20.1	19.1	16.1	16.2	16.2	16.2

(1) Excludes property or properties held for sale.

(2) Comparative properties include assets owned by the Trust as at July 1, 2017 and excludes property held for sale as at September 30, 2018.

Occupancy roll-forward

Leasing activity for the quarter included approximately 459,000 square feet of renewals and approximately 274,000 square feet of new leases.

The following table details the change in occupancy (including committed) during the three and nine months ended September 30, 2018:

	Weighted average rate per sq. ft.	For the three months ended September 30, 2018		Weighted average rate per sq. ft.	For the nine months ended September 30, 2018	
		(sq. ft.)	As a % of total GLA		(sq. ft.)	As a % of total GLA
Occupancy (including committed) at beginning of period		18,493	96.6%		16,609	96.6%
Vacancy committed for future occupancy		(275)	(1.4%)		(154)	(0.9%)
Occupancy in-place at beginning of period		18,218	95.2%		16,455	95.7%
Acquired occupancy		926	0.2%		2,783	0.6%
Reclassification from assets held for sale		—	—		98	—
Occupancy in-place after the above adjustments		19,144	95.4%		19,336	96.3%
Expiries (all leases)	\$ 7.07	(650)	(3.2%)	\$ 7.05	(2,538)	(12.6%)
Early terminations and bankruptcies	\$ 7.90	(64)	(0.3%)	\$ 7.18	(260)	(1.3%)
New leases	\$ 7.73	274	1.3%	\$ 7.48	698	3.5%
Renewals	\$ 7.22	459	2.3%	\$ 6.80	1,927	9.6%
Occupancy in-place – September 30, 2018		19,163	95.5%		19,163	95.5%
Vacancy committed for future occupancy		263	1.3%		263	1.3%
Occupancy (including committed) – September 30, 2018		19,426	96.8%		19,426	96.8%

The committed occupancy on vacant space based on existing contractual commitments at September 30, 2018 totalled 263,000 square feet, all of which will be occupied in the next two quarters.

	For the three months ended September 30, 2018	For the nine months ended September 30, 2018
Tenant renewal ratio ⁽¹⁾	70.6%	75.9%
Expiring rents on renewed space (per sq. ft.)	\$ 7.03	\$ 6.78
Renewal to expiring rent spread (per sq. ft.) ⁽²⁾	\$ 0.19	\$ 0.02

(1) Tenant renewal ratio is calculated as the ratio of total square feet of renewals over expiries.

(2) Renewal to expiring rent spread is calculated as the difference between the rates at which the renewals commenced and the expiring rents on the renewed space.

The tenant renewal ratio for the portfolio was 70.6% during the quarter. Including relocations of existing tenants (excluding their expansion space), the retention ratio was 78.2%. Completed renewals for the quarter commenced at \$7.22 per square foot, or 2.7% higher than the expiring rates.

The tenant renewal ratio for the portfolio was 75.9% for the nine months ended September 30, 2018. Including relocations of existing tenants (excluding their expansion space), the retention ratio was 79.6%. Completed renewals for the nine months ended September 30, 2018 commenced at \$6.80 per square foot, or 0.3% higher than the expiring rates.

For the three months ended September 30, 2018, renewal spreads in Ontario, Québec and Eastern Canada were 3.7% higher than expiring rates. Renewal spreads in Québec were 8.2% higher than the expiring rates for the quarter, mainly due to three tenants totalling 45,317 square feet at 13.3% renewal spreads. Renewal spreads in Ontario were 3.2% higher than the expiring rates for the quarter. The largest renewal in Ontario represented 77% of total renewals in the region and was completed at a 1.9% renewal spread with a further 13% increase in mid-2019. The latter increase is not reflected in this quarter's renewal spread.

Renewal spreads in Western Canada were lower by 3.5%. We continue to be focused on occupancy, including built-in growth on lease deals through contractual rent bumps, and controlling leasing costs.

For the nine months ended September 30, 2018, renewal spreads in Ontario, Québec and Eastern Canada were 2.6% higher than expiring rates. Renewal spreads in Western Canada were 6.8% lower for similar reasons discussed above.

Rental rates

The following table details the average in-place base rent, estimated market rent and average remaining lease term for our total portfolio as at September 30, 2018 and December 31, 2017.

	September 30, 2018 ⁽¹⁾			December 31, 2017 ⁽¹⁾		
	Average in-place base rent	Estimated market rent ⁽²⁾	Average remaining lease term (years)	Average in-place base rent	Estimated market rent ⁽²⁾	Average remaining lease term (years)
Total portfolio						
Western Canada	\$ 8.86	\$ 9.05	3.5	\$ 8.87	\$ 9.11	3.7
Ontario	6.33	6.79	4.0	6.18	6.48	3.6
Québec	6.27	6.32	3.8	6.16	6.23	4.4
Eastern Canada	7.29	7.59	3.1	7.26	7.49	3.4
Total Canada	7.22	7.49	3.7	7.17	7.39	3.8
U.S. (US\$)	3.93	3.96	5.9	4.08	4.11	7.6
Total	\$ —	\$ —	4.1	\$ —	\$ —	4.0

(1) Excludes property or properties held for sale.

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

The average in-place base rent for our Canadian portfolio increased to \$7.22 per square foot at September 30, 2018, compared to \$7.17 per square foot at December 31, 2017. Average in-place rent has remained stable in Western Canada and has increased across all other Canadian regions.

The average in-place base rent for our U.S. portfolio was US\$3.93 per square foot at September 30, 2018, which reflects the in-place rent for all our U.S. properties, including the properties acquired in 2018.

Estimated market rent represents management's best estimate of the net rental rate 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, lease term and a normal level of tenant inducements. Market rental rates are also compared against the external appraisal information that is gathered on a quarterly basis as well as other external market data sources.

During the third quarter, for our Canadian portfolio, estimated market rents were \$0.27, or 3.7% higher than average in-place rents, representing strong demand for industrial space across all regions. For our U.S. portfolio, estimated market rents were \$0.03, or 0.8% higher than average in-place rents.

Leasing and tenant profile

Overall, our average remaining lease term is 4.1 years and our average tenant size is 14,600 square feet. Our single-tenant buildings have an average remaining lease term of 5.0 years and our multi-tenant buildings have an average remaining lease term of 3.5 years.

The following table details our lease maturity profile, net of renewals and new leases completed, by region at September 30, 2018:

(in sq. ft., except %)	Vacancy, net of commitments	Remainder of 2018	2019	2020	2021	2022	2023+	Total
Western Canada	293	83	492	914	709	981	1,586	5,058
Ontario	65	107	894	852	557	726	1,898	5,099
Québec	103	19	588	298	483	797	1,477	3,765
Eastern Canada	184	125	432	331	477	471	641	2,661
U.S.	—	—	—	—	—	450	3,038	3,488
Total portfolio								
Total GLA	645	334	2,406	2,395	2,226	3,425	8,640	20,071
Percentage of total GLA	3.2	1.7	12.0	11.9	11.1	17.1	43.0	100.0

Our lease maturity profile, net of renewals, remains staggered. Lease expiries, net of committed occupancy as a percentage of total GLA between 2018 and 2022, range from 3.2% to 17.1%.

2018 lease expiry profile

(in sq. ft., except %)	Western Canada	Ontario	Québec	Eastern Canada	Total portfolio
2018 expiries (as at September 30, 2018) ⁽¹⁾	(229)	(315)	(36)	(237)	(817)
Expiries committed for renewals	146	208	17	112	483
Expiries, net of renewals (as at September 30, 2018)	(83)	(107)	(19)	(125)	(334)
2018 vacancy (as at September 30, 2018)	(400)	(90)	(199)	(198)	(887)
Vacancy committed for future occupancy	107	25	96	14	242
2018 vacancy, net of commitments for occupancy (as at September 30, 2018)	(293)	(65)	(103)	(184)	(645)
Total commitments as a % of expiries (as at September 30, 2018) ⁽²⁾	110.5%	74.0%	313.9%	53.2%	88.7%

(1) There are no 2018 expiries for the U.S. portfolio.

(2) In Western Canada, we have obtained leasing commitments on 110.5% of the remaining 2018 expiring tenancies, which translates into addressing 100% of the remaining 2018 expiring tenancies and increasing occupancy by approximately 24,000 square feet, or 10.5%, of the remaining 2018 expiring tenancies.

In Québec, we have obtained leasing commitments on 313.9% of the remaining 2018 expiring tenancies, which translates into addressing 100% of the remaining 2018 expiring tenancies and increasing occupancy by approximately 77,000 square feet of the remaining 2018 expiring tenancies.

As at September 30, 2018, leasing commitments of approximately 88.7% of 2018 expiring tenancies had been obtained.

Initial direct leasing costs and lease incentives

Initial direct leasing costs include leasing fees and related costs and broker commissions related to negotiating and arranging tenant leases. Lease incentives include costs incurred to make leasehold improvements to tenant spaces and cash allowances. Initial direct leasing costs and lease incentives 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.

During the nine months ended September 30, 2018, a total of 2,625,000 square feet was leased and occupied with related costs of \$7.4 million, representing an average rate of \$2.82 per square foot leased (September 30, 2017 – \$2.45 per square foot). Excluded from these costs are fully recoverable leasing costs of \$3.0 million for an early renewal in Ontario on a single-tenant building, \$0.7 million for a ten-year renewal in Ontario on a single-tenant building, and \$0.4 million on a single-tenant building in Eastern Canada, in addition to our contractual base rent.

Performance indicators	Total
Operating activities	
Portfolio size (sq. ft.)	20,071
Occupied and committed	96.8%
Square footage leased and occupied in 2018	2,625
Lease incentives and initial direct leasing costs for square footage leased and occupied in 2018	\$ 7,398

Tenant base profile

Our tenant base consists of a diverse range of high-quality businesses and, with 1,329 tenants, we believe our exposure to any single large lease or tenant is low. The average size of our tenants is 14,600 square feet, averaging 103,000 square feet across our single-tenant buildings and 9,600 square feet across our multi-tenant buildings.

The following table outlines the contributions of our top ten tenants to our annualized gross rental revenue as of September 30, 2018:

Tenant	Owned area (sq. ft.)	Owned area (%)	Annualized gross rental revenue (%)	Weighted average remaining lease term (years)
Nissan North America Inc.	1,189	5.9	3.6	6.2
Spectra Premium Industries Inc.	656	3.3	2.3	6.6
TC Transcontinental	523	2.6	2.1	3.5
Gienow Windows & Doors Inc.	371	1.8	2.0	4.0
Accel Inc.	417	2.1	1.4	7.8
Molson Breweries Properties	225	1.1	1.3	4.3
United Agri Products Canada Inc.	275	1.4	1.3	5.0
West Marine Products, Inc.	472	2.4	1.1	4.3
Coca-Cola Refreshments USA	267	1.3	0.9	6.8
Solae LLC	413	2.1	0.9	7.5
Total	4,808	24.0	16.9	5.7

On an annualized gross rental revenue basis, no single tenant represents more than 5% of the annualized gross rental revenue of the portfolio. The weighted average remaining lease term for the top ten tenants is 5.7 years, which provides stability and predictability of income.

OUR RESOURCES AND FINANCIAL CONDITION

Investment properties

At September 30, 2018, the fair value of our investment property portfolio was \$2.1 billion, reflecting a weighted average capitalization rate ("cap rate") of 6.34% on stabilized NOI (a non-GAAP measure), excluding property management income.

The valuation approach for investment properties uses both the direct capitalization method and the discounted cash flow method. The results of both methods are evaluated by considering the reasonableness of the range of values calculated under both methods. Fair value of a property is determined at the point within that range that is most representative of the fair value in the circumstances. The direct capitalization method applies a cap rate to stabilized NOI and incorporates allowances for vacancy and management fees. The resulting capitalized value is further adjusted for extraordinary costs to stabilize income and non-recoverable capital expenditures, where applicable. Individual properties were valued using cap rates in the range of 5.00% to 9.25%. The discounted cash flow method discounts the expected future cash flows, generally over a term of ten years, and uses discount rates and terminal capitalization rates specific to each property.

The fair value of our investment properties is set out below:

	Total portfolio ⁽¹⁾	
	September 30, 2018	December 31, 2017
Western Canada	\$ 626,227	\$ 638,535
Ontario	588,349	465,585
Québec	322,884	294,110
Eastern Canada	252,973	250,030
U.S.	274,778	74,728
Total	\$ 2,065,211	\$ 1,722,988

(1) Excludes property or properties held for sale.

	Comparative portfolio ⁽¹⁾	
	September 30, 2018	December 31, 2017
Western Canada	\$ 609,327	\$ 621,535
Ontario	554,049	476,885
Québec	322,884	294,110
Eastern Canada	252,973	250,030
Total	\$ 1,739,233	\$ 1,642,560

(1) Includes properties owned by the Trust as at January 1, 2017 and excludes property held for sale at September 30, 2018.

Capitalization rate information for our investment properties is set out in the tables below for both our total portfolio and comparative portfolio:

	Total portfolio ⁽¹⁾			
	September 30, 2018		December 31, 2017	
	Range (%)	Weighted average (%)	Range (%)	Weighted average (%)
Western Canada	6.00–8.00	6.62	6.00–8.00	6.64
Ontario	5.00–7.50	5.56	4.00–7.75	6.02
Québec	6.25–7.25	6.47	6.25–7.50	6.95
Eastern Canada	6.50–9.25	7.23	6.50–9.25	7.18
U.S.	6.00–6.60	6.37	6.30	6.30
Total	5.00–9.25	6.34	4.00–9.25	6.59

(1) Excludes property or properties held for sale.

	Comparative portfolio ⁽¹⁾			
	September 30, 2018		December 31, 2017	
	Range (%)	Weighted average (%)	Range (%)	Weighted average (%)
Western Canada	6.00–8.00	6.63	6.00–8.00	6.65
Ontario	5.00–7.50	5.58	4.00–7.75	6.01
Québec	6.25–7.25	6.47	6.25–7.50	6.95
Eastern Canada	6.50–9.25	7.23	6.50–9.25	7.18
Total	5.00–9.25	6.35	4.00–9.25	6.60

(1) Includes properties owned by the Trust as at January 1, 2017 and excludes property held for sale at September 30, 2018.

The fair value of our comparative portfolio increased by \$96.6 million from \$1,642.6 million at December 31, 2017 to \$1,739.2 million at September 30, 2018, primarily due to strong industrial market conditions in Ontario and Québec. On a regional basis, the total fair value increase comprises increases of \$77.1 million in Ontario, \$28.8 million in Québec and \$2.9 million in Eastern Canada, offset by a decrease of \$12.2 million in Western Canada.

Year-to-date, for our comparative portfolio, the Trust obtained external appraisals on 27 properties and obtained external independent data from its appraisers on the market assumptions used for internally valued properties. On a regional basis, external appraisals were completed for four properties in Western Canada, nine in Ontario, nine in Québec and five in Eastern Canada. The fair value of externally appraised properties increased by \$25.2 million from \$234.9 million at December 31, 2017 to \$260.1 million at September 30, 2018. On a regional basis, the movement in externally valued properties comprises increases of \$22.9 million in Ontario, \$5.5 million in Québec and \$0.7 million in Eastern Canada, offset by a decrease of \$3.9 million in Western Canada. In Ontario and Québec, the value changes in externally appraised properties were driven by higher underlying cash flows and market rents, and lower capitalization rates. In Western Canada, the value changes in externally appraised properties were driven by leasing activity and market rents.

Year-to-date, for our comparative portfolio, the fair value of the internally appraised properties increased by \$71.4 million from \$1,407.7 million at December 31, 2017 to \$1,479.1 million at September 30, 2018. On a regional basis, the movement in internally valued properties comprises increases of \$54.3 million in Ontario, \$23.2 million in Québec and \$2.2 million in Eastern Canada, offset by a decrease of \$8.3 million in Western Canada. The value changes in internally appraised properties were primarily driven by leasing activity, capitalization rates and market rents.

In Western Canada, for our comparative portfolio, the fair value of the investment properties declined by \$12.2 million, of which \$8.9 million related to Alberta and \$3.3 million related to Saskatchewan. Two properties in Saskatchewan and two in Alberta were externally appraised, resulting in a fair value decrease of \$3.9 million due to lower market rents. The remaining properties were internally appraised and the value changes were primarily driven by changes in market rents and leasing activity.

Building improvements and leasing costs

The table below represents costs incurred during the periods ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Building improvements				
Recoverable capital expenditures	\$ 4,185	\$ 3,459	\$ 8,537	\$ 7,777
Non-recoverable capital expenditures	228	275	623	900
Other capital expenditures	410	1,811	1,532	3,058
Initial direct leasing costs and lease incentives				
Leasing costs	4,513	2,202	11,665	7,289
Total	\$ 9,336	\$ 7,747	\$ 22,357	\$ 19,024

Recoverable capital expenditures are recovered from tenants in accordance with their leases over the useful life of the building improvements plus an imputed interest charge and management fee. Approximately 90% of eligible capital expenditure recoveries are collected annually.

Other capital expenditures include upgrades completed on certain properties that are expected to increase the Trust's ability to attract tenants and obtain higher rental rates. For the three months ended September 30, 2018, other capital expenditures were \$0.4 million (September 30, 2017 – \$1.8 million). For the nine months ended September 30, 2018, other capital expenditures were \$1.5 million (September 30, 2017 – \$3.1 million).

Leasing costs include landlord's work, broker commissions and tenant improvements. For tenancies commenced during the nine months ended September 30, 2018, leasing costs include accrued committed costs over the full lease term. For the nine months ended September 30, 2018, accrued committed leasing costs are \$4.0 million. Included in leasing costs for the three and nine months ended September 30, 2018 are fully recoverable leasing costs of \$3.0 million for an early renewal in Ontario on a single-tenant building, \$0.7 million for a ten-year renewal in Ontario on a single-tenant building and \$0.4 million relating to a single-tenant occupancy in Eastern Canada, in addition to our contractual base rent.

Acquisitions

The following acquisitions were completed during the nine months ended September 30, 2018:

	Interest acquired (%)	Acquired GLA (sq. ft.)	Occupancy on acquisition (%)	Purchase price allocated to investment properties ⁽¹⁾	Date acquired
860 Marine Drive, Charlotte, North Carolina	100	471,744	100.0	\$ 35,766	January 16, 2018
4770 Southpoint Drive, Memphis, Tennessee	100	500,000	100.0	32,343	January 16, 2018
5605 Holmescrest Lane, Memphis, Tennessee	100	885,000	100.0	47,349	January 16, 2018
161 The West Mall, Etobicoke, Ontario	100	205,000	100.0	37,382	August 2, 2018
8860 Smith's Mill Road, Columbus, Ohio	100	304,318	100.0	35,949	September 6, 2018
9000 Smith's Mill Road, Columbus, Ohio	100	417,049	100.0	45,246	September 6, 2018
Total		2,783,111		\$ 234,035	

(1) Includes transaction costs and capitalized capital commitment costs.

On January 16, 2018, the Trust acquired one single-tenant property in Charlotte, North Carolina, and two multi-tenant properties in Memphis, Tennessee, for a total purchase price of \$115,458 including transaction costs and capital commitment costs with a combined remaining lease term at acquisition of 6.0 years.

On August 2, 2018, the Trust acquired one multi-tenant property in Etobicoke, Ontario for a total purchase price of \$37,382 including transaction costs and capital commitment costs with a remaining lease term at acquisition of 7.5 years.

On September 6, 2018, the Trust acquired one single-tenant property and one multi-tenant property in Columbus, Ohio, for a total purchase price of \$81,195 including transaction costs with a combined remaining lease term at acquisition of 6.4 years.

Subsequent to the quarter, on October 24, 2018, the Trust completed the acquisition of a 121,000 square foot single-tenant property in the Greater Montréal Area for a purchase price of \$13.6 million, excluding transaction costs.

There were no property acquisitions during the nine months ended September 30, 2017.

Dispositions

There were no dispositions during the nine months ended September 30, 2018 and September 30, 2017.

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.

