



Q2

2014



dream 
industrial REIT

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Letter to unitholders

Our business performed well in the second quarter, achieving another quarter of 20 cents per unit in AFFO which is a 6.4% increase over the corresponding period in 2013 and brings us to 40 cents for the first half of 2014. This is in line with our expectations. In the quarter, we continued to make improvements to our properties, strengthened our business systems and management reporting platform and continued to enhance our leasing and property management teams. We have initiated our rebranding project and are now known as Dream Industrial REIT.

Since the beginning of 2014, the Trust has had significant growth in its unit value closing at the end of day at \$9.57 per unit, an 8.1% increase in unit value year-to-date and a total return of 12.9%, which is in the upper quartile of Canadian REIT performances for total year-to-date return. As a result, we are trading much closer to our net asset value than we were just six months ago.

Our strong leasing pipeline over the last few quarters has resulted in our portfolio reaching a high level of occupancy in the West and the GTA, although in the quarter some frictional vacancy has resulted in a temporary decline in occupancy in these markets. A disproportionately high expiry level in the quarter has led occupancy levels lower in our Montréal and Halifax markets. Despite this, overall portfolio occupancy remains high at 95.6% compared to 96.3% at the end of Q1. Our leasing teams have obtained leasing commitments representing 73% of all expiries remaining in 2014. With continued growth in AFFO and NOI, the Trust has further reduced its AFFO payout ratio from 93.6% at this time last year to 87.9%. Our other capital metrics are stable, with leverage at the end of the quarter of 52.4%, weighted average term to maturity of 4.1 years with \$121 million of unencumbered assets. This increases the Trust's capacity and flexibility to acquire and successfully finance growth when appropriate to do so and in a way that will add value to our unitholders.

Part of our strategy to grow our business is to identify and improve upon opportunities to intensify tenants' use of our sites. This activity may take the form of expanding tenants' footprints within our assets, by building onto existing properties and identifying excess lands where additional buildings may be developed.

I am pleased to report that we have formed a relationship with Dream Renewables to rent roof space from Dream Industrial in order to install solar panels on a number of our warehouse roofs. We have identified a list of 15 GTA properties that we believe are good candidates for this project and are preparing to launch a program for four properties in the near term.

In summary, we will continue to execute on enhancing the strength of our business. We thank our unitholders for their continued support.



Randy Cameron
President and CEO

August 5, 2014

Management's discussion and analysis

(All dollar amounts in our tables are presented in thousands of Canadian dollars, except rental rates, unit and per unit amounts unless otherwise stated)

SECTION I – OVERVIEW AND FINANCIAL HIGHLIGHTS

FINANCIAL OVERVIEW

Adjusted funds from operations ("AFFO") per unit for the quarter was 20 cents, an increase of 1.2 cents, or 6.4%, over the prior year comparative quarter, reflecting the impact of full quarter of acquisitions completed in the second quarter of 2013, as well as growth in comparative property net operating income ("NOI"). For the six months ended June 30, 2014, AFFO per unit was 40 cents, an increase of 4 cents, or 11.0%, over the prior year comparative period.

Funds from operations ("FFO") per unit for the quarter was 24 cents, an increase of 0.9 cents, or 3.9%, over the prior year comparative quarter. The increase resulted from the same factors as the increase in AFFO per unit.

Sequentially, AFFO and FFO per unit were stable compared to the first quarter of 2014 at 20 and 24 cents, respectively. This results from average occupancy in the portfolio for the second quarter decreasing slightly to 94.7% compared to 94.9% in the first quarter.

Occupancy (including commitments on vacant space) decreased from 96.3% at the end of Q1 2014 to 95.6% at the end of Q2 2014. A total of 702,000 square feet of new and renewal leases commenced in the quarter, but due to a disproportionate amount of expiries at 736,000 square feet (over one-third of total 2014 expiries), we experienced net negative absorption of 196,000 square feet. 58% of our expiries renewed during the quarter which is below our typical renewal ratio of 70% to 75%. Year-to-date, our renewal ratio is 64% due to our relatively high retention rate in the first quarter. As a result of the negative absorption in the quarter, our average occupancy was 0.2% below the first quarter. The decrease in occupancy is primarily a matter of timing as our leasing pipeline remains strong. Our occupancy includes 245,000 square feet of commitments on vacant space, of which substantially all commence during 2014.