Summary of debt

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

	As at	
	September 30, 2018	December 31, 2017
Financing metrics		
Total debt	\$ 926,208	\$ 889,796
Weighted average effective interest rate ⁽¹⁾	3.72%	3.88%
Weighted average face interest rate ⁽¹⁾	3.62%	3.75%
Interest coverage ratio (times) ⁽²⁾ – year-to-date	3.4	3.3
Net debt-to-adjusted EBITDA (years) ⁽²⁾	7.0	7.3
Level of debt (net debt-to-assets) ⁽²⁾	44.3%	47.9%
Liquidity metrics		
Maximum proportion of debt maturities and principal repayments due in any one year	17.7% (2021)	20.5% (2019)
Weighted average term to maturity (years)	4.3	3.8
Cash and cash equivalents	\$ 8,391	\$ 54,651
Unencumbered assets ⁽³⁾	209,703	113,191
Undrawn lines of credit	78,351	123,000

(1) Weighted average effective interest rate is calculated as the weighted average face rate of interest net of amortization of fair value adjustments and financing costs of all interest bearing debt. Weighted average face interest rate is calculated as the weighted average face interest rate of all interest bearing debt.

(2) Interest coverage ratio, net debt-to-adjusted EBITDA and level of debt (net debt-to-assets) are non-GAAP measures. The calculation of these measures is included under the heading “Non-GAAP measures and other disclosures”.

(3) A description of unencumbered assets can be found under the heading “Non-GAAP measures and other disclosures”. Unencumbered assets includes property or properties held for sale.

We currently use cash flow performance and debt level indicators to assess our ability to meet our financing obligations. Our current interest coverage ratio is 3.4 times, demonstrating our ability to more than adequately cover interest expense requirements. At September 30, 2018, our weighted average face rate of interest is 3.62% and, after accounting for market adjustments and financing costs, the weighted average effective interest rate for outstanding debt is 3.72%.

Liquidity and capital resources

Dream Industrial REIT’s primary sources of capital are cash generated from 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 \$100.4 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 amount to \$25.2 million, and debt maturities that are due within one year amount to \$64.5 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. Our unencumbered assets pool as at September 30, 2018 is \$209.7 million. With our balanced debt maturity schedule, undrawn credit facility of \$78.4 million, cash and cash equivalents of \$8.4 million and unencumbered assets pool, we have sufficient liquidity and capital resources as at September 30, 2018.

The total debt as at September 30, 2018 is as follows:

	September 30, 2018	December 31, 2017
Total debt	\$ 926,208	\$ 889,796
Average term to maturity (years)	4.3	3.8

Financing activities

New mortgage financing in 2018 is highlighted in the table below:

	Nine months ended September 30, 2018		
	Amount ⁽¹⁾	Term to maturity (years)	Weighted average face interest rate (%)
Mortgage financing	\$ 199,029	6.8	3.81%

(1) Excludes financing costs.

On May 22, 2018, we completed an \$85.7 million financing on a portfolio of four properties located in the U.S. with a term of 9.0 years at a face interest rate of 3.96% and an effective interest rate of 4.24%. The loan is denominated in U.S. dollars.

On April 20, 2018, we completed an \$18.3 million financing on a portfolio of three properties located in Western Canada and Ontario with a term of 5.7 years at a face interest rate of 3.96% and an effective interest rate of 4.18%.

On January 17, 2018, we completed a \$47.0 million financing on a portfolio of nine properties located in the Western Canada and Eastern Canada regions with a term of 5.2 years at a face interest rate of 3.73% and an effective interest rate of 3.94%.

On January 12, 2018, we completed a \$48.0 million financing on a portfolio of 14 properties located in the Western Canada region with a term of 5.0 years at a face interest rate of 3.58% and an effective interest rate of 3.83%.

Revolving credit facility

The following table summarizes certain details of the Trust's revolving credit facility as at September 30, 2018:

	Borrowing capacity	Letter of credit and forward agreement	Principal amount outstanding ⁽¹⁾	Available to be drawn ⁽¹⁾	Interest rate ⁽³⁾	Maturity date
Revolving credit facility ⁽¹⁾⁽²⁾	\$ 125,000	\$ 2,000	\$ 44,649	\$ 78,351	3.74%	June 30, 2020

(1) The credit facility has the ability to be drawn in Canadian and U.S. dollars. At September 30, 2018, \$20.1 million was drawn in Canadian dollars and \$19 million was drawn in U.S. dollars. Principal amount outstanding and available to be drawn amounts have been converted to Canadian dollars using foreign exchange rates as determined by the lender.

(2) Thirty properties are secured as first-ranking mortgages on the facility.

(3) Bankers' acceptance ("BA") rate plus 1.70% or Canadian prime plus 0.70% or U.S. LIBOR plus 1.70% or U.S. base rate plus 0.70%.

Convertible debentures

On August 2, 2018, the Trust redeemed all of its outstanding 5.25% debentures at par. The Trust paid \$111.8 million in aggregate, representing \$111.3 million in principal outstanding on the redemption date and \$0.5 million in accrued interest.

Composition and continuity of total debt

The composition of total debt as at September 30, 2018 and the continuity of total debt for the three and nine months ended September 30, 2018 are as follows:

	Weighted average face interest rate	Three months ended September 30, 2018			
		Mortgages	Revolving credit facility ⁽¹⁾	Convertible debentures	Total
Total debt as at June 30, 2018	3.80%	\$ 890,661	\$ (820)	\$ 109,208	\$ 999,049
New debt placed		—	61,612	—	61,612
Scheduled repayments		(6,561)	—	—	(6,561)
Lump sum repayments		—	(16,477)	(111,250)	(127,727)
Other adjustments ⁽²⁾		(1,858)	(349)	2,042	(165)
Total debt as at September 30, 2018	3.62%	\$ 882,242	\$ 43,966	\$ —	\$ 926,208

(1) Certain amounts drawn and repaid against the credit facility during the period were in U.S. dollars and have been converted at foreign exchange rates in accordance with the Trust's accounting policies as disclosed in the December 31, 2017 consolidated financial statements.

(2) Other adjustments include financing cost additions, amortization of finance costs, amortization of fair value adjustments on assumed debt and foreign exchange adjustments. Other adjustments also include \$1,932 write-off of finance costs and fair value adjustments due to early redemption of convertible debentures.

	Weighted average face interest rate	Nine months ended September 30, 2018			
		Mortgages	Revolving credit facility ⁽¹⁾	Convertible debentures	Total
Total debt as at January 1, 2018	3.75%	\$ 782,254	\$ (1,025)	\$ 108,567	\$ 889,796
New debt placed		199,029	106,941	—	305,970
Scheduled repayments		(18,778)	—	—	(18,778)
Lump sum repayments		(79,973)	(63,161)	(111,250)	(254,384)
Other adjustments ⁽²⁾		(290)	1,211	2,683	3,604
Total debt as at September 30, 2018	3.62%	\$ 882,242	\$ 43,966	\$ —	\$ 926,208

(1) Certain amounts drawn and repaid against the credit facility during the period were in U.S. dollars and have been converted at foreign exchange rates in accordance with the Trust's accounting policies as disclosed in the December 31, 2017 consolidated financial statements.

(2) Other adjustments include financing cost additions, amortization of finance costs, amortization of fair value adjustments on assumed debt and foreign exchange adjustments. Other adjustments also include \$1,932 write-off of finance costs and fair value adjustments due to early redemption of convertible debentures.

Our current total debt profile is balanced with maturities well-distributed over the next ten years. The following is our total debt maturity profile as at September 30, 2018:

	Debt maturities	Scheduled principal repayments on non-maturing debt	Amount	%	Weighted average effective interest rate on balance due at maturity (%)	Weighted average face rate on balance due at maturity (%)
2018	\$ 12,552	\$ 6,576	\$ 19,128	2.1	4.18	3.84
2019	51,975	24,721	76,696	8.2	3.56	3.40
2020	136,232	23,373	159,605	17.2	3.75	3.38
2021	143,844	20,777	164,621	17.7	3.73	4.10
2022	103,160	15,323	118,483	12.7	3.31	3.20
2023 and thereafter	363,642	27,958	391,600	42.1	3.84	3.66
Total	\$ 811,405	\$ 118,728	\$ 930,133	100.0	3.73	3.62
Unamortized financing costs			(5,743)			
Unamortized fair value adjustments			1,818			
Total			\$ 926,208			

Mortgages include \$5.0 million of financing costs, net of \$1.8 million of fair value adjustments. The revolving credit facility includes \$0.7 million of financing costs. The fair value adjustments, discounts and financing costs are amortized to interest expense over the term to maturity of the related debt using the effective interest rate method.

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.

Dream Industrial did not enter into any operating or finance leases as lessee during this reporting period.

OUR 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.

	September 30, 2018		Unitholders' equity December 31, 2017	
	Number of Units	Amount	Number of Units	Amount
REIT Units	91,249,800	\$ 879,832	75,104,843	\$ 720,437
Retained earnings (deficit)	—	40,359	—	(7,056)
Accumulated other comprehensive income (loss)	—	3,238	—	(1,135)
Equity per condensed consolidated financial statements	91,249,800	923,429	75,104,843	712,246
Add: LP B Units	18,551,855	187,559	18,551,855	163,256
Total equity (including LP B Units)⁽¹⁾	109,801,655	\$ 1,110,988	93,656,698	\$ 875,502
NAV per Unit ⁽²⁾		\$ 10.12		\$ 9.35

(1) Total equity (including LP B Units) (non-GAAP measure) is defined in the section "Non-GAAP measures and other disclosures".

(2) NAV per Unit (non-GAAP measure) is 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 these 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. The REIT Units have economic and voting rights equivalent in all material respects to each other.

During the three months ended September 30, 2018, under 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, for LP B Units and REIT Units, the Trust issued 437,154 REIT Units (1,301,222 REIT Units for the nine months ended September 30, 2018) to the subsidiaries of Dream Office REIT for a total cost of \$4.5 million (\$12.9 million for the nine months ended September 30, 2018). As at September 30, 2018, Dream Office REIT, directly and indirectly through its wholly owned subsidiaries, held 6,732,363 REIT Units and 18,551,855 LP B Units, representing approximately 23.0% ownership in the Trust (25.6% at December 31, 2017).

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, 2018	75,104,843	18,551,855	93,656,698
Units issued pursuant to public offering	13,915,000	—	13,915,000
Units issued pursuant to DRIP	2,059,341	—	2,059,341
Units issued pursuant to Unit Purchase Plan	1,017	—	1,017
Units issued pursuant to Deferred Unit Incentive Plan ("DUIP")	169,599	—	169,599
Total Units outstanding on September 30, 2018	91,249,800	18,551,855	109,801,655
Percentage of all Units	83.1%	16.9%	100.0%
Units issued pursuant to DUIP on October 3, 2018	145	—	145
Units issued pursuant to DRIP on October 15, 2018	262,973	—	262,973
Total Units outstanding on November 6, 2018⁽¹⁾	91,512,918	18,551,855	110,064,773
Percentage of all Units	83.1%	16.9%	100.0%

(1) The date of this report.

On June 29, 2018, the Trust completed a public offering of 13,915,000 REIT Units, at a price of \$10.35 per Unit for gross proceeds of \$144,020, including 1,815,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

Short form base shelf prospectus

On September 15, 2017, the Trust filed and obtained receipts for a final short form base shelf prospectus which is valid for a 25-month period, during which time the Trust may, from time to time, offer and issue Units, subscription receipts, and debt securities convertible into or exchangeable for Units of the Trust, or any combination thereof, having an aggregate offering price of up to \$1 billion. As at September 30, 2018, \$230,558 (December 31, 2017 – \$86,538) of REIT Units have been issued under the short form base shelf prospectus.

Distribution policy

Our Declaration of Trust provides our 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.

We currently pay monthly distributions of \$0.058 per Unit, or \$0.70 per Unit on an annual basis.

	2018				2017				2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
Annualized distribution rate	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70
Monthly distribution rate	\$ 0.058	\$ 0.058	\$ 0.058	\$ 0.058	\$ 0.058	\$ 0.058	\$ 0.058	\$ 0.058	\$ 0.058
Period-end closing price	\$ 10.11	\$ 10.32	\$ 9.53	\$ 8.80	\$ 9.10	\$ 8.70	\$ 8.22	\$ 8.53	\$ 8.53
Annualized distribution yield on closing price (%) ⁽¹⁾	6.9%	6.8%	7.3%	8.0%	7.7%	8.0%	8.5%	8.2%	8.2%

(1) Annualized distribution yield is calculated as the annualized distribution rate divided by the period-end closing price.

The table below summarizes the total distributions for the three and nine months ended September 30, 2018:

	Three months ended September 30, 2018			Nine months ended September 30, 2018		
	Total distributions	3% bonus distributions ⁽²⁾	Total distributions including bonus	Total distributions	3% bonus distributions ⁽²⁾	Total distributions including bonus
2018 total distributions⁽¹⁾						
Distributions paid in cash or reinvested in REIT Units	\$ 10,642	\$ 78	\$ 10,720	\$ 38,060	\$ 276	\$ 38,336
Distributions payable on REIT Units at September 30, 2018	5,322	—	5,322	5,322	—	5,322
Distributions reinvested on LP B Units ⁽³⁾	2,165	65	2,230	8,658	260	8,918
Distributions payable on LP B Units at September 30, 2018 ⁽³⁾	1,082	32	1,114	1,082	32	1,114
Total distributions paid and payable	\$ 19,211	\$ 175	\$ 19,386	\$ 53,122	\$ 568	\$ 53,690
2018 reinvestment						
Reinvested to September 30, 2018	\$ 4,777	\$ 143	\$ 4,920	\$ 17,858	\$ 536	\$ 18,394
Reinvested on October 15, 2018	2,410	72	2,482	2,410	72	2,482
Total distributions reinvested⁽⁴⁾	\$ 7,187	\$ 215	\$ 7,402	\$ 20,268	\$ 608	\$ 20,876
2018 total distributions paid in cash	\$ 12,024			\$ 32,854		
DRIP participation rate: ratio of total distributions reinvested	37.4%			38.2%		
Ratio of total distributions paid in cash	62.6%			61.8%		

(1) Total distributions includes distributions on REIT Units and LP B Units. LP B Units are classified as a liability in our condensed consolidated financial statements. Distributions on LP B Units are recognized as interest expense on subsidiary redeemable units in our condensed consolidated financial statements.

(2) Unitholders registered under the DRIP are also eligible to receive a bonus distribution of units equal to 3% of the amount of the cash distribution reinvested.

(3) All LP B Units are enrolled under the DRIP to receive REIT Units.

(4) Total distributions reinvested represents the reinvestment under the DRIP for both REIT and LP B Units in relation to the total distributions paid and payable for the periods ended September 30, 2018.

Total distributions declared for the three months ended September 30, 2018 were \$19.2 million. Total distributions declared for the nine months ended September 30, 2018 were \$53.1 million. Of the total distributions declared for the three months ended September 30, 2018, \$7.2 million, or 37.4%, was reinvested in additional units resulting in a ratio of total distributions paid in cash of 62.6%. For the nine months ended September 30, 2018, \$20.3 million, or approximately 38.2%, was reinvested in additional units resulting in a ratio of total distributions paid in cash of 61.8%.

OUR RESULTS OF OPERATIONS

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Investment properties revenue	\$ 47,597	\$ 42,091	\$ 143,458	\$ 127,622
Investment properties operating expenses	(13,932)	(13,054)	(44,720)	(41,248)
Net rental income	33,665	29,037	98,738	86,374
Other income				
Interest and fee income	343	548	607	605
	343	548	607	605
Other expenses				
General and administrative	(2,582)	(2,296)	(8,221)	(6,569)
Interest:				
Interest expense on debt ⁽¹⁾	(9,105)	(8,679)	(28,301)	(25,875)
Subsidiary redeemable units	(3,344)	(3,344)	(10,032)	(10,032)
Depreciation and amortization	(8)	(12)	(50)	(40)
	(15,039)	(14,331)	(46,604)	(42,516)
Fair value adjustments and other items				
Fair value adjustments to investment properties	8,337	3,651	69,081	(16,015)
Fair value adjustments to financial instruments	4,462	(8,145)	(25,996)	(10,368)
Net losses on transactions and other activities	(2,586)	(720)	(4,260)	(2,453)
	10,213	(5,214)	38,825	(28,836)
Income before income taxes	29,182	10,040	91,566	15,627
Recovery (deferred and current) income taxes	778	(949)	(493)	(434)
Net income	\$ 29,960	\$ 9,091	\$ 91,073	\$ 15,193

(1) Mark-to-market amortization included in interest expense is a \$118 gain for the three months ended September 30, 2018 (\$126 gain for the three months ended September 30, 2017). Mark-to-market amortization included in interest expense is a \$131 gain for the nine months ended September 30, 2018 (\$365 gain for the nine months ended September 30, 2017).

Investment properties revenue

Investment properties revenue includes rental income from investment properties as well as the recovery of operating costs, capital expenditures and property taxes from tenants.

Investment properties revenue increased by \$5.5 million, or 13.1%, compared to the prior year comparative quarter and increased by \$15.8 million, or 12.4%, compared to the prior year comparative period. The increase is due to the impact of acquired properties in 2018 and in the fourth quarter of 2017, rental growth and higher recovery revenues.

Investment properties operating expenses

Operating expenses consist of occupancy 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 increased by \$0.9 million, or 6.7%, compared to the prior year comparative quarter and increased \$3.5 million, or 8.4%, compared to the prior year comparative period. The increase is primarily due to the impact of acquired properties in 2018 and in the fourth quarter of 2017 and increase in operating costs and realty taxes.

General and administrative expenses

General and administrative expenses comprise expenses related to corporate management, trustees' fees and expenses, investor relations and asset management fees. The following table summarizes our general and administrative expenses for the three and nine months ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Asset management fee	\$ 1,159	\$ 1,003	\$ 3,411	\$ 3,008
Deferred compensation expenses	446	530	1,755	1,208
Professional fees	299	287	815	911
General corporate expenses ⁽¹⁾	678	476	2,240	1,442
Total	\$ 2,582	\$ 2,296	\$ 8,221	\$ 6,569

(1) Includes corporate management and Board of Trustees' fees and expenses.

General and administrative expenses increased by \$0.3 million, or 12.5%, compared to the prior year comparative quarter and increased \$1.7 million, or 25.1%, compared to the prior year comparative period. Asset management fees increased due to the acquisitions completed in 2018 and in the fourth quarter of 2017. Deferred compensation expenses for the prior year comparative period increased due to changes in the vesting terms of the Board of Trustees' DUIP Units to immediate vesting from a five-year vesting period. Deferred compensation expenses for the prior year comparative quarter decreased due to the acceleration of the DUIP vesting terms for two trustees in the prior year. General corporate expenses increased due to higher overhead costs and business taxes applicable to the newly acquired properties in Tennessee.

Interest expense on debt

Interest expense on debt increased by \$0.4 million, or 4.9%, compared to the prior year comparative quarter and increased \$2.4 million, or 9.4%, compared to the prior year comparative period, primarily due to acquired properties in 2018 and in the fourth quarter of 2017, offset by the repayment of the 6.75% and 5.25% convertible debentures, respectively, in the fourth quarter of 2017 and in the third quarter of 2018.

Fair value adjustments to investment properties

During the three and nine months ended September 30, 2018, the Trust recorded fair value gains to investment properties of \$8.3 million and \$69.1 million, respectively. On a regional basis, for the three months ended September 30, 2018, there were fair value gains of \$9.4 million in Québec and \$7.7 million in Ontario, offset by losses of \$4.8 million in Western Canada, \$3.0 million in Eastern Canada and \$1.0 million in the U.S. For the nine months ended September 30, 2018, there were fair value gains of \$64.3 million in Ontario and \$26.4 million in Québec, offset by fair value losses of \$18.0 million in Western Canada, \$2.9 million in the U.S. and \$0.7 million in Eastern Canada.

The fair value loss in the U.S. is largely due to acquisition transaction costs.

Fair value adjustments to financial instruments

Fair value adjustments to financial instruments include fair value adjustments on the conversion feature of convertible debt, remeasurement of the carrying value of subsidiary redeemable units, remeasurement of the deferred trust units, and fair value adjustments on the interest rate swaps.

During the three and nine months ended September 30, 2018, the Trust recorded a loss of \$0.6 million and \$2.3 million, respectively, on the remeasurement of the conversion feature related to convertible debentures and the redemption of the convertible debentures.

During the three and nine months ended September 30, 2018, the Trust recorded a gain of \$3.9 million and a loss of \$24.3 million, respectively, on the remeasurement of the subsidiary redeemable units, due to changes in the trading price of REIT Units.

During the nine months ended September 30, 2018, the Trust recorded a loss of \$1.1 million on the remeasurement of deferred trust units, due to changes in the trading price of REIT Units. For the three months ended September 30, 2018, the trading price of the REIT Units did not move significantly to change the remeasurement of deferred trust units.

The Trust entered into three interest rate swap agreements to effectively fix the interest rate on three variable rate mortgages for an initial notional value of \$50 million in August 2015, \$45 million in August 2017 and \$47 million in January 2018. The Trust did not apply hedge accounting to these relationships; therefore the fair value adjustment on the interest rate swaps is recognized in net income. For the three months ended September 30, 2018, the fair value adjustment resulted in a gain of \$1.2 million (\$1.7 million for the nine months ended September 30, 2018).

Net losses on transactions and other activities

Net losses on transactions and other activities increased by \$1.9 million compared to the prior year comparative quarter, and increased \$1.8 million compared to the prior year comparative period. Net losses on transactions and other activities primarily represents the write-off of unamortized financing costs and mark-to-market adjustments associated with the early repayment of the 5.25% convertible debentures, and internal leasing costs.

Related party transactions

Dream Industrial and its subsidiaries enter into transactions with related parties that are disclosed in Note 15 to the condensed consolidated financial statements.

Net operating income ("NOI")

NOI is a non-GAAP measure. We define NOI as investment properties revenue less investment properties operating expenses. NOI is the same as net rental income presented in the condensed consolidated financial statements.

NOI is an important measure used by management 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.

	Three months ended September 30,				Nine months ended September 30,			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
Western Canada	\$ 10,799	32%	\$ 10,900	38%	\$ 32,726	33%	\$ 33,328	39%
Ontario	8,513	25%	7,879	27%	24,643	25%	23,171	27%
Québec	5,561	17%	5,605	19%	16,551	17%	16,884	20%
Eastern Canada	4,939	15%	4,653	16%	14,646	15%	12,991	14%
U.S.	3,853	11%	—	—	10,172	10%	—	—
NOI	\$ 33,665	100%	\$ 29,037	100%	\$ 98,738	100%	\$ 86,374	100%
Net rental income reported per condensed consolidated financial statements	\$ 33,665		\$ 29,037		\$ 98,738		\$ 86,374	

For the three months ended September 30, 2018, NOI increased by \$4.6 million, or 15.9%, compared to the prior year comparative quarter. The increase is due to the impact of acquired properties in 2018 and in the fourth quarter of 2017.

For the nine months ended September 30, 2018, NOI increased by \$12.4 million, or 14.3%, over the prior year comparative period, due to the impact of acquired properties in 2018 and in the fourth quarter of 2017, and an increase in comparative properties NOI.

Comparative properties NOI

Comparative properties NOI is a non-GAAP measure. Comparative properties NOI includes properties owned by the Trust prior to January 1, 2017 and excludes the property classified as held for sale as at September 30, 2018. Comparative properties NOI excludes lease termination fees, other rental income, NOI from acquisitions, straight-line rent, bad debt expenses and amortization of lease incentives.

Comparative properties NOI is an important measure used by management in evaluating the performance of properties fully owned by the Trust in the current and comparative periods presented; 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.

NOI shown below details comparative and other items to assist in understanding the impact each component has on NOI.

	Three months ended September 30,				Nine months ended September 30,			
	2018	2017	Growth		2018	2017	Growth	
			\$	%			\$	%
Western Canada	\$ 10,532	\$ 11,119	\$ (587)	(5)	\$ 32,145	\$ 33,484	\$ (1,339)	(4)
Ontario	8,233	7,971	262	3	24,433	23,287	1,146	5
Québec	5,683	5,544	139	3	16,879	16,978	(99)	(1)
Eastern Canada	5,079	4,708	371	8	15,024	13,260	1,764	13
Comparative properties NOI	29,527	29,342	185	1	88,481	87,009	1,472	2
Lease termination fees	3	—	3		6	60	(54)	
Other rental income	50	103	(53)		143	106	37	
NOI from acquisitions	4,282	—	4,282		10,863	—	10,863	
Straight-line rent	192	(15)	207		786	378	408	
Bad debt expenses	15	(55)	70		(304)	(182)	(122)	
Amortization of lease incentives	(364)	(300)	(64)		(1,052)	(821)	(231)	
NOI excluding property held for sale	\$ 33,705	\$ 29,075	\$ 4,630	16	\$ 98,923	\$ 86,550	\$ 12,373	14
NOI from property held for sale	(40)	(38)	(2)		(185)	(176)	(9)	
NOI	\$ 33,665	\$ 29,037	\$ 4,628	16	\$ 98,738	\$ 86,374	\$ 12,364	14
Net rental income reported per condensed consolidated financial statements	\$ 33,665	\$ 29,037			\$ 98,738	\$ 86,374		
Average occupancy (comparative properties)	94.6%	94.7%			94.9%	94.4%		
In-place rental rates (per sq. ft.) at period-end (comparative properties excluding committed space)	\$ 7.21	\$ 7.20			\$ 7.21	\$ 7.20		

For the three months ended September 30, 2018, comparative properties NOI increased by \$0.2 million, or 0.6%, compared to the prior year comparative quarter. The increase is due to higher average occupancy and higher rental rates in Ontario, higher average occupancy in Eastern Canada and higher rental rates in Québec, offset by lower average occupancies in Western Canada.

For the nine months ended September 30, 2018, comparative properties NOI increased by \$1.5 million, or 1.7%, compared to the prior year comparative period for similar reasons discussed above. In Québec, higher rental rates were slightly offset by lower average occupancy.

NOI prior quarter comparison

The comparative properties discussed in the following table include properties owned by the Trust prior to April 1, 2018 and excludes the property classified as held for sale at September 30, 2018.

Comparative properties NOI was stable compared to the prior quarter. In the U.S., comparative properties NOI increased due to higher recoveries, partially offset by a decrease in comparative properties NOI in Western Canada due to lower average occupancy.

	September 30, 2018	June 30, 2018	Three months ended	
			Growth	
			\$	%
Western Canada	\$ 10,806	\$ 10,948	\$ (142)	(1)
Ontario	8,233	8,185	48	1
Québec	5,683	5,708	(25)	—
Eastern Canada	5,079	5,028	51	1
U.S.	3,327	3,118	209	7
Comparative properties NOI	33,128	32,987	141	—
Lease termination fees	3	—	3	
Other rental income	50	32	18	
NOI from acquisitions	681	—	681	
Straight-line rent	192	140	52	
Bad debt expenses	15	(147)	162	
Amortization of lease incentives	(364)	(374)	10	
NOI excluding property held for sale	\$ 33,705	\$ 32,638	\$ 1,067	3
NOI from property held for sale	(40)	(68)	28	
NOI	\$ 33,665	\$ 32,570	\$ 1,095	3
Net rental income reported per condensed consolidated financial statements	\$ 33,665	\$ 32,570		
Average occupancy (comparative properties)	94.5%	94.7%		
In-place rental rates (per sq. ft.) at period-end (comparative properties excluding committed space) – Canada	\$ 7.20	\$ 7.17		
In-place rental rates (per sq. ft.) at period-end (comparative properties excluding committed space) – U.S. (US\$)	3.52	3.55		

Funds from operations (“FFO”)

FFO is a non-GAAP measure. FFO is an important measure used by management in evaluating 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.

The following table presents a reconciliation of net income (loss) to FFO:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Net income	\$ 29,960	\$ 9,091	\$ 91,073	\$ 15,193
Add (deduct):				
Amortization of lease incentives	364	300	1,052	821
Interest expense on subsidiary redeemable units	3,344	3,344	10,032	10,032
Fair value adjustments to investment properties	(8,337)	(3,651)	(69,081)	16,015
Fair value adjustments to financial instruments	(4,462)	8,145	25,996	10,368
Fair value adjustments of DUIP included in general and administrative expenses	49	34	129	27
Debenture redemption write-off	1,932	—	1,932	—
Internal leasing costs	805	720	2,479	2,303
Transaction cost recovery	(151)	—	(151)	—
Deferred (recovery of) income taxes	(755)	725	645	210
FFO	\$ 22,749	\$ 18,708	\$ 64,106	\$ 54,969

Funds from operations

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
FFO	\$ 22,749	\$ 18,708	\$ 64,106	\$ 54,969
FFO per Unit – basic ⁽¹⁾	\$ 0.21	\$ 0.23	\$ 0.64	\$ 0.69
FFO per Unit – diluted ⁽¹⁾	\$ 0.21	\$ 0.23	\$ 0.64	\$ 0.68

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

Basic FFO per Unit for the three months ended September 30, 2018 decreased by \$0.03, or 11.5%, compared to the prior year comparative quarter. For the nine months ended September 30, 2018, basic FFO per Unit decreased by \$0.05, or 7.4%, compared to the prior year comparative period.

Diluted FFO per Unit for the three months ended September 30, 2018 decreased by \$0.02, or 10.4%, compared to the prior year comparative quarter. For the nine months ended September 30, 2018, diluted FFO per Unit decreased by \$0.04, or 6.0%, compared to the prior year comparative period.

Basic and diluted FFO per Unit for the three and nine months ended September 30, 2018 decreased as overall NOI growth was offset by lower leverage and the timing of reinvesting the proceeds from the June 2018 equity offering.

QUARTERLY INFORMATION

The following tables show quarterly information since October 1, 2016:

Key leasing, financing and portfolio information

	2018			2017			2016	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Leasing								
Occupancy rate – including committed (period-end)	96.8%	96.6%	97.1%	96.6%	96.7%	96.8%	96.0%	95.2%
Occupancy rate – in-place (period-end)	95.5%	95.2%	96.0%	95.7%	95.6%	94.9%	93.9%	93.8%
Tenant renewal ratio	70.6%	70.1%	82.1%	74.0%	77.7%	67.4%	84.6%	66.1%
Average in-place base rent per sq. ft. (period-end) – Canada	\$ 7.22	\$ 7.16	\$ 7.16	\$ 7.17	\$ 7.19	\$ 7.19	\$ 7.19	\$ 7.19
Average in-place base rent per sq. ft. (period-end) – U.S. (US\$)	\$ 3.93	\$ 3.55	\$ 3.55	\$ 4.08	\$ —	\$ —	\$ —	\$ —
Estimated market rent in excess of in-place rent (%) – Canada	3.7%	3.8%	4.1%	3.1%	1.0%	1.0%	1.4%	1.3%
Estimated market rent in excess of in-place rent (%) – U.S.	0.8%	—	—	0.7%	—	—	—	—
Financing								
Weighted average face interest rate ⁽¹⁾	3.62%	3.80%	3.77%	3.75%	3.81%	3.81%	3.81%	3.81%
Interest coverage ratio (times) ⁽²⁾ – quarter-to-date	3.6	3.3	3.4	3.3	3.3	3.3	3.2	3.1
Level of debt (net debt-to-total assets) ⁽²⁾	44.3%	41.4%	49.4%	47.9%	52.5%	52.2%	52.1%	52.5%
Net debt-to-adjusted EBITDA ⁽²⁾	7.0	6.8	7.8	7.3	8.0	8.0	8.2	8.3
Portfolio								
Number of properties ⁽³⁾	222	219	219	215	212	212	213	213
GLA (in millions of sq. ft.)	20.1	19.1	19.1	17.2	16.1	16.1	16.2	16.2

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

(2) The calculation of the following non-GAAP measures – interest coverage ratio, level of debt (net debt-to-assets) and net debt-to-adjusted EBITDA – are included in the “Non-GAAP measures and other disclosures” section of the MD&A.

(3) Excludes property or properties held for sale.

Results of operations

	2018			2017			2016	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Investment properties revenue	\$ 47,597	\$ 47,534	\$ 48,327	\$ 44,728	\$ 42,091	\$ 42,664	\$ 42,867	\$ 42,715
Investment properties operating expenses	(13,932)	(14,964)	(15,824)	(14,324)	(13,054)	(13,728)	(14,466)	(13,939)
Net rental income	33,665	32,570	32,503	30,404	29,037	28,936	28,401	28,776
Other income	343	170	94	390	548	32	25	41
Other expenses	(15,039)	(16,392)	(15,173)	(14,835)	(14,331)	(14,094)	(14,091)	(14,590)
Fair value adjustments and other items	10,213	846	27,766	3,201	(5,214)	(22,627)	(995)	(23,799)
Income (loss) before income taxes	29,182	17,194	45,190	19,160	10,040	(7,753)	13,340	(9,572)
Recovery of (deferred and current) income taxes	778	(952)	(319)	306	(949)	645	(130)	(30)
Net income (loss)	\$ 29,960	\$ 16,242	\$ 44,871	\$ 19,466	\$ 9,091	\$ (7,108)	\$ 13,210	\$ (9,602)
Other comprehensive income								
Unrealized gain (loss) on foreign exchange	(2,375)	3,631	3,031	(1,079)	—	—	—	—
Unrealized gain on interest rate hedge	39	6	41	70	358	310	75	360
	(2,336)	3,637	3,072	(1,009)	358	310	75	360
Comprehensive income (loss)	\$ 27,624	\$ 19,879	\$ 47,943	\$ 18,457	\$ 9,449	\$ (6,798)	\$ 13,285	\$ (9,242)

Calculation of funds from operations

	2018			2017			2016	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net income (loss) for the period	\$ 29,960	\$ 16,242	\$ 44,871	\$ 19,466	\$ 9,091	\$ (7,108)	\$ 13,210	\$ (9,602)
Add (deduct):								
Amortization of lease incentives	364	374	314	334	300	278	243	249
Interest expense on subsidiary redeemable units	3,344	3,344	3,344	3,344	3,344	3,344	3,344	3,311
Fair value adjustments to investment properties	(8,337)	(17,346)	(43,398)	1,476	(3,651)	13,606	6,060	7,784
Fair value adjustments to financial instruments	(4,462)	15,615	14,843	(5,499)	8,145	8,219	(5,996)	13,385
Net loss on sale of investment properties	—	—	—	—	—	—	—	130
Fair value adjustments of DUIP included in general and administrative expenses	49	49	31	19	34	6	(13)	2
Debenture redemption write-off	1,932	—	—	—	—	—	—	—
Internal leasing costs	805	885	789	822	720	802	781	1,019
Transaction cost recovery	(151)	—	—	—	—	—	—	—
(Recovery of) deferred income taxes	(755)	962	438	(307)	725	(645)	130	30
FFO⁽¹⁾	\$ 22,749	\$ 20,125	\$ 21,232	\$ 19,655	\$ 18,708	\$ 18,502	\$ 17,759	\$ 16,308
FFO per Unit – basic ⁽¹⁾⁽²⁾	\$ 0.21	\$ 0.21	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.21
FFO per Unit – diluted ⁽¹⁾⁽²⁾⁽³⁾	\$ 0.21	\$ 0.21	\$ 0.22	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.22	\$ 0.21
FFO payout ratio ⁽¹⁾⁽⁴⁾	85.0%	82.9%	78.1%	77.8%	76.1%	76.1%	78.8%	84.5%

(1) FFO for the fourth quarter of 2016 has been restated to exclude the add-back of mortgage debt settlement costs. The impact was a reduction in FFO by \$0.4 million.

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

(3) Diluted FFO per Unit excludes \$0.6 million interest on convertible debentures for the current quarter, \$1.8 million for each preceding quarter in 2018, \$1.9 million for the fourth quarter of 2017 and \$2.0 million for each preceding quarter.

(4) FFO payout ratio is calculated as the ratio of distribution rate to diluted FFO per Unit.

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

Management believes FFO is an important measure of our operating performance. This non-GAAP measure is a commonly used measure of performance of real estate operations; however, it does not represent net income (loss) or cash generated from (utilized in) operating activities, as defined by IFRS, and is not necessarily indicative of cash available to fund Dream Industrial REIT's needs. FFO is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

The Trust's reported FFO is consistent with the REALPAC definition of FFO, except for the add-back of certain non-cash costs associated with the convertible debenture redemption. These non-cash costs represent the accelerated write-off of unamortized financing costs and mark-to-market adjustments due to the early redemption of the debentures. The Trust is of the view that this non-cash item, which is non-recurring in nature, has no impact on the Trust's ongoing operations and therefore should not be included in the reported FFO.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", FFO has been reconciled to net income (loss) under the heading "Funds from operations".

Adjusted funds from operations

The Trust had included AFFO, a non-GAAP measure, for the periods up to December 31, 2017 as an important measure of our economic performance. However, management reconsidered factors such as: the Trust's recent expansion of its operations into the U.S.; comparability of performance against both Canadian and U.S. industrial peers; the subjectivity involved in determining AFFO; the key drivers of value for the Trust; and the ability to increase the return to our unitholders. After taking these factors into account, effective January 1, 2018, the Trust decided not to use AFFO as one of its performance measures as it focuses on FFO and net asset value.

We will continue to disclose the relevant information for unitholders who wish to make their own estimates of AFFO. Information on the capital expenditure costs is included in the MD&A section "Our resources and financial condition" under the heading "Building improvements and leasing costs".

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 issuers. The calculation of NAV per Unit is included under the heading "Our equity".

Total equity (including LP B 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 the total equity plus the subsidiary redeemable units liability as per the condensed consolidated financial statements. 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", total equity (including LP B Units) has been reconciled to total equity under the heading "Our equity".

NOI

NOI is defined by the Trust as investment properties revenue, less investment properties operating expenses, plus the share of net rental income from investments in joint ventures, if any. This non-GAAP measure is an important measure used by the Trust in evaluating property operating performances; however, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers. As the Trust does not have any net rental income from investments in joint ventures during the periods ended September 30, 2018 and September 30, 2017, NOI is the same as net rental income presented in the condensed consolidated financial statements.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", NOI has been reconciled to net rental income under the heading "Net operating income".

Stabilized NOI

Stabilized NOI for an individual property is defined by the Trust as investment properties revenue less investment properties operating expenses adjusted for items such as average lease up costs, long-term vacancy rates, non-recoverable capital expenditures, management fees, straight-line rents and other non-recurring items. This non-GAAP measure is an important measure used by the Trust in determining the fair value of individual investment properties; however, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

Comparative properties NOI

Comparative properties NOI is an important non-GAAP measure used by management to evaluate the performance of the properties fully owned by the Trust in the current and comparative periods presented, excluding the properties held for sale at the period-end date. 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 issuers. Comparative properties NOI excludes lease termination fees, other rental income, straight-line rents, bad debt expenses and amortization of lease incentives.

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" and "NOI prior quarter comparison".

Weighted average number of Units

The basic weighted average number of Units outstanding used in the FFO calculation 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 assumes the conversion of the convertible debentures and includes the unvested deferred trust units and income deferred trust units. As at September 30, 2018, there were 815,062 deferred trust units and income deferred trust units outstanding, including 366,476 deferred trust and income deferred trust units that are vested but unissued.

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Weighted average Units outstanding for basic per Unit amounts (in thousands)	109,950	80,030	99,964	79,399
Weighted average Units outstanding for diluted per Unit amounts (in thousands)	113,197	90,215	106,695	89,567

Unencumbered assets

Unencumbered assets represents the value of investment properties, including the property or properties held for sale at the period-end that have not been pledged as collateral for the financing of the Trust's revolving credit facility or mortgages.