During the quarter, we experienced the termination of a 121,000 square foot tenant at one of our GTA properties, which had encountered financial difficulty and had ceased paying rent. Replacement tenants for 100% of this space took occupancy during the quarter at modestly higher rates, resulting in only 15 days of lost rent.

In-place rent was \$7.04 per square foot compared to \$6.96 at March 31, 2014, which we estimate is approximately \$0.36 or 5.1% below the current rental market rates. The multi-tenant nature of two-thirds of our portfolio and its associated relatively short weighted average lease term of 3.7 years provides the Trust with a good opportunity for rent growth in the short to medium term.

Our portfolio size was stable in the quarter at 15.6 million square feet, with total investment properties of \$1.5 billion at fair value, reflecting a weighted average capitalization rate of 6.72% on stabilized NOI, which is stable compared to March 31, 2014.

Financing metrics remained stable during the quarter with secured debt comprising 44.3% of total assets excluding convertible debentures. Our leverage stood at 52.4% at June 30, 2014, including the convertible debentures. The weighted average remaining term on our debt was 4.1 years and the weighted average face interest rate on our debt was 4.16%, which is higher than we are currently seeing in the market for comparable mortgage debt. During the quarter, we signed an agreement to increase our demand revolving credit facility from \$50 million to \$75 million with amended terms to extend the maturity date from October 2014 to June 2016 and to reduce the interest rate by 15 basis points.

Overall, the Trust has performed in line with management's expectations for the quarter.

OUTLOOK

Market fundamentals for industrial real estate continued to improve nationally and in most of our major markets. Although net absorption was lower than in the previous quarter, both availability and vacancy rates decreased nationally by 0.2% and 0.3%, respectively. New construction totalled 1% of the total inventory of industrial space, and mostly consisted of larger bay distribution centres, which do not compete with the majority of our product. Western Canada and the GTA are leading the growth in industrial markets and we are seeing upward pressure on market rental rates. Of the markets in which we are represented, Halifax remains an exception to the overall robust industrial real estate conditions in Canada. Industrial space in Halifax represents 1% of total industrial space in Canada, but comprises 17% of our gross leasable area and therefore disproportionately impacts our occupancy level. The strengthening of demand for industrial space in this market will largely depend on when significant production activities commence on the federal government's shipbuilding program in Halifax.

As discussed in the "Financial overview" section, we experienced a decline in occupancy across most of our regions, in part due to the proportionately higher amount of expiries in the second quarter. The decrease in occupancy is primarily a timing issue as our leasing pipeline remains robust. We now have commitments for 2.0 million square feet of leases commencing throughout 2014 compared to 2.4 million square feet of total expiries and terminations.

In 2014, we will continue to be focused on:

- Enhancing our operations and strengthening our relationships with tenants in order to grow NOI internally;
- Leveraging the decreasing vacancy in our markets to capture rental rate increases;
- Recycling capital from non-core assets into assets that meet our investment criteria and enhance the quality of our portfolio; and
- Exploring selected value-add intensification opportunities within our existing portfolio.

KEY PERFORMANCE INDICATORS

Performance is measured by these and other key indicators:

	As at		
	June 30,	March 31,	June 30,
Three months ended	2014	2014	2013
Portfolio			
Number of properties	205	205	206
Gross leasable area ("GLA") (in millions of sq. ft.)	15.6	15.6	15.7
Occupancy rate – including committed	95.6%	96.3%	95.8%
Occupancy rate – in place	94.0%	95.3%	95.2%
Average occupancy for the period	94.7%	94.9%	95.4%
Average in-place base rent per sq. ft.	\$ 7.04	\$ 6.96	\$ 6.90
Weighted average remaining lease term (years)	4.5	4.6	4.8
Market rent in excess of in-place rent (%)	5.1%	6.0%	4.9%