Level of debt (net debt-to-assets)

Management believes this non-GAAP measure is an important measure in the management of our debt levels. Level of debt is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers. Level of debt (net debt-to-assets) as shown below is determined as total debt at principal amount outstanding less cash and cash equivalents divided by total assets less cash and cash equivalents.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the table below calculates the level of debt (net debt-to-assets):

	September 30, 2018	December 31, 2017
Amounts per condensed consolidated financial statements		
Non-current debt	\$ 837,249	\$ 776,459
Current debt	88,959	113,337
Total debt	926,208	889,796
Add (deduct):		
Unamortized financing costs	5,743	5,552
Unamortized fair value adjustments	(1,818)	(912)
Total debt at principal amount outstanding	930,133	894,436
Less: Cash and cash equivalents	(8,391)	(54,651)
Net debt	921,742	839,785
Total assets	\$ 2,091,021	\$ 1,807,751
Less: Cash and cash equivalents	(8,391)	(54,651)
Assets (excluding cash and cash equivalents)	2,082,630	1,753,100
Net debt-to-assets	44.3%	47.9%

Liquidity

Management believes this non-GAAP measure is an important measure in the management of capital resources on hand. Liquidity is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers. Liquidity is calculated as cash and cash equivalents plus amounts available to be drawn on the revolving credit facility.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the table below calculates liquidity:

	September 30, 2018	December 31, 2017
Amounts per condensed consolidated financial statements		
Revolving credit facility – available to be drawn	\$ 78,351	\$ 123,000
Cash and cash equivalents	8,391	54,651
Liquidity	86,742	177,651

Net debt-to-adjusted EBITDA

Management believes this non-GAAP measure is an important measure in determining the time it takes the Trust, based on its operating performance, to repay its debt net of cash and cash equivalents. Net debt-to-adjusted EBITDA is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

Net debt-to-adjusted EBITDA as shown below is determined as total debt at principal amount outstanding less cash and cash equivalents divided by annualized adjusted EBITDA for the quarter. Adjusted EBITDA is calculated as income (loss) before taxes adjusted for fair value adjustments to investment properties and financial instruments, net losses on transactions and other activities, interest expense, depreciation and amortization, and other items included in investment properties revenue.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the table below calculates the net debt-to-adjusted EBITDA:

Amounts per condensed consolidated financial statements	Three months ended September 30, 2018	Three months ended December 31, 2017
Non-current debt	\$ 837,249	\$ 776,459
Current debt	88,959	113,337
Total debt	926,208	889,796
Add (deduct):		
Unamortized financing costs	5,743	5,552
Unamortized fair value adjustments	(1,818)	(912)
Total debt at principal amount outstanding	930,133	894,436
Less: Cash and cash equivalents	(8,391)	(54,651)
Net debt	921,742	839,785
Income before income taxes	\$ 29,182	\$ 19,160
Add (deduct):		
Fair value adjustments to investment properties	(8,337)	1,476
Fair value adjustments to financial instruments	(4,462)	(5,499)
Net losses on transactions and other activities	2,586	822
Interest – debt	9,105	8,996
Interest – subsidiary redeemable units	3,344	3,344
Depreciation and amortization	8	12
Other items included in investment properties revenues ⁽¹⁾	119	(81)
Adjusted EBITDA – quarterly	\$ 31,545	\$ 28,230
Normalized NOI of acquired properties for the quarter ⁽²⁾	1,145	618
Adjusted EBITDA – quarterly	32,690	28,848
Adjusted EBITDA – annualized	\$ 130,760	\$ 115,392
Net debt-to-adjusted EBITDA (years)	7.0	7.3

(1) Includes adjustments for lease termination fees, other items that are non-recurring in nature, straight-line rent and amortization of lease incentives.

(2) Represents the incremental NOI had the 2017 and 2018 acquisitions occurred for the full quarter, determined using average daily NOI times the number of days the Trust did not own the properties.

Interest coverage ratio

Management believes this non-GAAP measure is an important measure in determining our ability to cover interest expense based on our operating performance. It is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers. Interest coverage ratio as shown below is calculated as net rental income plus interest and fee income, less general and administrative expenses, plus deferred unit compensation expense, all divided by interest expense on total debt excluding amortization of financing costs and fair value adjustments. Interest expense on subsidiary redeemable units is excluded as it represents distributions on units; however, pursuant to IFRS, the distributions are presented as interest expense.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the table below calculates the interest coverage ratio:

Amounts per condensed consolidated financial statements	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Net rental income	\$ 33,665	\$ 29,037	\$ 98,738	\$ 86,374
Add (deduct):				
Interest and fee income	343	548	607	605
General and administrative expenses	(2,582)	(2,296)	(8,221)	(6,569)
Deferred unit compensation expense	446	530	1,755	1,208
Total	\$ 31,872	\$ 27,819	\$ 92,879	\$ 81,618
Interest expense	9,105	8,679	28,301	25,875
Add (deduct):				
Amortization of financing costs	(444)	(415)	(1,438)	(1,226)
Amortization of fair value adjustments	118	126	131	365
Interest expense incurred, at contractual rate	\$ 8,779	\$ 8,390	\$ 26,994	\$ 25,014
Interest coverage ratio (times)	3.6	3.3	3.4	3.3

Adjusted cash generated from (utilized in) operating activities

In any given period, actual total distributions declared may differ from cash generated from (utilized in) operating activities and/or adjusted cash generated from operating activities, primarily due to seasonal fluctuations in non-cash working capital and the impact and timing of lease incentives and initial direct leasing costs. As such, the Trust believes the cash distributions are not an economic return of capital, but a distribution of sustainable adjusted cash generated from (utilized in) operating activities. The Trust determines distributions and the distribution rate by, among other considerations, its assessment of cash flow as determined using adjusted cash generated from (utilized in) operating activities (a non-GAAP measure). Adjusted cash generated from (utilized in) operating activities excludes the fluctuations in certain non-cash working capital items. Adjusted cash generated from (utilized in) operating activities is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers. The Trust’s distributions are regularly reviewed by the management and the Board of Trustees of the Trust.

To the extent that cash generated from (utilized in) operating activities and/or adjusted cash generated from operating activities may be less than the total distributions declared, the Trust will fund the shortfalls with cash and cash equivalents on hand and with the amounts available on the revolving credit facility. The Trust does not anticipate suspending the cash distributions in the foreseeable future. The use of revolving credit facilities 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, resulting in higher interest costs and an increase in the Trust’s overall indebtedness.

Prior to January 1, 2018, the total distributions were compared against the cash generated from (utilized in) operating activities, net of investment in lease incentives and initial direct leasing costs, and change in non-cash working capital. As a result of management’s review of this non-GAAP measure, it was decided to compare the total distributions against the cash flow from operating activities, net of working capital changes that are not considered indicative of sustainable economic cash flow available for total distributions. Accordingly, the Trust revised its disclosure effective January 1, 2018 and for the comparative periods presented.

The Trust anticipates that actual total distributions declared will, in the foreseeable future, continue to vary from net income (loss) as net income (loss) includes non-cash items such as fair value adjustments to investment properties and fair value adjustments to financial instruments. Accordingly, the Trust does not use net income (loss) as a proxy for distributions.

As required by National Policy 41-201, “Income Trusts and Other Indirect Offerings”, the following table outlines the differences between cash generated from (utilized in) operating activities and total distributions paid and payable, as well as the differences between net income (loss) and total distributions paid and payable, in accordance with the guidelines.

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Net income	\$ 29,960	\$ 9,091	\$ 91,073	\$ 15,193
Cash generated from (utilized in) operating activities	19,735	20,368	54,181	51,736
Add (deduct):				
Periodic cash flow fluctuations from certain working capital items (prepaid deposits on mortgage financings, prepaid insurance and prepaid realty taxes) ⁽¹⁾	(523)	(843)	675	741
Adjusted cash generated from (utilized in) operating activities	19,212	19,525	54,856	52,477
Total distributions paid and payable⁽²⁾	19,386	14,132	53,690	42,051
Excess (shortfall) of adjusted cash generated from (utilized in) operating activities over total distributions paid and payable	(174)	5,393	1,166	10,426
Excess (shortfall) of net income over total distributions paid and payable	10,574	(5,041)	37,383	(26,858)
Excess of cash generated from (utilized in) operating activities over total distributions paid and payable	\$ 349	\$ 6,236	\$ 491	\$ 9,685

(1) Cash flow fluctuations from certain working capital items for the three months ended September 30, 2018 include: cash inflow on prepaid insurance of \$378 (September 30, 2017 – \$324); cash inflow on prepaid realty taxes of \$210 (September 30, 2017 – \$543); cash outflow on prepaid deposits on mortgage financings of \$65 (September 30, 2017 – \$24).

Cash flow fluctuations from certain working capital items for the nine months ended September 30, 2018 include: cash inflow on prepaid insurance of \$904 (September 30, 2017 – \$882); cash inflow on prepaid deposits on mortgage financings of \$218 (September 30, 2017 – \$12); cash outflow on prepaid realty taxes of \$1,797 (September 30, 2017 – \$1,635).

(2) Includes distributions on LP B Units which represents distribution on units; however, pursuant to IFRS, the distributions are presented as interest expense.

For the three months ended September 30, 2018, adjusted cash generated from (utilized in) operating activities was less than total distributions paid and payable by \$0.2 million (excess of \$5.4 million for the three months ended September 30, 2017). For the nine months ended September 30, 2018, adjusted cash generated from (utilized in) operating activities exceeded total distributions paid and payable by \$1.2 million (\$10.4 million for the nine months ended September 30, 2017). The cash generated from (utilized in) operating activities fluctuates mainly due to timing differences in the realization of working capital and in the investment in lease incentives and initial direct leasing costs, and thus any shortfall of adjusted cash generated from (utilized in) operating activities over total distributions paid and payable did not constitute an economic return of capital. Total distributions paid and payable also includes the distributions on the 2018 equity offering units, of which, due to timing of their redeployment, we are yet to see the full impact in cash flow from operating activities.

For the three months ended September 30, 2018, net income was higher than total distributions paid and payable by \$10.6 million (shortfall of \$5.0 million for the three months ended September 30, 2017). For the nine months ended September 30, 2018, net income exceeded total distributions paid and payable by \$37.4 million (shortfall of \$26.9 million for the nine months ended September 30, 2017). Net income is net of distributions paid and payable on subsidiary redeemable units of \$3.3 million for the three months ended September 30, 2018 (\$10.0 million for the nine months ended September 30, 2018), which amounts are also included in total distributions paid and payable. Total distributions paid and payable also includes the distributions on the 2018 equity offering units, of which, due to timing of their redeployment, we are yet to see the full impact in cash flow from operating activities.

For the three months ended September 30, 2018, cash generated from (utilized in) operating activities exceeded total distributions paid and payable by \$0.3 million (\$6.2 million for the three months ended September 30, 2017). For the nine months ended September 30, 2018, cash generated from (utilized in) operating activities exceeded total distributions paid and payable by \$0.5 million (\$9.7 million for the nine months ended September 30, 2017). Total distributions paid and payable also includes the distributions on the 2018 equity offering units, of which, due to timing of their redeployment, we are yet to see the full impact in cash flow from operating activities.

Of the total distributions paid and payable for the three months ended September 30, 2018, \$7.4 million (\$20.9 million for the nine months ended September 30, 2018) was reinvested into the DRIP. 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 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 III – DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

At September 30, 2018, 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 nine months ended September 30, 2018, there have not been any changes that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

SECTION IV – RISKS AND OUR STRATEGY TO MANAGE

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 discussion of the risks and uncertainties identified by Dream Industrial REIT, please refer to our 2017 Annual Report and our 2017 Annual Information Form filed on SEDAR at www.sedar.com.

SECTION V – CRITICAL ACCOUNTING POLICIES

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’s critical accounting judgments, estimates and assumptions in applying accounting policies are described in Note 4 to the condensed consolidated financial statements and also in our annual consolidated financial statements for the year ended December 31, 2017.

CHANGES IN ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

Future accounting policy changes

Dream Industrial’s changes in accounting policies are described in Note 3 to the condensed consolidated financial statements.

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 VI – SUPPLEMENTARY INFORMATION

The tables in this section include supplementary information on our portfolio as at September 30, 2018.

PROPERTY LIST AND SELECTED DATA

Property	Ownership	Total GLA in square feet	Owned share of total GLA in square feet	Year built/ renovated	Clear ceiling height (warehouse component) in feet	Total site area in acres	Owned share of site area in acres	No. of tenants	Weighted average remaining lease term in years	In-place and committed occupancy
7140 40th Street SE, Calgary	100%	351,306	351,306	1978/2007	30.0	13.8	13.8	1	4.1	100.0%
1919 84th Avenue (Park 19), Edmonton	100%	48,365	48,365	1975/1987	21.0	3.7	3.7	0	-	0.0%
2721 Hopewell Place NE, Calgary	100%	37,690	37,690	2006	22.0	1.9	1.9	1	4.0	100.0%
204 26229 Township Road 531A (Parkland County), Edmonton	100%	34,904	34,904	2005	24.0	9.0	9.0	1	1.4	100.0%
6908 6th Street SE (Glenmore Business Park), Calgary	100%	31,467	31,467	1978	18.0	3.2	3.2	1	6.0	100.0%
3917 81st Avenue, Edmonton	100%	30,353	30,353	2006	28.0	5.5	5.5	1	2.6	100.0%
2876 Sunridge Way NE (Sunridge Business Park), Calgary	100%	30,000	30,000	2000	16.0	2.3	2.3	1	2.2	100.0%
3250 Sunridge Way NE (Sunridge Business Park), Calgary	100%	27,180	27,180	2000	24.0	2.1	2.1	1	1.8	100.0%
9601 156th Avenue, Grand Prairie	100%	27,058	27,058	2005	24.0	27.3	27.3	1	1.4	100.0%
2240 Premier Way (GE Turbine), Edmonton	100%	26,381	26,381	2003	30.0	1.5	1.5	1	3.8	100.0%
1802 Stock Road, Regina	50%	46,157	23,079	2012	28.0	3.6	1.8	1	4.7	100.0%
7121 6th Street SE (Glenmore Business Park), Calgary	100%	19,274	19,274	1984	20.0	0.9	0.9	1	3.2	100.0%
120 Pond Street East, Brooks	100%	14,305	14,305	2006	24.0	5.2	5.2	1	3.0	100.0%
363 and 345 Maxwell Crescent, Regina	50%	23,415	11,708	1984/1997	24.0	3.4	1.7	1	2.4	100.0%
1105 Pettigrew Avenue, Regina	50%	12,150	6,075	1980/2012	18.0	2.1	1.1	1	4.6	100.0%
2190 Industrial Drive, Regina	50%	11,677	5,839	2006	18.0	2.7	1.4	1	-	100.0%
1640 Broder Street, Regina	50%	11,169	5,585	1989/1997	16.0	1.1	0.5	1	5.3	100.0%
Western Canada Single-tenant	93.3%	782,851	730,569		26.1	89.3	82.9	16	3.6	93.4%
310 Henderson Drive, Regina	100%	373,284	373,284	1976	24.0	24.0	24.0	2	5.0	100.0%
7803 35th Street SE, Calgary	100%	189,047	189,047	1977	20.0	10.2	10.2	5	3.6	92.8%
15303 128th Avenue, Edmonton	100%	177,058	177,058	1977/2004	25.0	12.4	12.4	3	5.3	100.0%
611-615 71st Avenue SE & 7515 6th Street SE (Glenmore Business Park), Calgary	100%	167,779	167,779	1979	20.0	6.5	6.5	14	3.9	86.0%
628-668 Henderson Drive (Chestermere), Regina	100%	164,203	164,203	1975	19.0	9.1	9.1	19	2.1	89.2%
7504 30th Street SE, Calgary	100%	138,729	138,729	1976	22.0	6.0	6.0	2	4.0	100.0%
11445 163rd Street (Alberta Park), Edmonton	100%	131,227	131,227	1981	22.0	5.2	5.2	7	2.4	64.9%
9603-9699 45th Avenue NW, Edmonton	100%	110,360	110,360	1975	22.0	6.0	6.0	21	2.4	94.4%
603 Park Street, Regina	100%	109,704	109,704	1978	19.0	6.8	6.8	18	4.4	79.8%
3916 61st Avenue, Calgary	100%	99,978	99,978	1976	26.0	5.1	5.1	2	3.1	100.0%
7004-7042 30th Street SE, Calgary	100%	94,274	94,274	1976	18.0	5.3	5.3	9	6.0	100.0%
651 Henderson Drive (Henderson Business Centre), Regina	100%	90,265	90,265	1982	19.0	5.0	5.0	16	3.0	89.3%
26229 Township Road 531, Parkland County	100%	89,154	89,154	1968	24.7	6.5	6.5	11	2.9	93.6%
7008 5th Street SE (Glenmore Business Park), Calgary	100%	86,023	86,023	1975	17.0	3.7	3.7	7	2.1	100.0%
11404 Winterburn Rd NW, Edmonton	100%	80,815	80,815	2004	23.8	6.3	6.3	13	2.6	82.6%
7004 5th Street SE (Glenmore Business Park), Calgary	100%	79,414	79,414	1975	20.0	3.4	3.4	10	3.3	94.6%
9451 45th Avenue (Southwood Centre), Edmonton	100%	75,172	75,172	1998	28.0	4.5	4.5	2	2.3	100.0%
4710-4760 14th Street NE (McCall Industrial Park), Calgary	100%	73,021	73,021	1976	18.0	4.0	4.0	22	3.0	100.0%
2777 23rd Avenue NE (Sunridge Business Park), Calgary	100%	67,250	67,250	2001	24.0	3.8	3.8	2	6.6	100.0%
3510 29th Street NE (ACC Centre), Calgary	100%	65,022	65,022	1998	24.0	3.0	3.0	7	1.9	100.0%
7111 6th Street SE (Glenmore Business Park), Calgary	100%	64,939	64,939	1985	20.0	2.9	2.9	4	3.6	100.0%
3401 19th Street, Calgary	100%	63,950	63,950	1976	22.0	4.1	4.1	6	2.2	100.0%
2150 29th Street NE (Sunridge Business Park), Calgary	100%	59,814	59,814	1999	24.0	3.3	3.3	7	2.5	100.0%
7710 5th Street SE (Glenmore Business Park), Calgary	100%	58,786	58,786	1980	20.0	2.3	2.3	22	2.9	75.4%
550 71st Avenue SE (Glenmore Business Park), Calgary	100%	58,290	58,290	1982	12.0	2.6	2.6	8	3.6	97.4%
2175 29th Street NE (Sunridge Business Park), Calgary	100%	58,184	58,184	2000	24.0	3.5	3.5	3	3.7	100.0%
2256 29th Street NE (Sunridge Business Park), Calgary	100%	57,898	57,898	1998	24.0	3.5	3.5	4	1.3	100.0%
4403-4435 97th Street NW, Edmonton	100%	57,813	57,813	1975	24.0	3.2	3.2	5	3.6	100.0%
1139-1165 40th Avenue NE, Calgary	100%	57,479	57,479	1974	20.0	2.9	2.9	6	2.1	100.0%
2151 32nd Street NE (Sunridge Business Park), Calgary	100%	57,225	57,225	1999	24.0	3.4	3.4	5	2.9	81.4%

Property	Ownership	Total GLA in square feet	Owned share of total GLA in square feet	Year built/renovated	Clear ceiling height (warehouse component) in feet	Total site area in acres	Owned share of site area in acres	No. of tenants	Weighted average remaining lease term in years	In-place and committed occupancy
501-529 36th Avenue SE, Calgary	100%	57,219	57,219	1974	18.0	2.9	2.9	7	4.3	100.0%
2928 Sunridge Way NE (Sunridge Business Park), Calgary	100%	57,196	57,196	2003	24.0	4.1	4.1	4	3.4	100.0%
4504-4576 14th Street NE, Calgary	100%	57,128	57,128	1976	16.0	4.1	4.1	31	2.1	100.0%
6812 6th Street SE (Glenmore Business Park), Calgary	100%	57,089	57,089	1978	20.0	5.7	5.7	6	2.0	100.0%
2121 29th Street NE (Sunridge Business Park), Calgary	100%	56,889	56,889	2000	24.0	3.8	3.8	3	3.1	100.0%
402 McDonald Street (Imperial Business Centre), Regina	100%	56,116	56,116	1984	18.0	2.8	2.8	15	1.9	90.4%
2985 23rd Avenue NE (Sunridge Business Park), Calgary	100%	53,998	53,998	2000	24.0	3.0	3.0	3	6.2	79.6%
4402-4434 10th Street NE, Calgary	100%	54,004	54,004	1974	16.0	3.1	3.1	6	3.6	86.7%
7003 5th Street SE (Glenmore Business Park), Calgary	100%	52,825	52,825	1975	20.0	2.7	2.7	14	4.1	100.0%
16134 114th Avenue NW, Edmonton	100%	47,925	47,925	2006	26.8	4.4	4.4	9	2.1	100.0%
2886 Sunridge Way NE (Sunridge Business Park), Calgary	100%	44,551	44,551	2001	24.0	3.5	3.5	4	6.3	71.6%
610 70th Avenue SE (Glenmore Business Park), Calgary	100%	44,246	44,246	1985	20.0	3.5	3.5	11	2.6	92.5%
1512-1514 8th Street, Edmonton	100%	42,670	42,670	1980	20.0	10.2	10.2	1	1.6	83.5%
535-561 36th Avenue SE, Calgary	100%	41,440	41,440	1974	16.0	1.9	1.9	2	7.4	100.0%
5824 Burbank Road SE, Calgary	100%	39,845	39,845	1972	20.0	2.4	2.4	6	4.9	100.0%
310 Hoffer Drive (McDonald Business Centre), Regina	100%	38,050	38,050	1985	18.0	2.8	2.8	5	1.6	100.0%
4001 19th Street, Calgary	100%	37,014	37,014	1978	22.0	2.5	2.5	8	3.0	100.0%
6810 6th Street SE (Glenmore Business Park), Calgary	100%	31,726	31,726	1978	19.0	3.2	3.2	3	2.4	100.0%
6804-6818 30th Street SE, Calgary	100%	29,986	29,986	1976	16.0	1.2	1.2	4	2.7	100.0%
7131 6th Street SE (Glenmore Business Park), Calgary	100%	29,002	29,002	1982	20.0	1.3	1.3	2	2.8	100.0%
6023-6039 Centre Street South, Calgary	100%	28,795	28,795	1973	15.0	1.5	1.5	6	4.0	100.0%
4502-4516 10th Street NE, Calgary	100%	28,648	28,648	1974	16.0	1.4	1.4	7	2.2	100.0%
16104 114th Avenue NW, Edmonton	100%	28,624	28,624	1972	20.0	4.4	4.4	8	3.2	100.0%
3030 Sunridge Way NE (Sunridge Business Park), Calgary	100%	27,010	27,010	2000	24.0	2.1	2.1	6	2.7	100.0%
6043-6055 Centre Street South, Calgary	100%	25,234	25,234	1973	15.0	1.3	1.3	5	3.2	100.0%
530-544 38A Avenue SE, Calgary	100%	24,007	24,007	1974	16.0	1.2	1.2	7	2.2	100.0%
7007 5th Street SE (Glenmore Business Park), Calgary	100%	23,265	23,265	1974	19.0	1.2	1.2	3	1.3	100.0%
616 71st Avenue SE (Glenmore Business Park), Calgary	100%	21,957	21,957	1985	21.0	1.0	1.0	3	4.5	100.0%
1135-1149 45th Avenue NE, Calgary	100%	21,589	21,589	1974	16.0	1.3	1.3	6	3.3	100.0%
6910 6th Street SE (Glenmore Business Park), Calgary	100%	21,268	21,268	1978	16.0	2.1	2.1	4	0.8	100.0%
4620-4640 11th Street NE, Calgary	100%	21,164	21,164	1971	16.0	1.4	1.4	11	2.5	100.0%
102-114 61st Avenue SW, Calgary	100%	18,890	18,890	1973	14.0	1.1	1.1	3	4.7	85.8%
4001-4019 23rd Street NE, Calgary	100%	15,764	15,764	1976	16.0	1.1	1.1	5	5.2	100.0%
2915-2925 58th Avenue SE, Calgary	100%	15,610	15,610	1976	16.0	1.0	1.0	5	2.3	100.0%
3503-3521 62nd Avenue SE, Calgary	100%	13,420	13,420	1975	13.0	1.2	1.2	9	2.7	100.0%
125 McDonald Street, Regina	50%	14,080	7,041	1975	13.0	1.2	0.6	1	2.1	28.7%
Western Canada Multi-tenant	99.8%	4,334,401	4,327,362		21.1	262.2	261.5	495	3.5	94.4%
Western Canada	98.8%	5,117,252	5,057,931		21.9	351.5	344.4	511	3.5	94.2%
275 Wellington Street East, Aurora	100%	317,000	317,000	1986	27.0	16.3	16.3	1	3.5	100.0%
45 Progress Avenue, Toronto	100%	209,754	209,754	1965/2000	24.0	10.3	10.3	1	15.8	100.0%
3230 Mainway Drive, Burlington	100%	207,703	207,703	1965	21.0	9.9	9.9	1	7.0	100.0%
290 Humberline Drive, Etobicoke	100%	180,329	180,329	1981/2010	20.0	6.9	6.9	1	4.3	100.0%
750 Creditstone Road, Vaughan	100%	176,535	176,535	1999	24.0	9.0	9.0	1	6.3	100.0%
121 Pippin Road, Vaughan	100%	169,500	169,500	1999	24.0	8.6	8.6	1	1.3	100.0%
580 Industrial Road, London	100%	113,595	113,595	1972/2002	24.0	12.7	12.7	1	9.3	100.0%
441 Chrislea Road, Vaughan	100%	100,626	100,626	1998	22.0	4.1	4.1	1	1.0	100.0%
2130 South Service Road West, Oakville	100%	98,175	98,175	1986/2005	24.0	4.4	4.4	1	4.4	100.0%
970 Fraser Drive, Burlington	100%	95,444	95,444	1999	28.0	6.9	6.9	1	9.3	100.0%
3 & 5 Blair Drive, Brampton	100%	82,232	82,232	2001	28.0	6.4	6.4	1	0.7	100.0%
274 Humberline Drive, Etobicoke	100%	80,540	80,540	1981	20.0	3.9	3.9	1	1.6	100.0%
2226 South Service Road West, Oakville	100%	79,174	79,174	1980	22.0	3.5	3.5	1	2.3	100.0%
439 Sovereign, London	100%	77,877	77,877	1988	22.0	5.6	5.6	1	0.1	100.0%
9305 Twin Oaks Drive, Windsor	100%	74,239	74,239	1996	28.0	5.2	5.2	1	1.9	100.0%
2 Lone Oak Court, Toronto	100%	72,197	72,197	2001	24.0	4.4	4.4	1	3.8	100.0%
6885-6895 Menway Court, Mississauga	100%	66,383	66,383	1988	20.0	3.4	3.4	1	1.4	100.0%
896 Meyerside Drive, Mississauga	100%	46,774	46,774	1986	20.0	2.4	2.4	1	7.7	100.0%
880 Rangeview Road, Mississauga	100%	45,600	45,600	1977/2005	24.0	3.2	3.2	1	4.1	100.0%
135 Pinebush Road, Cambridge	100%	44,470	44,470	2001	60.0	5.6	5.6	1	1.8	100.0%
5905 Kennedy Road, Mississauga	100%	38,158	38,158	1988	22.0	2.1	2.1	1	2.3	100.0%

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6045 Kestrel Road, Mississauga	100%	34,879	34,879	1986	20.0	1.8	1.8	1	5.6	100.0%
2946 Walker Road, Windsor	100%	32,264	32,264	1960	22.0	4.0	4.0	1	1.3	100.0%
781 Westgate Road, Oakville	100%	29,850	29,850	1985	22.0	4.2	4.2	1	1.9	100.0%
6520 Gottardo Court, Mississauga	100%	25,932	25,932	1987	18.0	1.2	1.2	1	3.3	100.0%
750 Barmac Drive, Toronto	100%	23,959	23,959	1979	18.0	1.5	1.5	1	0.4	100.0%
7420 Pacific Circle, Mississauga	100%	23,777	23,777	1987	18.0	1.2	1.2	1	0.7	100.0%
1300 Fewster Road, Mississauga	100%	23,500	23,500	1969	14.0	1.2	1.2	1	2.8	100.0%
5805 Kennedy Road, Mississauga	100%	21,780	21,780	1986	18.0	1.0	1.0	1	5.1	100.0%
5380 Timberlea Boulevard, Mississauga	100%	19,988	19,988	1986	18.0	1.0	1.0	1	1.3	100.0%
5462 Timberlea Boulevard, Mississauga	100%	17,708	17,708	1977	18.0	1.0	1.0	1	1.7	100.0%
5370 Timberlea Boulevard, Mississauga	100%	16,693	16,693	1986	18.0	0.8	0.8	1	1.4	100.0%
5750 Coopers Avenue, Mississauga	100%	16,366	16,366	1987	18.0	0.9	0.9	1	2.4	100.0%
5444 Timberlea Boulevard, Mississauga	100%	15,316	15,316	1977	18.0	0.9	0.9	1	1.8	100.0%
Ontario Single-tenant	100%	2,678,317	2,678,317		23.7	155.5	155.5	34	4.8	100.0%
6581-6601 Kitimat Road, Mississauga	100%	318,363	318,363	1986	25.0	16.9	16.9	15	2.2	100.0%
161 West Mall, Etobicoke	100%	205,000	205,000	1965	50.0	10.5	10.5	2	7.3	100.0%
2360 Cornwall Road, Oakville	100%	199,736	199,736	2004	28.0	10.3	10.3	3	3.1	100.0%
45 A & B West Wilmot Street, Richmond Hill	100%	189,128	189,128	1986	19.0	8.0	8.0	36	2.4	98.5%
255 Wicksteed Avenue, Toronto	100%	177,562	177,562	1955	24.0	8.0	8.0	3	2.9	100.0%
2140-2150 Winston Park Drive, Mississauga	100%	172,490	172,490	1987	19.0	7.5	7.5	42	2.8	96.2%
90 Nolan Court, Markham	100%	124,897	124,897	1982	18.0	7.0	7.0	30	3.1	100.0%
55 Horner Avenue, Etobicoke	100%	95,519	95,519	1988	22.0	6.2	6.2	3	3.8	82.7%
4515/4525 Rhodes Drive, Windsor	100%	92,089	92,089	1999	22.0	9.0	9.0	7	1.6	100.0%
1111 Tristar Drive, Mississauga	100%	77,726	77,726	1986	22.0	3.7	3.7	2	1.4	100.0%
903-951 Matheson Boulevard, Mississauga	100%	77,420	77,420	1977	18.0	3.8	3.8	8	3.4	100.0%
1100 Courtney Park Drive, Mississauga	100%	72,393	72,393	1981	22.0	3.4	3.4	4	2.8	100.0%
100 Lingard Road, Cambridge	100%	70,154	70,154	2003	46.0	5.4	5.4	1	1.1	44.8%
5825-5895 Kennedy Road, Mississauga	100%	67,846	67,846	1988	15.0	3.4	3.4	8	4.2	100.0%
6400 Shawson Drive, Mississauga	100%	61,715	61,715	1981	22.0	2.9	2.9	3	5.2	100.0%
5554 Tomken Road, Mississauga	100%	61,245	61,245	1979	18.0	3.2	3.2	10	3.4	100.0%
6300 Viscount Road, Mississauga	100%	59,982	59,982	1966	16.0	4.3	4.3	4	2.4	100.0%
845 Harrington Court, Burlington	100%	56,496	56,496	1982	15.0	4.0	4.0	10	4.8	99.3%
5716-5730 Coopers Avenue, Mississauga	100%	53,695	53,695	1987	14.0	3.4	3.4	23	2.2	100.0%
855 Matheson Boulevard, Mississauga	100%	46,652	46,652	1986	18.0	2.0	2.0	12	2.0	100.0%
5448 Timberlea Boulevard, Mississauga	100%	32,025	32,025	1977	16.0	1.8	1.8	2	1.1	100.0%
5430 Timberlea Boulevard, Mississauga	100%	31,448	31,448	1977	17.0	1.8	1.8	2	3.7	100.0%
5466 Timberlea Boulevard, Mississauga	100%	28,657	28,657	1977	18.0	1.6	1.6	2	5.1	100.0%
135 East Beaver Creek, Richmond Hill	100%	28,506	28,506	1986	17.0	1.8	1.8	5	0.5	100.0%
5420 Timberlea Boulevard, Mississauga	100%	19,816	19,816	1977	18.0	1.1	1.1	2	2.6	100.0%
Ontario Multi-tenant	100%	2,420,560	2,420,560		24.2	131.0	131.0	239	3.2	97.3%
Ontario	100%	5,098,877	5,098,877		23.9	286.5	286.5	273	4.0	98.7%
1411, 1421 and 1451 Rue Ampère, Boucherville	100%	457,875	457,875	1998/2002	27.0	21.6	21.6	1	6.7	100.0%
1900 Dickson Street (Molson Distribution Centre), Montréal	100%	225,000	225,000	2003	26.0	17.1	17.1	1	4.3	100.0%
2350 de la Province, Longueuil	100%	222,464	222,464	1967	20.0	11.5	11.5	1	3.3	100.0%
1125 50th Avenue, Montréal	100%	210,710	210,710	2000	26.0	13.3	13.3	1	1.0	100.0%
8000 Avenue Blaise-Pascal, Montréal	100%	206,345	206,345	1993	23.0	13.8	13.8	1	3.5	100.0%
1313 Autoroute Chomedey, Laval	100%	184,493	184,493	1999	26.0	8.1	8.1	1	6.7	100.0%
650 Rue Bergeron, Drummondville	100%	181,000	181,000	2007	28.0	10.5	10.5	1	4.2	100.0%
2340 St. Laurent Blvd., Ottawa	100%	114,724	114,724	1989	24.0	6.2	6.2	1	6.6	100.0%
101 Autoroute 440, Laval	100%	68,444	68,444	1977	22.0	4.6	4.6	1	4.7	100.0%
1805 50 ^e Avenue, Lachine	100%	60,750	60,750	1986	19.0	2.3	2.3	1	2.7	100.0%
1421 Rue Nobel, Sainte-Julie	100%	50,878	50,878	1998	22.0	4.3	4.3	1	3.1	100.0%
3700-3720 Autoroute des Laurentides, Laval	100%	49,500	49,500	2002	24.0	3.6	3.6	1	3.8	100.0%
1870 Boulevard Saint-Régis, Dollard-des-Ormeaux	100%	40,231	40,231	1984	22.0	1.8	1.8	1	2.7	100.0%
29 Rue de Varennes, Gatineau	100%	23,959	23,959	2006	20.0	3.4	3.4	1	2.3	100.0%
361 Boulevard Montpellier, St-Laurent	100%	19,220	19,220	1987	18.0	1.2	1.2	1	8.0	100.0%
Québec Single-tenant	100%	2,115,593	2,115,593		24.7	123.3	123.3	15	4.5	100.0%

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2995 Boulevard le Corbusier, Laval	100%	130,824	130,824	1975	24.0	4.7	4.7	6	4.0	99.6%
5000 Rue Fairway & 1645 50 ^e Avenue, Lachine	100%	106,119	106,119	1978	18.0	5.5	5.5	3	0.5	64.6%
1700-1764 50 ^e Avenue, Lachine	100%	94,569	94,569	1989	24.0	4.2	4.2	1	3.1	96.8%
1100-1154 Rue Berlier, Laval	100%	91,843	91,843	1975	18.0	4.5	4.5	9	2.1	100.0%
9090-9100 Boulevard Cavendish, St-Laurent	100%	89,322	89,322	1987	18.0	7.5	7.5	3	3.3	71.2%
333 Chemin du Tremblay, Boucherville	100%	86,842	86,842	1987	18.0	3.8	3.8	4	4.0	100.0%
1876-1936 32 ^e Avenue, Lachine	100%	84,659	84,659	1987	18.0	4.7	4.7	3	1.0	100.0%
1500 Rue Nobel, Boucherville	100%	82,081	82,081	1989	18.0	4.1	4.1	7	1.7	100.0%
2000 32 ^e Avenue, Lachine	100%	81,288	81,288	1985	18.0	4.8	4.8	4	2.0	89.4%
1624-1692 50 ^e Avenue, Lachine	100%	79,094	79,094	1975	19.0	4.3	4.3	5	2.3	81.6%
1151-1179 Autoroute 440, Laval	100%	78,938	78,938	1975	19.0	3.9	3.9	14	3.0	100.0%
10001-10091 Renaude-Lapointe, Montréal	100%	77,846	77,846	1987	18.0	3.7	3.7	3	4.2	96.5%
2101 Rue Nobel, Sainte-Julie	100%	73,411	73,411	1992	20.0	4.8	4.8	5	2.0	88.1%
1950 32 ^e Avenue, Montréal	100%	71,923	71,923	1988	18.0	4.5	4.5	7	2.9	100.0%
1825-1865 32 ^e Avenue, Montréal	100%	71,616	71,616	1986	18.0	4.9	4.9	9	3.7	100.0%
4300-4400 Boulevard Bois-Franc, St-Laurent	100%	68,575	68,575	1987	18.0	3.9	3.9	4	3.4	100.0%
4605-4645 Rue Fairway & 1405-1465 46 ^e Avenue, Lachine	100%	60,728	60,728	1974	19.0	4.0	4.0	4	4.3	96.9%
1010 Rue Berlier & 2854-2870 Boulevard Industriel, Laval	100%	58,622	58,622	1975	19.0	3.1	3.1	7	2.6	100.0%
1025-1087 Autoroute 440, Laval	100%	56,622	56,622	1979	18.0	2.8	2.8	10	2.2	100.0%
585-625 Avenue Meloche, Dorval	100%	54,667	54,667	1981	18.0	2.7	2.7	2	4.8	100.0%
135 Chemin du Tremblay, Boucherville	100%	49,808	49,808	1989	16.0	2.4	2.4	10	2.1	100.0%
Québec Multi-tenant	100%	1,649,397	1,649,397		19.0	88.8	88.8	120	2.8	93.7%
Québec	100%	3,764,990	3,764,990		22.2	212.1	212.1	135	3.8	97.3%
58 Wright Avenue (Burnside Business Park), Dartmouth	100%	43,000	43,000	1972	24.0	2.4	2.4	1	2.8	100.0%
50 Garland Avenue (Burnside Business Park), Dartmouth	100%	35,574	35,574	2006	10.0	2.5	2.5	1	8.6	90.1%
80 Thornhill Drive (Burnside Business Park), Dartmouth	100%	10,090	10,090	1984	20.0	1.1	1.1	1	1.1	100.0%
Eastern Canada Single-tenant	100%	88,664	88,664		17.9	6.0	6.0	3	4.8	96.0%
202 Brownlow Avenue (Burnside Business Park), Dartmouth	100%	212,836	212,836	1986	18.0	13.8	13.8	54	2.9	85.6%
320-340 Wright Avenue (Burnside Business Park), Dartmouth	100%	170,329	170,329	2007	24.0	10.6	10.6	12	3.0	100.0%
201 Brownlow Avenue (Burnside Business Park), Dartmouth	100%	159,982	159,982	1988	16.0	10.7	10.7	33	3.6	98.0%
7 Mellor Avenue, Dartmouth	100%	122,490	122,490	2007	24.0	7.2	7.2	12	2.7	100.0%
10 Morris Drive (Burnside Business Park), Dartmouth	100%	118,741	118,741	1979	18.0	7.5	7.5	23	2.3	94.9%
71 Thornhill Drive, Dartmouth	100%	100,322	100,322	1980	28.0	5.2	5.2	2	2.4	100.0%
131-135 Ilsley Avenue (Burnside Business Park), Dartmouth	100%	98,461	98,461	1984	18.0	6.6	6.6	17	4.1	100.0%
121 Ilsley Avenue, Dartmouth	100%	96,982	96,982	1983	19.0	8.0	8.0	19	4.5	92.1%
75 Akerley Boulevard, Dartmouth	100%	96,300	96,300	1982	19.0	7.8	7.8	17	3.9	93.5%
222 Edinburgh Drive, Moncton	100%	94,411	94,411	1977/1999	22.0	7.7	7.7	6	2.1	63.7%
11 Morris Drive (Burnside Business Park), Dartmouth	100%	89,891	89,891	1977	18.0	5.0	5.0	18	3.1	90.2%
120 Troop Avenue (Burnside Business Park), Dartmouth	100%	87,214	87,214	2004	24.0	5.7	5.7	6	3.2	100.0%
100 Ilsley Avenue (Burnside Business Park), Dartmouth	100%	76,178	76,178	1984	14.0	6.1	6.1	15	2.6	97.2%
100 Wright Avenue (Burnside Business Park), Dartmouth	100%	76,141	76,141	1979	18.0	4.4	4.4	10	2.3	72.6%
55 Akerley Boulevard, Dartmouth	100%	75,398	75,398	1975	19.0	5.8	5.8	8	5.5	100.0%
51 Raddall Avenue (Burnside Business Park), Dartmouth	100%	70,204	70,204	1986	18.0	4.7	4.7	10	3.4	93.1%
170 Joseph Zatzman Drive (Burnside Business Park), Dartmouth	100%	67,176	67,176	1981	16.0	4.0	4.0	12	3.5	71.4%
50 Akerley Boulevard (Burnside Business Park), Dartmouth	100%	62,892	62,892	1983	18.0	1.6	1.6	11	3.0	93.4%
10 Vidito Drive, Dartmouth	100%	61,988	61,988	1980	22.0	2.7	2.7	2	4.4	100.0%
101 Thornhill Drive (Burnside Business Park), Dartmouth	100%	61,550	61,550	1982	18.0	3.8	3.8	7	4.9	93.4%
105 Akerley Boulevard (Burnside Business Park), Dartmouth	100%	57,949	57,949	1983	18.0	3.3	3.3	7	2.8	100.0%
30-58 Mosher Drive (Burnside Business Park), Dartmouth	100%	56,937	56,937	1972	18.0	2.6	2.6	3	1.0	80.1%
29-59 Mosher Drive (Burnside Business Park), Dartmouth	100%	54,739	54,739	1974	18.0	3.6	3.6	4	2.7	79.5%
50 Troop Avenue (Burnside Business Park), Dartmouth	100%	53,911	53,911	2001	24.0	3.6	3.6	3	2.7	100.0%
32 Troop Avenue (Burnside Business Park), Dartmouth	100%	47,790	47,790	2000	24.0	3.3	3.3	4	1.5	100.0%