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Operating results				
Investment properties revenue	\$ 40,428	\$ 34,703	\$ 81,342	\$ 63,953
NOI ⁽¹⁾	27,534	24,754	54,749	44,646
FFO ⁽¹⁾	17,262	15,572	34,306	27,565
AFFO ⁽¹⁾	14,205	12,530	28,211	21,805
Fair value increase to investment properties	7,124	846	7,625	1,423
Distributions				
Declared distributions	\$ 12,510	\$ 11,911	\$ 24,986	\$ 21,370
DRIP participation rate	7.8%	5.2%	8.2%	4.9%
Per unit amounts⁽²⁾				
Distribution rate	\$ 0.17	\$ 0.17	\$ 0.35	\$ 0.34
Basic				
FFO ⁽¹⁾	0.24	0.23	0.48	0.45
AFFO ⁽¹⁾⁽³⁾	0.20	0.19	0.40	0.36
Diluted				
FFO ⁽¹⁾	0.24	0.23	0.47	0.45
Payout ratio (%)⁽⁴⁾				
FFO	72.3%	75.1%	72.8%	76.4%
AFFO	87.9%	93.6%	88.6%	96.6%

	As at		
	June 30,	March 31,	June 30,
Three months ended	2014	2014	2013
Financing			
Weighted average effective interest rate	3.82%	3.86%	3.81%
Weighted average face interest rate	4.16%	4.17%	4.19%
Weighted average remaining term to maturity (years)	4.1	4.2	4.5
Interest coverage ratio	3.0 times	2.9 times	2.9 times
Debt-to-EBITDA	8.5	8.5	8.5
Unencumbered assets	\$ 120,636	\$ 138,022	\$ 83,605

(1) NOI, FFO and AFFO (non-GAAP measures) are key measures of performance used by real estate operating companies; however, they are not defined by IFRS, do not have standard meanings and may not be comparable with other industries or income trusts. Reconciliation to the relevant GAAP measures can be found under the heading "Our results of operations".

(2) A description of the determination of basic and diluted amounts per unit, interest coverage ratio and debt-to-EBITDA (non-GAAP measures) can be found under the heading "Non-GAAP measures and other disclosures".

(3) AFFO per unit is shown on a basic basis only, as the convertible debentures are anti-dilutive to AFFO.

(4) Payout ratios for FFO and AFFO are calculated as the ratio of distribution rate to basic FFO and AFFO per unit, respectively.

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”), formerly known as Dundee Industrial Real Estate Investment Trust, should be read in conjunction with the audited consolidated financial statements of Dream Industrial, published under the former name of Dundee Industrial Real Estate Investment Trust, for the year ended December 31, 2013 and the condensed consolidated financial statements for the three- and six-month periods ended June 30, 2014.

This management’s discussion and analysis (“MD&A”) is dated as at August 5, 2014.

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

- “REIT Units”, meaning the REIT Units
- “LP B Units” and “subsidiary redeemable units”, meaning the LP Class B Units
- “Units”, meaning REIT Units and LP B Units

Certain information herein contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation. 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 REIT exemption under the specified investment flow-through trust (“SIFT”) legislation; and other risks and factors described from time to time in the documents filed by the Trust with securities regulators.

All forward-looking information is as of August 5, 2014. Dream Industrial does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise. 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

On May 5, 2014, Dundee Industrial REIT changed its name to Dream Industrial REIT. Dream Industrial REIT is an unincorporated, open-ended real estate investment trust that was formed to provide investors with the opportunity to invest in a Canadian focused, pure-play industrial REIT. Dream Industrial was founded on July 20, 2012 under the name Dundee Industrial REIT by Dream Office Real Estate Investment Trust (“Dream Office REIT”), formerly known as Dundee Real Estate Investment Trust, which had a retained investment of 22.8% at August 5, 2014. Our REIT Units are listed on the Toronto Stock Exchange under the trading symbol DIR.UN.