Property	Ownership	Total GLA in square feet	Owned share of total GLA in square feet	Year built/renovated	Clear ceiling height (warehouse component) in feet	Total site area in acres	Owned share of site area in acres	No. of tenants	Weighted average remaining lease term in years	In-place and committed occupancy
109 Ilsley Avenue (Burnside Business Park), Dartmouth	100%	45,081	45,081	1987	16.0	3.1	3.1	15	2.7	100.0%
81 Wright Avenue (Burnside Business Park), Dartmouth	100%	44,366	44,366	1986	20.0	3.6	3.6	4	0.9	100.0%
95 Akerley Boulevard, Dartmouth	100%	38,106	38,106	1980	14.0	2.1	2.1	14	2.0	100.0%
30 Simmonds Drive (Burnside Business Park), Dartmouth	100%	37,877	37,877	1982	16.0	2.8	2.8	7	2.3	100.0%
40 Thornhill Drive (Burnside Business Park), Dartmouth	100%	32,139	32,139	1982	16.0	3.8	3.8	10	1.7	100.0%
50 Thornhill Drive (Burnside Business Park), Dartmouth	100%	32,061	32,061	1983	16.0	3.8	3.8	10	2.6	92.6%
60 Thornhill Drive (Burnside Business Park), Dartmouth	100%	31,929	31,929	1986	16.0	2.0	2.0	6	4.9	89.9%
10 Thornhill Drive, Dartmouth	100%	28,640	28,640	1983	15.0	3.4	3.4	10	2.2	100.0%
16 Garland Avenue (Burnside Business Park), Dartmouth	100%	10,888	10,888	2008	14.0	1.5	1.5	4	2.9	100.0%
Eastern Canada Multi-tenant	100%	2,571,899	2,571,899		19.4	171.4	171.4	395	3.1	93.0%
Eastern Canada	100%	2,660,563	2,660,563		19.3	177.4	177.4	398	3.1	93.1%
Total Canadian Portfolio	99.6%	16,641,682	16,582,361		22.2	1,028	1,020	1,317	3.7	96.1%
445 Couchville Industrial Blvd., Nashville, TN	100%	717,160	717,160	2010	32.0	58.6	58.6	1	7.5	100.0%
860 Marine Drive, Charlotte, NC	100%	471,744	471,744	1994	30.0	26.0	26.0	1	4.3	100.0%
9000 Smith's Mill Road, Columbus, OH	100%	417,049	417,049	2011	32.0	21.9	21.9	1	7.8	100.0%
7730 American Way, Orlando, FL	100%	193,133	193,133	1997	25.0	20.6	20.6	1	4.5	100.0%
United States Single-tenant	100%	1,799,086	1,799,086		30.7	127.1	127.1	4	6.4	100.0%
5605 Holmescrest Lane, Memphis, TN	100%	885,000	885,000	2006	32.0	47.3	47.3	2	5.8	100.0%
4470 Southpoint Drive, Memphis, TN	100%	500,000	500,000	1997	32.0	23.3	23.3	2	5.4	100.0%
8860 Smith's Mill Road, Columbus, OH	100%	304,318	304,318	2011	32.0	17.0	17.0	4	4.4	100.0%
United States Multi-tenant	100%	1,689,318	1,689,318		32.0	87.6	87.6	8	5.4	100.0%
United States	100%	3,488,404	3,488,404		31.3	214.7	214.7	12	5.9	100.0%
Total Portfolio Multi-tenant buildings	99.9%	12,665,575	12,658,536		22.5	741.0	740.3	1,257	3.5	95.3%
Total Portfolio Single-tenant buildings	99.3%	7,464,511	7,412,229		25.9	501.2	494.8	72	5.0	99.3%
Total Portfolio	99.7%	20,130,086	20,070,765		39.5	1,242.2	1,235.1	1,329	4.1	96.8%

LARGEST TENANTS BY GLA⁽¹⁾

Tenant	Total area in square feet	Properties	City	Province/State
Nissan North America Inc.	1,189,160	445 Couchville Industrial Boulevard	Nashville	Tennessee
		5605 Holmescrest Lane	Memphis	Tennessee
Spectra Premium Industries Inc.	656,013	1411, 1421 and 1451 Rue Ampère	Boucherville	Québec
		1313 Autoroute Chomedey	Laval	Québec
TC Transcontinental	523,345	275 Wellington Street East	Aurora	Ontario
		8000 Avenue Blaise-Pascal	Montréal	Québec
West Marine Products, Inc.	471,744	860 Marine Drive	Charlotte	North Carolina
Accel Inc.	417,049	9000 Smith's Mill Road	Columbus	Ohio
Solae LLC	413,000	5605 Holmescrest Lane	Memphis	Tennessee
Gienow Windows & Doors Inc.	370,691	7140 40th Street SE	Calgary	Alberta
		628-668 Henderson Drive	Regina	Saskatchewan
United Agri Products Canada Inc.	275,335	310 Henderson Drive	Regina	Saskatchewan
Coca-Cola Refreshments USA	266,800	4770 Southpoint Drive	Memphis	Tennessee
Veritiv Operating Company	233,200	4770 Southpoint Drive	Memphis	Tennessee
Molson Breweries Properties	225,000	1900 Dickson Street (Molson Distribution Centre)	Montréal	Québec
Hasbro Canada Corporation	222,464	2350 de la Province	Longueuil	Québec
Nellson Nutraceutical Canada	210,710	1125 50th Avenue	Montréal	Québec
Array Canada Inc.	209,754	45 Progress Avenue	Toronto	Ontario
Pioneer Distribution Inc.	207,703	3230 Mainway Drive	Burlington	Ontario
Quietflex Manufacturing Company	193,133	7730 American Way	Orlando	Florida
McKesson Canada Corporation	181,000	650 Rue Bergeron	Drummondville	Québec
Alumicor Limited	180,329	290 Humberline Drive	Etobicoke	Ontario
Royal Group Inc.	176,535	750 Creditstone Road	Vaughan	Ontario
North American Profiles Canada LTD.	169,500	121 Pippin Road	Vaughan	Ontario
Rocktenn - Preprint Canada	134,863	7420 Pacific Circle	Mississauga	Ontario
		6581-6601 Kitimat Road	Mississauga	Ontario
Innovative Trailer Design	126,993	161 The West Mall	Etobicoke	Ontario
DIRTT Environmental Solutions	122,419	7504 30th Street SE	Calgary	Alberta
Lowe-Martin Company Inc.	114,724	2340 St-Laurent Boulevard	Ottawa	Ontario
Colabor Limited Partnership	113,595	580 Industrial Road	London	Ontario
Hearn Industrial Services Inc.	104,260	2360 Cornwall Road	Oakville	Ontario
Alene Candles Midwest, LLC	101,596	8860 Smith's Mill Road	Columbus	Ohio
Aquarium Services Warehouse	100,626	441 Chrislea Road	Vaughan	Ontario
Total	7,711,541			

(1) Represents all tenants with GLA greater than 100,000 square feet.

Condensed consolidated balance sheets

(unaudited)

(in thousands of Canadian dollars)	Note	September 30, 2018	December 31, 2017
Assets			
NON-CURRENT ASSETS			
Investment properties	6	\$ 2,065,211	\$ 1,722,988
Other non-current assets		3,830	6,634
		2,069,041	1,729,622
CURRENT ASSETS			
Amounts receivable		3,867	3,143
Prepaid expenses and other assets		5,822	5,135
Cash and cash equivalents		8,391	54,651
		18,080	62,929
Assets held for sale	10	3,900	15,200
Total assets		\$ 2,091,021	\$ 1,807,751
Liabilities			
NON-CURRENT LIABILITIES			
Debt	7	\$ 837,249	\$ 776,459
Subsidiary redeemable units		187,559	163,256
Deferred Unit Incentive Plan ("DUIP")		6,509	5,278
Other non-current liabilities		13,861	12,657
		1,045,178	957,650
CURRENT LIABILITIES			
Debt	7	88,959	113,337
Amounts payable and accrued liabilities	8	33,455	24,518
		122,414	137,855
Total liabilities		1,167,592	1,095,505
Equity			
Unitholders' equity		879,832	720,437
Retained earnings (deficit)		40,359	(7,056)
Accumulated other comprehensive income (loss)		3,238	(1,135)
Total equity		923,429	712,246
Total liabilities and equity		\$ 2,091,021	\$ 1,807,751

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 net income and comprehensive income

(unaudited)

(in thousands of Canadian dollars)	Note	Three months ended September 30,		Nine months ended September 30,	
		2018	2017	2018	2017
Investment properties revenue	11	\$ 47,597	\$ 42,091	\$ 143,458	\$ 127,622
Investment properties operating expenses		(13,932)	(13,054)	(44,720)	(41,248)
Net rental income		33,665	29,037	98,738	86,374
Other income					
Interest and fee income		343	548	607	605
		343	548	607	605
Other expenses					
General and administrative		(2,582)	(2,296)	(8,221)	(6,569)
Interest:					
Interest expense on debt		(9,105)	(8,679)	(28,301)	(25,875)
Subsidiary redeemable units		(3,344)	(3,344)	(10,032)	(10,032)
Depreciation and amortization		(8)	(12)	(50)	(40)
		(15,039)	(14,331)	(46,604)	(42,516)
Fair value adjustments and other items					
Fair value adjustments to investment properties	6	8,337	3,651	69,081	(16,015)
Fair value adjustments to financial instruments	12	4,462	(8,145)	(25,996)	(10,368)
Net losses on transactions and other activities	13	(2,586)	(720)	(4,260)	(2,453)
		10,213	(5,214)	38,825	(28,836)
Income before income taxes		29,182	10,040	91,566	15,627
Recovery (deferred and current) income taxes		778	(949)	(493)	(434)
Net income		\$ 29,960	\$ 9,091	\$ 91,073	\$ 15,193
Other comprehensive income					
Unrealized gain (loss) on foreign exchange		\$ (2,375)	\$ —	\$ 4,287	\$ —
Unrealized gain on effective interest rate hedge		39	358	86	743
		(2,336)	358	4,373	743
Comprehensive income		\$ 27,624	\$ 9,449	\$ 95,446	\$ 15,936

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of changes in equity

(unaudited)

(in thousands of Canadian dollars, except number of Units)	Note	Attributable to unitholders of the Trust				
		Number of Units	Unitholders' equity	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total
Balance at January 1, 2018		75,104,843	\$ 720,437	\$ (7,056)	\$ (1,135)	\$ 712,246
Net income		—	—	91,073	—	91,073
Distributions paid and payable		—	—	(43,658)	—	(43,658)
Public offering of REIT Units	9	13,915,000	144,020	—	—	144,020
Distribution Reinvestment Plan ⁽¹⁾		2,059,341	20,418	—	—	20,418
REIT Units issued for vested deferred trust units		169,599	1,589	—	—	1,589
Unit Purchase Plan		1,017	10	—	—	10
Issue costs		—	(6,642)	—	—	(6,642)
Other comprehensive income		—	—	—	4,373	4,373
Balance at September 30, 2018		91,249,800	\$ 879,832	\$ 40,359	\$ 3,238	\$ 923,429

(1) Includes REIT Units issued under the Distribution Reinvestment and Unit Purchase Plan ("DRIP") for LP B Units.

(in thousands of Canadian dollars, except number of Units)		Attributable to unitholders of the Trust				
		Number of Units	Unitholders' equity	Retained earnings (deficit)	Accumulated other comprehensive loss	Total
Balance at January 1, 2017		59,633,237	\$ 589,252	\$ 2,727	\$ (869)	\$ 591,110
Net income		—	—	15,193	—	15,193
Distributions paid and payable		—	—	(32,019)	—	(32,019)
Distribution Reinvestment Plan ⁽¹⁾		1,776,871	15,295	—	—	15,295
REIT Units issued for vested deferred trust units		131,588	1,133	—	—	1,133
Unit Purchase Plan		940	8	—	—	8
Issue costs		—	(16)	—	—	(16)
Other comprehensive income		—	—	—	743	743
Balance at September 30, 2017		61,542,636	\$ 605,672	\$ (14,099)	\$ (126)	\$ 591,447

(1) Includes REIT Units issued under the Distribution Reinvestment and Unit Purchase Plan ("DRIP") for LP B Units.

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of cash flows

(unaudited)

		Three months ended September 30,		Nine months ended September 30,	
(in thousands of Canadian dollars)	Note	2018	2017	2018	2017
Generated from (utilized in) operating activities					
Net income for the period		\$ 29,960	\$ 9,091	\$ 91,073	\$ 15,193
Non-cash items:					
Depreciation and amortization	16	698	602	2,409	1,723
Other adjustments	16	(8,175)	9,108	(29,658)	37,455
Investment in lease incentives and initial direct leasing costs	6	(1,895)	(2,202)	(7,697)	(7,289)
Change in non-cash working capital	16	(853)	3,769	(1,946)	4,654
		19,735	20,368	54,181	51,736
Generated from (utilized in) investing activities					
Additions to property and equipment		(162)	(4)	(190)	(29)
Investment in building improvements	6	(6,753)	(5,545)	(9,615)	(11,735)
Deposit on investment properties		100	(31,150)	(200)	(31,150)
Transaction costs paid		(3,037)	(818)	(4,574)	(898)
Acquisition of investment properties	5	(113,556)	—	(222,668)	—
		(123,408)	(37,517)	(237,247)	(43,812)
Generated from (utilized in) financing activities					
Mortgage financings, net of financing costs	7	—	44,650	196,523	59,055
Draw on revolving credit facility	7	61,612	25,400	106,941	25,400
Repayment of revolving credit facility	7	(16,477)	(25,400)	(63,161)	(25,400)
Mortgage principal repayments	7	(6,561)	(5,952)	(18,778)	(17,813)
Mortgage lump sum repayments	7	—	(16,223)	(79,973)	(26,510)
Repayment of convertible debentures	7	(111,250)	—	(111,250)	—
Distributions paid on Units		(12,045)	(8,864)	(32,331)	(26,644)
Cash proceeds on issue of Units	9	—	—	144,020	—
Financing and Unit issue costs paid		(456)	1	(6,797)	(8)
		(85,177)	13,612	135,194	(11,920)
Change in cash and cash equivalents		(188,850)	(3,537)	(47,872)	(3,996)
Foreign exchange gain on cash held in foreign currency		68	—	1,612	—
Cash and cash equivalents, beginning of period		197,173	6,136	54,651	6,595
Cash and cash equivalents, end of period		\$ 8,391	\$ 2,599	\$ 8,391	\$ 2,599

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 as otherwise noted)

Note 1

ORGANIZATION

Dream Industrial Real Estate Investment Trust ("Dream Industrial REIT", "Dream Industrial" 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 include the accounts of Dream Industrial and its subsidiaries. Dream Industrial's portfolio comprises industrial properties located in key markets across Canada and the U.S. A subsidiary of Dream Industrial performs the property management function in Canada.

The Trust's registered office is 30 Adelaide Street East, Suite 301, Toronto, Ontario, Canada M5C 3H1. The Trust is listed on the Toronto Stock Exchange under the symbol "DIR.UN". Dream Industrial's condensed consolidated financial statements for the period ended September 30, 2018 were authorized for issuance by the Board of Trustees on November 6, 2018, after which date they may be amended only with the Board of Trustees' approval.

Throughout the Notes, reference is made to the following:

- "REIT Units", meaning the REIT Units
- "Special Trust Units", meaning units that are exchangeable for REIT Units, including the LP B Units
- "Units", meaning REIT Units and Special Trust Units, collectively

For simplicity, throughout the Notes, reference is made to "subsidiary redeemable units", meaning the LP B Units of Dream Industrial LP ("DILP"). Subsidiary redeemable units are classified as liabilities.

At September 30, 2018, Dream Office Real Estate Investment Trust ("Dream Office REIT"), directly and indirectly through its subsidiaries, held 18,551,855 (December 31, 2017 – 18,551,855) subsidiary redeemable units, being all of the subsidiary redeemable units of the Trust. At September 30, 2018, Dream Office REIT, directly and indirectly through its subsidiaries, held 6,732,363 REIT Units (December 31, 2017 – 5,431,141), representing approximately 23.0% ownership in the Trust (December 31, 2017 – 25.6%).

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These 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 annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed.

The condensed consolidated financial statements have been prepared using the same significant accounting policies and methods as those used in the consolidated financial statements for the year ended December 31, 2017, except as disclosed in Note 3 of the condensed consolidated financial statements.

These condensed consolidated financial statements should be read in conjunction with the Trust's consolidated financial statements for the year ended December 31, 2017.

Note 3

ACCOUNTING POLICIES SELECTED AND APPLIED FOR SIGNIFICANT TRANSACTIONS AND EVENTS

The accounting policies selected and applied for significant transactions and events are consistent with those for the year ended December 31, 2017. The Trust has adopted the following new and revised standards, effective January 1, 2018. These changes were made in accordance with the applicable transitional provisions.

Revenue recognition — revenue from contracts with customers

The Trust has applied IFRS 15, “Revenue from Contracts with Customers” (“IFRS 15”), effective January 1, 2018. The Trust has adopted the new standard using the modified retrospective method. The new standard did not have a material impact on the condensed consolidated financial statements.