At June 30, 2014, we owned 206 light industrial income-producing buildings totalling 15.7 million square feet of GLA, including 15.6 million square feet of industrial properties and 0.1 million square feet of property held for sale. Our properties are located in primary and secondary markets in seven Canadian provinces.

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 light industrial properties in major Canadian 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.

Distributions

We currently pay monthly distributions of \$0.058 per unit, or \$0.70 per unit on an annual basis. At June 30, 2014, approximately 7.3% of our total Units were enrolled in the Distribution Reinvestment and Unit Purchase Plan ("DRIP") (see a description of Our equity on page 19).

	2014		2013				2012
	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Annualized distribution rate	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.675	\$ 0.675
Monthly distribution rate	\$ 0.058	\$ 0.058	\$ 0.058	\$ 0.058	\$ 0.058	\$ 0.056	\$ 0.056
Period-end closing price	\$ 9.73	\$ 9.40	\$ 8.85	\$ 8.74	\$ 9.08	\$ 10.82	\$ 11.20
Annualized distribution yield on closing price (%)	7.2%	7.4%	7.9%	8.0%	7.7%	6.2%	6.0%

OUR STRATEGY

Dream Industrial REIT is a growth-oriented owner of income-producing light industrial properties across Canada providing stable and predictable distributions to unitholders on a tax-efficient basis. Our strategy is to grow our portfolio and the distributable income that it generates on a per unit basis, and to do so in a manner that minimizes risk. 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 lower rates and increase our ability to competitively bid on acquisition opportunities. We have experience in each of Canada's key real estate markets and across all asset classes, which we believe will provide us with the flexibility to pursue acquisitions in whichever markets offer compelling investment opportunities.

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 it complements our existing portfolio.

OUR PROPERTIES

Dream Industrial REIT owns and manages high-quality light industrial properties located in primary and secondary markets across Canada.

Today, our portfolio consists of 205 properties comprising 15.6 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 95.6%. Our occupancy rate includes lease commitments totalling approximately 245,000 square feet of space that is currently being readied for occupancy but for which rent is not yet being recognized.

Our properties are geographically diversified as follows:

	June 30, 2014			December 31, 2013		
	Number of properties ⁽¹⁾	Owned GLA (sq. ft.)	% of owned GLA	Number of properties	Owned GLA (sq. ft.)	% of owned GLA
Western Canada	75	4,244,710	27.2	76	4,294,604	27.4
Ontario	58	4,825,364	30.9	58	4,825,231	30.8
Québec	33	3,732,891	23.9	33	3,732,891	23.8
Eastern Canada	39	2,810,722	18.0	39	2,810,631	18.0
Total	205	15,613,687	100.0	206	15,663,357	100.0

(1) Excludes property held for sale.

Our portfolio consists of multi-tenant buildings totalling 10.2 million square feet, or comprising 65% of total GLA, and single-tenant buildings totalling 5.4 million square feet, or 35% of total GLA. Of the 5.4 million square feet of single-tenant space, 4.8 million is located in Ontario and Québec. Multi-tenant space is distributed more evenly throughout the provinces in the portfolio, with a relatively higher concentration of 3.9 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 regular 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.

Performance indicators	June 30, 2014 ⁽¹⁾			December 31, 2013		
	Multi-tenant buildings	Single-tenant buildings	Total	Multi-tenant buildings	Single-tenant buildings	Total
Occupancy rate – including committed	94.3%	97.9%	95.6%	94.6%	97.9%	95.7%
Occupancy rate – in place ⁽²⁾	91.9%	97.9%	94.0%	92.6%	97.8%	94.4%
Average in-place base rental rates (per sq. ft.)	\$ 7.27	\$ 6.63	\$ 7.04	\$ 7.14	\$ 6.53	\$ 6.92
Tenant maturity profile – average term to maturity (years)	3.7	6.1	4.5	3.7	6.5	4.7
Owned GLA (in millions of sq. ft.)	10.2	5.4	15.6	10.2	5.5	15.7

(1) Excludes property held for sale.

(2) Based on physical occupancy, excluding future commitments.

Occupancy

At June 30, 2014, the overall percentage of occupied and committed space across our portfolio remained high at 95.6%, which was 0.7% lower than occupancy at March 31, 2014.

(percentage)	June 30, 2014 ⁽¹⁾	March 31, 2014 ⁽¹⁾
Western Canada	97.6	98.3
Ontario	97.7	98.0
Québec	93.1	93.8
Eastern Canada	92.1	93.4
Total	95.6	96.3
Portfolio size (millions of sq. ft.)	15.6	15.6

(1) Excludes property held for sale.

In all of our regions except Eastern Canada, the occupancy decrease is primarily a timing issue related to the relatively high level of expiries during the second quarter and the resulting downtime while these spaces are re-tenanted. Market conditions are robust in these regions with positive absorption in most major cities and a relatively low level of new supply.

The decrease in occupancy in our Eastern region portfolio, which totals 18% of our GLA and is primarily located in Halifax, is primarily related to market conditions, as the effects of the federal government shipbuilding contract and offshore drilling have yet to have a significant impact on demand for industrial space.

Occupancy roll-forward

Leasing activity for the quarter included approximately 426,000 square feet of renewals, approximately 276,000 square feet of new leases and a net increase in space committed for future occupancy of 87,000 square feet.

The following tables detail the change in occupancy (including committed) during the three and six months ended June 30, 2014:

	Weighted average rate per sq. ft.	June 30, 2014 (sq. ft.)	As a % of total GLA
For the three months ended			
Occupancy (including committed) at beginning of period		15,016,214	96.3%
Vacancy committed for future occupancy		(157,504)	(1.0%)
Occupancy at beginning of period		14,858,710	95.3%
Acquired occupancy		13,190	
Remeasurements/reclassifications		928	
Occupancy at beginning of period – restated		14,872,828	95.3%
Expiries (all leases)	\$ 6.49	(735,752)	(4.7%)
Early terminations and bankruptcies	\$ 5.64	(161,894)	(1.0%)
New leases	\$ 7.06	276,016	1.8%
Renewals	\$ 6.97	425,747	2.7%
Occupancy – June 30, 2014		14,676,945	94.0%
Vacancy committed for future occupancy		244,716	1.6%
Occupancy (including committed) – June 30, 2014		14,921,661	95.6%

For the three months ended		June 30, 2014
Tenant retention ratio		58%
Expiring rents on renewed space (per sq. ft.)	\$	6.77
Renewal to expiring rent spread (per sq. ft.)		0.20

	Weighted average rate per sq. ft.	June 30, 2014 (sq. ft.)	As a % of total GLA
For the six months ended			
Occupancy (including committed) at beginning of period		14,994,614	95.7%
Vacancy committed for future occupancy		(208,261)	(1.3%)
Occupancy at beginning of period		14,786,353	94.4%
Acquired occupancy		13,190	
Reclassified to held for sale		(42,007)	
Remeasurements/reclassifications		1,590	
Occupancy at beginning of period – restated		14,759,126	94.5%
Expiries (all leases)	\$ 6.77	(1,006,755)	(6.4%)
Early terminations and bankruptcies	\$ 6.16	(177,511)	(1.1%)
New leases	\$ 7.08	458,827	2.9%
Renewals	\$ 7.09	643,258	4.1%
Occupancy – June 30, 2014		14,676,945	94.0%
Vacancy committed for future occupancy		244,716	1.6%
Occupancy (including committed) – June 30, 2014		14,921,661	95.6%

For the six months ended		June 30, 2014
Tenant retention ratio		64%
Expiring rents on renewed space (per sq. ft.)	\$	6.91
Renewal to expiring rent spread (per sq. ft.)		0.18

The committed occupancy at June 30, 2014 totalled 245,000 square feet. Of this committed space, 48% becomes occupied in the third quarter of the year, while the remainder will be occupied by year-end.