IFRS 15 provides a comprehensive five-step revenue recognition model for all contracts with customers. Revenue from contracts with customers primarily includes recoveries of operating expenses and recoveries of capital expenditures from tenants in accordance with their leases (“recoveries revenue”). Base rental revenue and property tax recoveries earned from leases (“rental income”) is outside the scope of IFRS 15 and is therefore not impacted by the new standard. Judgment is required to identify and classify revenue from contracts with customers versus rental income.

Consideration received from tenants under lease agreements is allocated between rental income and recoveries revenue based on relative stand-alone selling prices. For recoveries revenue, our performance obligations are satisfied over time as tenants occupy the premises. Recoveries revenue is billed monthly to tenants based on budgeted estimates.

The Trust recognizes recoveries revenue for operating expenses based on actual costs incurred in accordance with the terms of the related leases. Actual costs reflect the services provided. The Trust recognizes recoveries revenue for capital expenditures over the asset’s expected useful life. The amount of recoveries revenue is determined by the actual costs incurred and any restrictions in lease agreements. If the services rendered exceed the monthly charges billed, a receivable is recognized; if the monthly charges billed exceed the service rendered, a payable is recognized.

The new standard has no impact on the timing and amount of revenue recognized. Additional disclosures have been included in Note 11 to the condensed consolidated financial statements. Revenue under the financial statement caption “Investment properties revenue” in the condensed consolidated statements of net income (loss) and comprehensive income (loss) is now split out as “Revenue from contracts with customers” and “Rental income”.

Financial instruments

The Trust has applied IFRS 9, “Financial Instruments” (“IFRS 9”), effective January 1, 2018. IFRS 9 introduces a model for classification and measurement, a single, forward-looking “expected loss” impairment model and a substantially reformed approach to hedge accounting. Management has determined that this standard has no material impact on the condensed consolidated financial statements.

Classification and measurement

The Trust classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- those to be measured at amortized cost

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition, the Trust initially measures a financial asset at its fair value, less any related transaction costs. Subsequent measurement depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows. There are three measurement categories in which the Trust classifies its financial assets:

- Amortized cost: Assets that are held for the collection of contractual cash flows and those cash flows represent solely payments of principal and interest.
- Fair value through other comprehensive income: Assets that are held for the collection of contractual cash flows and for selling the financial assets, and those cash flows represent solely payments of principal and interest.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income.

The Trust’s financial assets include amounts receivable and cash and cash equivalents. As these assets are held with the objective to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding, they are classified at amortized cost and they continue to be measured at amortized cost.

The adoption had no impact on the carrying value of the Trust’s amounts receivable and cash and cash equivalents.

Impairment

The new impairment model results in a single impairment model being applied to all financial instruments, which requires more timely recognition of expected credit losses.

For amounts receivable, the Trust applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized upon initial recognition of the receivables. To measure the expected credit losses, the Trust has established a provision matrix that is based on its historical credit loss experience based on days past due, adjusted for forward-looking factors specific to the tenant and the economic environment. The Trust considers a financial asset in default when contractual payment is over 90 days past due. However, in certain cases, the Trust may also consider a financial asset to be in default when internal or external information indicates that it is unlikely to receive the outstanding contractual amounts in full.

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

The adoption had no impact on the valuation of the impairment allowance.

Hedge accounting

At the date of initial application, the Trust's one hedging relationship, an interest rate swap to hedge mortgage interest, was eligible to be treated as a continuing hedging relationship.

At inception the Trust documents the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Trust documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statements of comprehensive income (loss).

Amounts accumulated in equity are reclassified to other comprehensive income (loss) in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gains or losses existing in equity at that time are recognized immediately in the consolidated statements of comprehensive income (loss).

Future changes in accounting standards

Leases

IFRS 16, "Leases" ("IFRS 16"), sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15. The Trust has not early adopted IFRS 16.

The Trust has formed an internal working group which is responsible for overseeing the Trust's transition to IFRS 16. The working group is performing an in-depth assessment of IFRS 16 and the impact the adoption of the standard will have on the Trust's consolidated financial statements. The working group is in the process of identifying and reviewing contracts in which the Trust is a lessee. Additional disclosures will be required to comply with IFRS 16. The Trust will provide an update in the year-end consolidated financial statements.

Uncertainty over income tax treatments

The IASB issued IFRIC Interpretation 23, "Uncertainty over Income Tax Treatments" ("IFRIC 23"), in June 2017. IFRIC 23 clarifies application of recognition and measurement requirements in IAS 12, "Income Taxes" ("IAS 12"), when there is uncertainty over income tax treatments, including whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of tax treatments by taxation authorities; how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and how an entity considers changes in facts and circumstances. The interpretation is applicable for financial years commencing on or after January 1, 2019. The Trust is analyzing the interpretation to determine the impact on the consolidated financial statements.

Business combinations

The IASB issued narrow-scope amendments to IFRS 3, “Business Combinations”, to improve the definitions of a business. The amendments are to be applied to transactions for which the acquisition date is on or after January 1, 2020. The Trust will consider the narrow-scope amendment for future acquisitions.

Note 4

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 values of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the affected asset or liability in the future. Management has applied the same methodologies in making critical accounting judgments, estimates and assumptions as disclosed in the Trust’s consolidated financial statements for the year ended December 31, 2017.

Note 5

INVESTMENT PROPERTY ACQUISITIONS

Detailed below are the investment property acquisitions completed during the nine months ended September 30, 2018:

	Interest acquired (%)	Purchase price ⁽¹⁾	Date acquired
860 Marine Drive, Charlotte, North Carolina	100	\$ 35,766	January 16, 2018
4770 Southpoint Drive, Memphis, Tennessee	100	32,343	January 16, 2018
5605 Holmescrest Lane, Memphis, Tennessee	100	47,349	January 16, 2018
161 The West Mall, Etobicoke, Ontario	100	37,382	August 2, 2018
8860 Smith’s Mill Road, Columbus, Ohio	100	35,949	September 6, 2018
9000 Smith’s Mill Road, Columbus, Ohio	100	45,246	September 6, 2018
Total		\$ 234,035	

(1) Includes transaction costs.

The consideration for the acquired properties and assumed net assets includes:

	September 30, 2018
Cash paid ⁽¹⁾	\$ 224,853
Transaction costs	4,543
Assumed capital expenditure commitments	2,804
Assumed non-cash working capital	1,835
Total consideration for investment properties	\$ 234,035

(1) Cash paid includes deposits of \$2,185 paid in the prior year.

On September 6, 2018, the Trust acquired one single-tenant industrial property and one multi-tenant industrial property in Columbus, Ohio for a total purchase price of \$81,195, including transaction costs. Both properties are 100% occupied with a combined remaining lease term at acquisition of 6.4 years.

On August 2, 2018, the Trust acquired a multi-tenant industrial property in Etobicoke, Ontario for a purchase price of \$37,382, including transaction costs. The property is 100% occupied with a remaining lease term at acquisition of 7.5 years.

On January 16, 2018, the Trust acquired one single-tenant property in Charlotte, North Carolina, and two multi-tenant properties in Memphis, Tennessee, for a total purchase price of \$115,458, including transaction costs and capital commitment costs. All properties are 100% occupied with a combined remaining lease term at acquisition of 6.0 years.

There were no property acquisitions during the nine months ended September 30, 2017.

Note 6

INVESTMENT PROPERTIES

	Note	Nine months ended September 30, 2018	Year ended December 31, 2017
Balance at beginning of period		\$ 1,722,988	\$ 1,634,315
Additions:			
Investment property acquisitions	5	234,035	95,318
Building improvements		10,692	15,030
Lease incentives and initial direct leasing costs ⁽¹⁾		11,665	9,390
Total additions to investment properties		256,392	119,738
Investment property classified as held for sale	10	—	(8,700)
Investment property reclassified from held for sale	10	11,300	—
Gains (losses) included in net income:			
Fair value adjustments to investment properties ⁽²⁾		69,081	(19,991)
Straight-line rent		786	490
Amortization of lease incentives		(1,052)	(1,155)
Total gains (losses) included in net income		68,815	(20,656)
Gains (losses) included in other comprehensive income:			
Foreign currency translation gains (losses)		5,716	(1,709)
Total gains (losses) included in other comprehensive income		5,716	(1,709)
Balance at end of period		\$ 2,065,211	\$ 1,722,988

(1) Included in lease incentives and initial direct leasing costs is \$3,968 in committed costs for the tenancies commenced during the nine months ended September 30, 2018.

(2) Change in unrealized gains (losses) included in net income for the period ended September 30, 2018 was a \$69,081 gain (December 31, 2017 — \$17,491 loss). Unrealized losses include fair value adjustments on assets held for sale in 2017.

The key valuation metrics for investment properties are set out below:

	September 30, 2018		December 31, 2017	
	Range (%)	Weighted average (%)	Range (%)	Weighted average (%)
Capitalization rate ("cap rate")	5.00–9.25	6.34	4.00–9.25	6.59
Discount rate	6.00–9.00	7.19	5.00–9.00	7.47
Terminal rate	5.50–8.00	6.59	4.50–8.00	6.73

Investment properties with an aggregate fair value of \$428,001 for the nine months ended September 30, 2018 (for the year ended December 31, 2017 – \$605,950) were valued by qualified external valuation professionals.

If the cap rate were to increase by 25 bps, the value of investment properties would decrease by \$76,950. If the cap rate were to decrease by 25 bps, the value of investment properties would increase by \$83,146.

As at September 30, 2018, investment properties with a fair value of \$1,657,465 (December 31, 2017 – \$1,436,582) are pledged as first-ranking and/or second-ranking collateral for mortgages. As at September 30, 2018, investment properties with a fair value of \$201,943 (December 31, 2017 – \$188,415) are pledged as security for the Trust's revolving credit facility.

Note 7

DEBT

	September 30, 2018	December 31, 2017
Mortgages ⁽¹⁾	\$ 882,242	\$ 782,254
Revolving credit facility ⁽¹⁾⁽²⁾	43,966	(1,025)
Convertible debentures	—	108,567
Total debt	926,208	889,796
Less: Current portion	(88,959)	(113,337)
Non-current debt	\$ 837,249	\$ 776,459

(1) Secured by charges on specific investment properties (refer to Note 6).

(2) No amounts were drawn on the credit facility balance at December 31, 2017; the balance consists of financing cost additions and amortization of finance costs.

Continuity of total debt

The following table shows the continuity of total debt for the nine months ended September 30, 2018 and year ended December 31, 2017:

	September 30, 2018			
	Mortgages	Revolving credit facility ⁽¹⁾	Convertible debentures ⁽³⁾	Total
Total debt as at January 1, 2018	\$ 782,254	\$ (1,025)	\$ 108,567	\$ 889,796
New debt placed	199,029	106,941	—	305,970
Financing costs additions	(2,506)	—	—	(2,506)
Scheduled repayments	(18,778)	—	—	(18,778)
Lump sum repayments	(79,973)	(63,161)	(111,250)	(254,384)
Other adjustments ⁽²⁾	2,216	1,211	2,683	6,110
Total debt as at September 30, 2018	\$ 882,242	\$ 43,966	\$ —	\$ 926,208

(1) Amounts drawn against the credit facility during the period are 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 as disclosed in the December 31, 2017 consolidated financial statements.

(2) Other adjustments are non-cash and include amortization of finance costs of \$1,438, amortization of fair value gains on assumed debt of \$131, write-off of finance costs and fair value adjustments of \$1,932 due to early redemption of convertible debentures, and foreign exchange losses of \$2,871.

(3) On August 2, 2018, the Trust redeemed all outstanding convertible debentures.

	December 31, 2017			
	Mortgages	Revolving credit facility	Convertible debentures	Total
Total debt as at January 1, 2017	\$ 741,890	\$ (625)	\$ 127,082	\$ 868,347
New debt placed	79,000	40,400	—	119,400
New debt assumed on investment property acquisitions	29,676	—	—	29,676
Financing costs additions	(625)	(650)	—	(1,275)
Scheduled repayments	(24,019)	—	—	(24,019)
Lump sum repayments	(42,932)	(40,400)	(19,420)	(102,752)
Other adjustments ⁽¹⁾	(736)	250	905	419
Total debt as at December 31, 2017	\$ 782,254	\$ (1,025)	\$ 108,567	\$ 889,796

(1) Other adjustments are non-cash and include amortization of finance costs of \$1,655, amortization of fair value gains on assumed debt of \$434 and foreign exchange gains of \$802.

Mortgage financing activities

The Trust completed the following financings for the nine months ended September 30:

	Nine months ended September 30, 2018		
	Amount ⁽¹⁾	Term to maturity (years)	Weighted average face interest rate (%)
Mortgage financing activities	\$ 199,029	6.8	3.81

(1) Excludes financing costs.

On May 22, 2018, we completed an \$85.7 million financing on a portfolio of four properties located in the U.S. with a term of 9.0 years at a face interest rate of 3.96% and an effective interest rate of 4.24%. The loan is denominated in U.S. dollars.

On April 20, 2018, we completed an \$18.3 million financing on a portfolio of three properties located in Western Canada and Ontario with a term of 5.7 years at a face interest rate of 3.96% and an effective interest rate of 4.18%.

On January 17, 2018, we completed a \$47.0 million financing on a portfolio of nine properties located in Western Canada and Eastern Canada with a term of 5.2 years at a face interest rate of 3.73% and an effective interest rate of 3.94%. In conjunction with the new mortgage, we entered into interest rate swaps as described in the “Interest rate swaps” section below.

On January 12, 2018, we completed a \$48.0 million financing on a portfolio of 14 properties located in Western Canada with a term of 5.0 years at a face interest rate of 3.58% and an effective interest rate of 3.83%.

Revolving credit facility

The following table summarizes certain details of the Trust’s revolving credit facility as at September 30, 2018:

	Borrowing capacity	Letter of credit and forward agreement	Principal amount outstanding	Available to be drawn ⁽¹⁾	Interest rate ⁽³⁾	Maturity date
Revolving credit facility ⁽¹⁾⁽²⁾	\$ 125,000	\$ 2,000	\$ 44,649	\$ 78,351	3.74%	June 30, 2020

(1) The credit facility has the ability to be drawn in Canadian and U.S. dollars. At September 30, 2018, \$20.1 million was drawn in Canadian dollars and \$19 million was drawn in U.S. dollars. Principal amount outstanding and available to be drawn amounts have been converted to Canadian dollars using foreign exchange rates as determined by the lender.

(2) Thirty properties are secured as first-ranking mortgages on the facility.

(3) Bankers’ acceptance (“BA”) rate plus 1.70% or Canadian prime plus 0.70% or U.S. LIBOR plus 1.70% or U.S. base rate plus 0.70%.

Convertible debentures

On August 2, 2018, the Trust early redeemed all of its outstanding 5.25% debentures at par. The Trust paid \$111.8 million in aggregate, representing \$111.3 million in principal outstanding on the redemption date and \$0.5 million in accrued interest.

As a result of the early redemption, the Trust wrote off \$1,932 of unamortized financing costs and mark-to-market adjustments. This is captured under the financial statement heading “Net losses on transactions and other activities”.

Interest rate swaps

The following table summarizes the details of the interest rate swaps that are outstanding at September 30, 2018:

Transaction date	Mortgage principal amount (notional)	Fixed interest rate	Maturity date	Financial instrument classification	Fair value asset
February 24, 2014	\$ 45,733	3.31%	March 1, 2019	Cash flow hedge ⁽¹⁾	\$ (29)
August 26, 2015	45,560	2.93%	September 1, 2022	Fair value through profit or loss	(1,821)
August 30, 2017	43,847	3.44%	August 30, 2024	Fair value through profit or loss	(1,273)
January 17, 2018	46,328	3.73%	April 3, 2023	Fair value through profit or loss	(260)

(1) The Trust has assessed that there is no ineffectiveness in the cash flow hedge of its interest rate exposure. The effectiveness of the hedging relationship is reviewed on a quarterly basis.

Note 8

AMOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2018	December 31, 2017
Trade payables and accrued liabilities	\$ 20,962	\$ 13,661
Accrued interest	3,684	3,404
Rent received in advance	3,487	3,072
Distributions payable	5,322	4,381
Total	\$ 33,455	\$ 24,518

On September 18, 2018, the Trust announced a cash distribution of \$0.05833 per REIT Unit for the month of September 2018. The September 2018 distribution was paid on October 15, 2018 to unitholders on record as at September 28, 2018. For the REIT Units, distributions of \$3,994 were issued in cash and \$1,328 of distributions were reinvested in additional REIT Units (144,898 Units including 3% bonus distribution on Units reinvested pursuant to the DRIP).

Note 9

EQUITY

Public offering of REIT Units

On June 29, 2018, the Trust completed a public offering of 13,915,000 REIT Units at a price of \$10.35 per Unit for gross proceeds of \$144,020, including 1,815,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

Total costs related to the offering totalled \$6,388 and were charged directly to unitholders' equity.

Short form base shelf prospectus

On September 15, 2017, the Trust filed and obtained receipts for a final short form base shelf prospectus which is valid for a 25-month period, during which time the Trust may, from time to time, offer and issue Units, subscription receipts, and debt securities convertible into or exchangeable for Units of the Trust, or any combination thereof, having an aggregate offering price of up to \$1 billion. As at September 30, 2018, \$230,558 (December 31, 2017 – \$86,538) of REIT Units have been issued under the short form base shelf prospectus.

Note 10

ASSETS HELD FOR SALE AND DISPOSITIONS

Assets held for sale

As at September 30, 2018, management is committed to a plan to sell one investment property. The following table details the property or properties classified as held for sale.

	September 30, 2018	December 31, 2017
Investment properties	\$ 3,900	\$ 15,200
Assets held for sale	\$ 3,900	\$ 15,200

The following table summarizes the movements in investment properties classified as assets held for sale during the nine months ended September 30, 2018 and year ended December 31, 2017:

	Note	Nine months ended September 30, 2018	Year ended December 31, 2017
Balance at beginning of period		\$ 15,200	\$ 4,000
Add (deduct):			
Investment property classified as held for sale	6	—	8,700
Asset held for sale reclassified to investment properties	6	(11,300)	—
Fair value adjustments to investment properties		—	2,500
Balance at end of period		\$ 3,900	\$ 15,200

Dispositions

There were no dispositions during the nine months ended September 30, 2018 and year ended December 31, 2017.

Note 11

INVESTMENT PROPERTY REVENUE

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Rental income	\$ 39,461	\$ 34,672	\$ 116,902	\$ 103,877
Revenue from contracts with customers	8,136	7,419	26,556	23,745
Total	\$ 47,597	\$ 42,091	\$ 143,458	\$ 127,622

Note 12

FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Fair value adjustment on conversion feature of convertible debentures ⁽¹⁾	\$ (616)	\$ (1,244)	\$ (2,305)	\$ (535)
Remeasurement of carrying value of subsidiary redeemable units	3,896	(7,421)	(24,303)	(10,575)
Remeasurement of carrying value of DUIP	(13)	(356)	(1,066)	(666)
Fair value adjustment on interest rate swaps	1,195	876	1,678	1,408
Total	\$ 4,462	\$ (8,145)	\$ (25,996)	\$ (10,368)

(1) On August 2, 2018, the conversion feature was derecognized as the Trust redeemed all outstanding convertible debentures.

Note 13

NET LOSSES ON TRANSACTIONS AND OTHER ACTIVITIES

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Internal leasing costs	\$ (805)	\$ (720)	\$ (2,479)	\$ (2,303)
Debenture redemption write-off	(1,932)	—	(1,932)	—
Transaction cost recovery	151	—	151	—
Cost reduction program charge	—	—	—	(150)
Total	\$ (2,586)	\$ (720)	\$ (4,260)	\$ (2,453)

During the third quarter of 2018, the Trust recorded a \$1,932 write-off of unamortized financing costs and mark-to-market adjustments associated with the early repayment of the 5.25% convertible debentures.

Note 14

SEGMENTED INFORMATION

For the three and nine months ended September 30, 2018, the Trust's investment properties were segmented into geographic components, namely Western Canada, Ontario, Québec, Eastern Canada, and the U.S. For the three and nine months ended September 30, 2017, there were no U.S. operations and therefore no U.S. segment.