In-place rental rates

At June 30, 2014, estimated current market rents were 5.1% higher than portfolio average in-place base rents, presenting us with the opportunity to capture gains when space is renewed or newly leased. Our average in-place rents increased during the quarter, reflecting our ability to capture these market rents as our leases expire.

	June 30, 2014 ⁽¹⁾			March 31, 2014 ⁽¹⁾		
	Average in-place base rent	Market rent ⁽²⁾	Market rent/in-place rent (%)	Average in-place base rent	Market rent	Market rent/in-place rent (%)
Western Canada	\$ 8.82	\$ 9.79	11.0	\$ 8.66	\$ 9.73	12.4
Ontario	6.15	6.21	1.0	6.11	6.23	2.0
Québec	6.01	6.18	2.8	5.95	6.16	3.5
Eastern Canada	7.20	7.38	2.5	7.12	7.35	3.2
Total	\$ 7.04	\$ 7.40	5.1	\$ 6.96	\$ 7.38	6.0

(1) Excludes property 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.

Leasing and tenant profile

The average remaining lease term and other portfolio information are detailed in the following table. Overall, our average remaining lease term is 4.5 years and our average tenant size is 12,000 square feet. Our single-tenant buildings have an average remaining lease term of 6.1 years and our multi-tenant buildings have an average remaining lease term of 3.7 years. The weighted average lease term of our top ten tenants, weighted by annualized base rent, is 7.7 years.

	June 30, 2014 ⁽¹⁾			March 31, 2014 ⁽¹⁾		
	Average remaining lease term (years)	Average tenant size (sq. ft.)	Average in-place base rent (per sq. ft.)	Average remaining lease term (years)	Average tenant size (sq. ft.)	Average in-place base rent (per sq. ft.)
Western Canada	4.3	8,817	\$ 8.82	4.3	8,968	\$ 8.66
Ontario	4.2	17,993	6.15	4.3	17,853	6.11
Québec	6.0	26,524	6.01	6.1	26,741	5.95
Eastern Canada	3.5	6,439	7.20	3.4	6,531	7.12
Total	4.5	11,796	\$ 7.04	4.6	11,900	\$ 6.96

(1) Excludes property held for sale.

The following table details our lease maturity profile by region at June 30, 2014. The table distinguishes between lease expiries that have yet to be renewed or re-leased and expiries for which we have leasing commitments. In the remainder of 2014, 1,187,000 square feet will expire; 867,000 square feet, or 73.0%, has already been committed for future occupancy. Our current maturity profile is well balanced with 7.6% of leases expiring in the remainder of 2014, 15.9% expiring in 2015 and 14.5% expiring in 2016.

(in sq. ft.)	2014 (remainder)	2015	2016	2017	2018	2019+
Western Canada⁽¹⁾						
Expiries	(506,656)	(710,305)	(580,362)	(628,955)	(546,794)	(1,716,852)
Expiries committed for renewals	284,801	187,117	1,442	43,854	28,500	-
Vacancies committed for new leases	72,325	-	-	-	-	-
Expiries, net of commitments obtained	(149,530)	(523,188)	(578,920)	(585,101)	(518,294)	(1,716,852)
Ontario						
Expiries	(261,953)	(889,075)	(632,694)	(625,936)	(781,983)	(1,817,420)
Expiries committed for renewals	187,606	68,427	5,614	33,274	-	-
Vacancies committed for new leases	111,626	-	-	-	-	-
Expiries, net of commitments obtained	37,279	(820,648)	(627,080)	(592,662)	(781,983)	(1,817,420)
Québec						
Expiries	(173,568)	(366,237)	(493,782)	(409,494)	(92,913)	(2,116,497)
Expiries committed for renewals	51,245	-	112,662	-	13,938	-
Vacancies committed for new leases	21,104	-	-	-	-	-
Expiries, net of commitments obtained	(101,219)	(366,237)	(381,120)	(409,494)	(78,975)	(2,116,497)
Eastern Canada						
Expiries	(244,739)	(515,467)	(563,814)	(298,839)	(283,102)	(841,222)
Expiries committed for renewals	98,426	22,625	-	-	-	45,089
Vacancies committed for new leases	39,661	-	-	-	-	-
Expiries, net of commitments obtained	(106,652)	(492,842)	(563,814)	(298,839)	(283,102)	(796,133)
Total portfolio						
Expiries	(1,186,916)	(2,481,084)	(2,270,652)	(1,963,224)	(1,704,792)	(6,491,991)
Expiries committed for renewals	622,078	278,169	119,718	77,128	42,438	45,089
Vacancies committed for new leases	244,716	-	-	-	-	-
Expiries, net of commitments obtained	(320,122)	(2,202,915)	(2,150,934)	(1,886,096)	(1,662,354)	(6,446,902)

(1) Excludes property held for sale.

The following table details expiring rents across our portfolio as well as our estimate of average market rents based on current leasing activity in similar properties at June 30, 2014. Expiring rents and market rents represent base rates and do not include the impact of lease incentives. Currently, 2014 estimated market rents are 4.0% above expiring rents and estimated 2015 market rents are 3.0% above expiring rents, representing an opportunity to increase rents as space is re-leased.

(per sq. ft.)	Current monthly tenancies	2014	2015	2016	2017	2018
Expiring rents⁽¹⁾						
Western Canada ⁽³⁾	\$ -	\$ 7.70	\$ 9.20	\$ 8.02	\$ 9.85	\$ 10.66
Ontario	-	7.99	6.02	6.31	6.59	6.22
Québec	-	5.35	5.46	4.12	5.35	6.71
Eastern Canada	2.40	7.08	6.49	7.34	7.58	8.20
Portfolio average	\$ 2.40	\$ 7.07	\$ 6.79	\$ 6.65	\$ 7.49	\$ 7.96
Market rents⁽²⁾						
Western Canada ⁽³⁾	\$ -	\$ 8.26	\$ 10.33	\$ 9.00	\$ 10.27	\$ 10.97
Ontario	-	7.88	5.83	5.95	6.64	6.36
Québec	-	5.27	5.37	5.09	5.53	5.67
Eastern Canada	6.53	7.43	6.58	7.42	7.65	7.78
Market rent average	\$ 6.53	\$ 7.35	\$ 6.99	\$ 7.01	\$ 7.68	\$ 8.01

(1) Expiring rents include the effects of contractual rent steps built into tenant leases.

(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.

(3) Excludes property held for sale.

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 six months ended June 30, 2014, a total of 1,100,000 square feet was leased and occupied with related costs of \$3.8 million, representing an average rate of \$3.42 per square foot leased.

Performance indicators	Total
Operating activities	
Portfolio size (sq. ft.)	15,613,687
Occupied and committed	95.6%
Square footage leased and occupied in 2014	1,102,085
Lease incentives and initial direct leasing costs for square footage leased and occupied in 2014	\$ 3,765

Tenant base profile

Our tenant base consists of a diverse range of high-quality businesses and, with 1,265 tenants, we believe our exposure to any single large lease or tenant is low. The average size of our tenants is 12,000 square feet, averaging 83,000 square feet across our single-tenant buildings and 8,000 square feet across our multi-tenant buildings.

The following table outlines the contributions of our top ten tenants to our rental revenue.

Tenant	Owned area (sq. ft.)	Owned area (%)	Gross annualized base rent (%)	Weighted average remaining lease term (years)
Spectra/Premium Industries	642,368	4.1	3.9	10.9
TC Transcontinental	523,345	3.4	3.4	7.8
Molson Breweries Properties	225,000	1.4	2.3	8.5
The Brick Warehouse LP	327,000	2.1	2.2	9.9
Royal Group Inc.	346,035	2.2	1.8	3.5
Clean Harbors Industrial	99,432	0.6	1.6	4.3
United Agri Products Canada Inc.	275,335	1.8	1.3	9.3
Nellson Nutraceutical Canada	210,710	1.4	1.2	5.3
Array Canada Inc.	209,754	1.3	1.1	6.5
McKesson Canada Corporation	181,000	1.2	0.9	3.5
Total	3,039,979	19.5	19.7	7.7

On an annualized base rent basis, no single tenant represents more than 5% of total revenue of the portfolio, and the weighted average remaining lease term stands strong at 7.7 years.