The Trust did not allocate interest expense to its segments since financing is viewed as a corporate function. The decision as to where to incur 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 losses on transactions and other activities (excluding internal leasing costs), and income taxes were not allocated to the segments.

	Western			Eastern			Segment		
Three months ended September 30, 2018	Canada	Ontario	Québec	Canada	U.S.	total	Other ⁽¹⁾	Total	
Operations									
Investment properties revenue	\$ 15,802	\$ 11,584	\$ 7,562	\$ 8,102	\$ 4,547	\$ 47,597	\$ —	\$ 47,597	
Investment properties operating expenses	(5,003)	(3,071)	(2,001)	(3,163)	(694)	(13,932)	—	(13,932)	
Net rental income	10,799	8,513	5,561	4,939	3,853	33,665	—	33,665	
Other income	—	—	—	—	—	—	343	343	
Other expenses	—	—	—	—	—	—	(15,039)	(15,039)	
Fair value adjustments on investment properties and financial instruments	(4,818)	7,735	9,453	(3,021)	(1,012)	8,337	4,462	12,799	
Net losses on transactions and other activities	(357)	(148)	(127)	(173)	—	(805)	(1,781)	(2,586)	
Income (loss) before income taxes	5,624	16,100	14,887	1,745	2,841	41,197	(12,015)	29,182	
Recovery (deferred and current) income	—	—	—	—	—	—	778	778	
Net income (loss)	\$ 5,624	\$ 16,100	\$ 14,887	\$ 1,745	\$ 2,841	\$ 41,197	\$ (11,237)	\$ 29,960	

(1) Includes other income, other expenses, fair value adjustments to financial instruments, and net losses on transactions and other activities, excluding internal leasing costs and income taxes, which are not monitored at a regional level.

Nine months ended September 30, 2018	Western			Eastern			Segment		
	Canada	Ontario	Québec	Canada	U.S.	total	Other ⁽¹⁾	Total	
Operations									
Investment properties revenue	\$ 49,138	\$ 34,693	\$ 22,627	\$ 24,957	\$ 12,043	\$ 143,458	\$ —	\$ 143,458	
Investment properties operating expenses	(16,412)	(10,050)	(6,076)	(10,311)	(1,871)	(44,720)	—	(44,720)	
Net rental income	32,726	24,643	16,551	14,646	10,172	98,738	—	98,738	
Other income	—	—	—	—	—	—	607	607	
Other expenses	—	—	—	—	—	—	(46,604)	(46,604)	
Fair value adjustments on investment properties and financial instruments	(17,989)	64,254	26,427	(697)	(2,914)	69,081	(25,996)	43,085	
Net losses on transactions and other activities	(1,034)	(543)	(393)	(509)	—	(2,479)	(1,781)	(4,260)	
Income (loss) before income taxes	13,703	88,354	42,585	13,440	7,258	165,340	(73,774)	91,566	
Deferred and current income taxes	—	—	—	—	—	—	(493)	(493)	
Net income (loss)	\$ 13,703	\$ 88,354	\$ 42,585	\$ 13,440	\$ 7,258	\$ 165,340	\$ (74,267)	\$ 91,073	

(1) Includes other income, other expenses, fair value adjustments to financial instruments, and net losses on transactions and other activities, excluding internal leasing costs and income taxes, which are not monitored at a regional level.

Three months ended September 30, 2017	Western			Eastern		Segment		
	Canada	Ontario	Québec	Canada	U.S.	total	Other ⁽¹⁾	Total
Operations								
Investment properties revenue	\$ 15,830	\$ 11,120	\$ 7,316	\$ 7,825	\$ —	\$ 42,091	\$ —	\$ 42,091
Investment properties operating expenses	(4,930)	(3,241)	(1,711)	(3,172)	—	(13,054)	—	(13,054)
Net rental income	10,900	7,879	5,605	4,653	—	29,037	—	29,037
Other income	—	—	—	—	—	—	548	548
Other expenses	—	—	—	—	—	—	(14,331)	(14,331)
Fair value adjustments on investment properties and financial instruments	(5,525)	10,449	(1,570)	297	—	3,651	(8,145)	(4,494)
Net losses on transactions and other activities	(282)	(167)	(114)	(157)	—	(720)	—	(720)
Income (loss) before income taxes	5,093	18,161	3,921	4,793	—	31,968	(21,928)	10,040
Deferred and current income taxes	—	—	—	—	—	—	(949)	(949)
Net income (loss)	\$ 5,093	\$ 18,161	\$ 3,921	\$ 4,793	\$ —	\$ 31,968	\$ (22,877)	\$ 9,091

(1) Includes other income, other expenses, fair value adjustments to financial instruments, and net losses on transactions and other activities, excluding internal leasing costs and income taxes, which are not monitored at a regional level.

Nine months ended September 30, 2017	Western			Eastern		Segment		
	Canada	Ontario	Québec	Canada	U.S.	total	Other ⁽¹⁾	Total
Operations								
Investment properties revenue	\$ 48,615	\$ 33,084	\$ 22,541	\$ 23,382	\$ —	\$ 127,622	\$ —	\$ 127,622
Investment properties operating expenses	(15,287)	(9,913)	(5,657)	(10,391)	—	(41,248)	—	(41,248)
Net rental income	33,328	23,171	16,884	12,991	—	86,374	—	86,374
Other income	—	—	—	—	—	—	605	605
Other expenses	—	—	—	—	—	—	(42,516)	(42,516)
Fair value adjustments on investment properties and financial instruments	(18,360)	21,911	(6,754)	(12,812)	—	(16,015)	(10,368)	(26,383)
Net losses on transactions and other activities	(892)	(598)	(370)	(443)	—	(2,303)	(150)	(2,453)
Income (loss) before income taxes	14,076	44,484	9,760	(264)	—	68,056	(52,429)	15,627
Deferred and current income taxes	—	—	—	—	—	—	(434)	(434)
Net income (loss)	\$ 14,076	\$ 44,484	\$ 9,760	\$ (264)	\$ —	\$ 68,056	\$ (52,863)	\$ 15,193

(1) Includes other income, other expenses, fair value adjustments to financial instruments, and net losses on transactions and other activities, excluding internal leasing costs and income taxes, which are not monitored at a regional level.

Investment properties

	Western			Eastern		
Nine months ended September 30, 2018	Canada	Ontario	Québec	Canada	U.S.	Total
Investment properties	\$ 626,227	\$ 588,349	\$ 322,884	\$ 252,973	\$ 274,778	\$ 2,065,211
Total capital expenditures and leasing costs ⁽¹⁾	5,777	9,977	2,654	3,818	131	22,357

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

	Western			Eastern		
Year ended December 31, 2017	Canada	Ontario	Québec	Canada	U.S.	Total
Investment properties	\$ 638,535	\$ 465,585	\$ 294,110	\$ 250,030	\$ 74,728	\$ 1,722,988
Total capital expenditures and leasing costs ⁽¹⁾	7,059	6,176	4,243	6,942	—	24,420

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

Note 15

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

Dream Asset Management Corporation

Effective October 4, 2012, Dream Industrial has an asset management agreement (the “Asset Management Agreement”) with Dream Asset Management Corporation (“DAM”), formerly known as Dundee Realty Corporation, a subsidiary of Dream Unlimited Corp., pursuant to which DAM provides certain asset management services to Dream Industrial and its subsidiaries. The agreement is in effect until October 4, 2022. The Asset Management Agreement provides the Trust and DAM the opportunity to agree on additional services to be provided to the Trust for which DAM is to be reimbursed for its costs.

The Trust and DAM are party to an amended Shared Services and Cost Sharing Agreement as of January 1, 2016. According to the terms of the amended arrangement, DAM will continue to provide administrative and support services on an as-needed basis and will be reimbursed on a cost recovery basis for any expenses incurred. The Trust will continue to reimburse DAM for any shared costs allocated in each calendar year. This amended agreement provides for the automatic reappointment of DAM for additional one-year terms commencing on January 1 unless and until terminated in accordance with its terms or by mutual agreement of the parties.

Effective January 1, 2016, Dream Technology Ventures LP (“DTV LP”), a limited partnership, was established by a wholly owned subsidiary of DAM acting as general partner and DAM, Dream Office LP, DILP, Dream Global REIT and Dream Alternatives Master LP as limited partners. Each of the limited partners, including the Trust, contribute capital to DTV LP to fund costs incurred relating to technology personnel and technology related platforms. In addition, the Trust is party to a licensing agreement in respect of the use of the developed technology. The Trust accounts for its investment in DTV LP on an equity basis. At September 30, 2018, the Trust’s investment in DTV LP was \$14 (December 31, 2017 – \$14), which was recorded under other non-current assets.

Effective November 2016, Dream Industrial Management LP (“DIMLP”) entered into a Property Management Agreement with a subsidiary of DAM for DIMLP to manage one property on behalf of DAM.

Effective May 21, 2015, DILP entered into a co-ownership agreement with a subsidiary of DAM to jointly own six properties at 50% ownership interest. Effective May 21, 2015, DILP also entered into a property management agreement to manage the co-owned properties.

Dream Office REIT

Dream Office Management Corp. (a subsidiary of Dream Office REIT), Dream Industrial, DILP (a wholly owned subsidiary of the Trust), Dream Industrial Management LP (a wholly owned subsidiary of DILP) and Dream Industrial Management Corp. are parties to an administrative services agreement (the “Services Agreement”) which is automatically renewed on October 4 of every year for additional one-year terms unless terminated by any party.

As at September 30, 2018, Dream Office REIT, directly and indirectly through its wholly owned subsidiaries, held 6,732,363 REIT Units (December 31, 2017 – 5,431,141) and 18,551,855 LP B Units (December 31, 2017 – 18,551,855), representing approximately 23.0% ownership in the Trust (December 31, 2017 – 25.6%).

PAULS Corp, LLC (“PAULS Corp”)

Effective January 1, 2018, Brian Pauls was appointed as the Trust’s Chief Executive Officer. Mr. Pauls is also a senior member of the management team at PAULS Corp, a Denver-based real estate firm.

DAM, our asset manager, has engaged PAULS Real Property Management, LLC, an affiliate of PAULS Corp, to assist the Trust in sourcing and completing acquisitions in the U.S. DAM pays PAULS Real Property Management, LLC a portion of the acquisition fee it receives from the Trust for each successful acquisition. Through its relationships in the U.S., PAULS Corp assisted the Trust with its U.S. acquisitions described in Note 5.

Effective December 28, 2017, Dream Industrial US Holdings Inc. entered into a Property Management Agreement with PAULS Real Property Management, LLC to manage several of the Trust’s U.S. properties and to provide portfolio management services.

As at September 30, 2018, an affiliate of PAULS Corp held 115,000 REIT Units.

Related party transactions

Fees and cost reimbursements with related parties were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Amounts paid and payable to DAM				
Incurred under the Asset Management Agreement:				
Base annual management fee (included in general and administrative expenses)	\$ 1,159	\$ 1,003	\$ 3,411	\$ 3,008
Acquisition fee (included in acquisition related costs/investment properties) ⁽¹⁾	574	—	1,420	—
Expense reimbursements related to financing arrangements	91	87	294	274
Total costs incurred under the Asset Management Agreement to DAM	\$ 1,824	\$ 1,090	\$ 5,125	\$ 3,282
Incurred under the Shared Services and Cost Sharing Agreement:				
Strategic services and other services	159	239	496	507
Total costs incurred under the Shared Services and Cost Sharing Agreement to DAM	\$ 159	\$ 239	\$ 496	\$ 507
Amounts received and receivable from DAM				
Cost reimbursed under the Property Management Agreement:				
Property management fee	21	22	65	65
Total cost reimbursements under the Property Management Agreement with DAM	\$ 21	\$ 22	\$ 65	\$ 65
Amounts paid and payable to Dream Office REIT				
Costs reimbursed under the Services Agreement	819	614	2,385	1,998
Distributions paid and payable to Dream Office REIT on subsidiary redeemable units	3,344	3,344	10,032	10,032
Distributions paid and payable to Dream Office REIT on REIT Units	1,185	349	3,269	828
Amounts paid and payable to Dream Office REIT	\$ 5,348	\$ 4,307	\$ 15,686	\$ 12,858
Amounts paid and payable to PAULS Real Property Management, LLC				
Incurred under the Property Management Agreement	99	—	352	—
Total costs incurred under the Property Management Agreement to PAULS Real Property Management, LLC	\$ 99	\$ —	\$ 352	\$ —

(1) A portion of this fee is paid by DAM to PAULS Real Property Management, LLC for any U.S. acquisitions it is involved in.

The following table summarizes the outstanding payables and receivables to related parties as at:

	September 30, 2018	December 31, 2017
Amounts payable and accrued liabilities to DAM for:		
Asset Management Agreement	\$ (496)	\$ (631)
Shared Services and Cost Sharing Agreement	(131)	(151)
Total payable to DAM	\$ (627)	\$ (782)
Amounts payable and accrued liabilities to Dream Office REIT for:		
Services Agreement	(246)	(302)
Distributions on subsidiary redeemable units	(1,114)	(1,114)
Distributions on REIT Units	(393)	(317)
Total payable to Dream Office REIT	\$ (1,753)	\$ (1,733)
Amounts receivable from Dream Office REIT for:		
Funds Dream Office REIT received on behalf of Dream Industrial REIT	207	299
Total receivable from Dream Office REIT	\$ 207	\$ 299
Amounts payable and accrued liabilities to PAULS Real Property Management, LLC for:		
Property Management Agreement	(45)	—
Expense reimbursements related to property acquisitions	—	(30)
Total payable to PAULS Real Property Management, LLC	\$ (45)	\$ (30)

Compensation of key management personnel including trustees is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Unit-based awards granted ⁽¹⁾	\$ 70	\$ 51	\$ 1,416	\$ 941
Trustees' fees paid in cash	24	32	72	115
Total	\$ 94	\$ 83	\$ 1,488	\$ 1,056

(1) Deferred trust units granted to trustees in 2018 vest immediately upon issuance. Prior to 2018, deferred trust units granted to trustees vest over a five-year period with one-fifth of the deferred trust units vesting each year. Deferred trust units granted to officers continue to vest over a five-year period with one-fifth of the deferred trust units vesting each year. Amounts are determined based on the grant date fair value of deferred trust units multiplied by the number of deferred trust units granted in the period.

Note 16

SUPPLEMENTARY CASH FLOW INFORMATION

The components of depreciation and amortization, net, under operating activities include:

		Three months ended September 30,		Nine months ended September 30,	
	Note	2018	2017	2018	2017
Amortization of lease incentives	6	\$ 364	\$ 300	\$ 1,052	\$ 821
Amortization of financing costs	7	444	416	1,438	1,227
Depreciation of property and equipment		8	12	50	40
Amortization of fair value adjustments on assumed debt	7	(118)	(126)	(131)	(365)
Total		\$ 698	\$ 602	\$ 2,409	\$ 1,723

The components of other adjustments under operating activities include:

		Three months ended September 30,		Nine months ended September 30,	
	Note	2018	2017	2018	2017
Deferred unit compensation expense		\$ 446	\$ 530	\$ 1,755	\$ 1,208
Straight-line rent	6	(192)	15	(786)	(378)
Fair value adjustments to investment properties	6	(8,337)	(3,651)	(69,081)	16,015
Fair value adjustments to financial instruments	12	(4,462)	8,145	25,996	10,368
Transaction cost recovery	13	(151)	—	(151)	—
Deferred (recovery of) income taxes		(755)	725	645	210
Debenture redemption write-off	13	1,932	—	1,932	—
Non-cash interest on subsidiary redeemable units		3,344	3,344	10,032	10,032
Other adjustments to operating activities		\$ (8,175)	\$ 9,108	\$ (29,658)	\$ 37,455

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

		Three months ended September 30,		Nine months ended September 30,	
		2018	2017	2018	2017
Decrease (increase) in amounts receivable	\$	423	\$ 1,296	\$ (630)	\$ 1,508
Decrease (increase) in prepaid expenses and other assets		543	811	(604)	(1,032)
Decrease (increase) in other non-current assets		(3)	(4)	28	(60)
Increase (decrease) in amounts payable and accrued liabilities		(2,412)	1,456	(1,336)	3,759
Increase in tenant security deposits		596	210	596	479
Change in non-cash working capital	\$	(853)	\$ 3,769	\$ (1,946)	\$ 4,654

The following amounts were paid in cash on account of interest:

		Three months ended September 30,		Nine months ended September 30,	
		2018	2017	2018	2017
Interest:					
Debt	\$	8,734	\$ 6,639	\$ 26,714	\$ 23,300
Total	\$	8,734	\$ 6,639	\$ 26,714	\$ 23,300

Note 17

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.

Dream Industrial did not enter into any operating or finance leases as lessee during this reporting period.

Note 18

FAIR VALUE MEASUREMENTS

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 3 fair value measurements during the year.

The following tables summarize fair value measurements recognized in the consolidated balance sheets by class of asset or liability and categorized by level according to the significance of the inputs used in making the measurements.

		Carrying value as at	Fair value as at September 30, 2018		
	Note	September 30, 2018	Level 1	Level 2	Level 3
Recurring measurements					
Non-financial assets					
Investment properties	6	\$ 2,065,211	\$ —	\$ —	\$ 2,065,211
Financial assets					
Conversion feature on convertible debentures ⁽¹⁾		—	—	—	—
Fair value of interest rate swaps		3,383	—	—	3,383

(1) The conversion feature was derecognized as the Trust redeemed all outstanding convertible debentures on August 2, 2018.

		Carrying value as at	Fair value as at December 31, 2017			
		December 31, 2017		Level 1	Level 2	Level 3
Recurring measurements						
Non-financial assets						
Investment properties	6	\$ 1,722,988	\$	—	\$ —	\$ 1,722,988
Financial assets						
Conversion feature on convertible debentures		2,305		—	—	2,305
Fair value of interest rate swaps		1,675		—	—	1,675
Financial liabilities						
Fair value of interest rate swaps		57		—	—	57

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

	Carrying value as at	Fair value as at September 30, 2018		
	September 30, 2018	Level 1	Level 2	Level 3
Fair values disclosed				
Mortgages	\$ 882,242	\$ —	\$ —	\$ 873,952
Revolving credit facility	43,966	—	—	44,684

	Carrying value as at	Fair value as at December 31, 2017		
	December 31, 2017	Level 1	Level 2	Level 3
Fair values disclosed				
Mortgages	\$ 782,254	\$ —	\$ —	\$ 780,631
Convertible debentures	108,567	—	—	114,668

All gains and losses recorded in fair value adjustments to financial instruments (Note 12) are changes in unrealized gains and losses relating to the items on the condensed consolidated balance sheet.

The conversion feature of the interest rate swaps are measured at fair value. 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 the appropriate yield curve and credit spread.

Note 19

SUBSEQUENT EVENTS

On October 24, 2018, the Trust completed the acquisition of a 121,000 square foot, fully leased single-tenant property in the Greater Montréal Area for a purchase price of \$13.6 million, excluding transaction costs.

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STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Listing symbols:
REIT Units: DIR.UN

DISTRIBUTION REINVESTMENT AND UNIT PURCHASE PLAN

The purpose of our Distribution Reinvestment and Unit Purchase Plan ("DRIP") is to provide unitholders with a convenient way of investing in additional units without incurring transaction costs such as commissions, service charges or brokerage fees. By participating in the DRIP, you may invest in additional units in two ways:

Distribution reinvestment: Unitholders will have cash distributions from Dream Industrial REIT reinvested in additional units as and when cash distributions are made. If you register in the DRIP, you will also receive a "bonus" distribution of units equal to 3% of the amount of your cash distribution reinvested pursuant to the DRIP. In other words, for every \$1.00 of cash distributions reinvested by you under the plan, \$1.03 worth of units will be purchased.

Cash purchase: Unitholders may invest in additional units by making cash purchases.

To enrol, contact:

Computershare Trust Company of Canada
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1

Attention: Dividend Reinvestment Services
or call their Customer Contact Centre at
1 800 564-6253 (toll free) or (514) 982-7555

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