OUR RESOURCES AND FINANCIAL CONDITION

Investment properties

At June 30, 2014, the fair value of our investment property portfolio was \$1.5 billion, reflecting a weighted average capitalization rate ("cap rate") of 6.72% on stabilized NOI, excluding property management income.

Fair values were determined using the direct capitalization method and/or the discounted cash flow method. 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 5.50% to 8.25%. 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 excluding land is set out below.

	Total portfolio	
	June 30, 2014	March 31, 2014
Western Canada	\$ 565,405	\$ 554,124
Ontario	427,243	425,647
Québec	279,702	280,807
Eastern Canada	271,061	270,465
Total	\$ 1,543,411	\$ 1,531,043

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

	Capitalization rates – Total portfolio			
	June 30, 2014		March 31, 2014	
	Range (%)	Weighted average (%)	Range (%)	Weighted average (%)
Western Canada	5.50–8.25	6.44	6.00–8.25	6.46
Ontario	6.00–7.75	6.59	6.00–7.75	6.59
Québec	6.50–8.00	7.18	6.50–8.00	7.16
Eastern Canada	6.50–7.75	7.02	6.50–7.75	7.01
Total	5.50–8.25	6.72	6.00–8.25	6.73

Acquisition

On May 8, 2014, we completed the acquisition of our partner's 50% interest in a 26,000 square foot property in Edmonton for \$2.4 million in which we had a co-ownership interest. With this acquisition we now own 100% of our entire portfolio.

Building improvements and leasing costs

The table below represents costs incurred during the periods ended June 30.

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Building improvements				
Recoverable capital expenditures	\$ 935	\$ 22	\$ 1,115	\$ 65
Other capital expenditures	836	-	1,199	-
Initial leasing costs and lease incentives				
Leasing costs	532	364	1,003	783
Landlord's work	481	556	1,237	905
Tenant improvements	136	182	366	233
Total	\$ 2,920	\$ 1,124	\$ 4,920	\$ 1,986

Other capital expenditures primarily consisted of costs to subdivide single-tenant spaces and large bays into multi-tenant spaces.

OUR FINANCING

Liquidity and capital resources

Dream Industrial'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 flows generated from operations, conventional mortgage refinancings and, as growth requires and when appropriate, new equity or debt issues.

Financing activities

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.

A summary of debt, capital and liquidity

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

	June 30, 2014	March 31, 2014	December 31, 2013
Financing and liquidity metrics			
Debt	\$ 843,553	\$ 836,061	\$ 840,382
Weighted average effective interest rate ⁽¹⁾	3.82%	3.86%	3.84%
Weighted average face interest rate	4.16%	4.17%	4.18%
Interest coverage ratio ⁽²⁾	3.0	2.9	2.9
Debt-to-EBITDA ⁽³⁾	8.5	8.5	8.6
Maximum proportion of debt maturities due in any one year	19.5% (2019)	19.7% (2019)	17.1% (2015)
Level of debt (debt-to-total assets) ⁽⁴⁾	52.4%	52.4%	52.6%
Weighted average term to maturity (years)	4.1	4.2	4.1
Variable rate debt as percentage of total debt	2.7%	1.2%	1.4%
Encumbered assets	\$ 1,422,775	\$ 1,393,021	\$ 1,417,580
Unencumbered assets	120,636	138,022	122,189
Cash on hand	127	66	258
Undrawn lines of credit	61,173	49,292	37,464

(1) Weighted average effective interest rate is calculated as the weighted average interest rate of all interest bearing debt including issue costs and mark-to-market adjustments.

(2) The interest coverage ratio (non-GAAP measure) for the six months ended June 30, 2014, the three months ended March 31, 2014 and for the year ended December 31, 2013 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 debt excluding deferred financing and mark-to-market adjustments. The detailed calculation of interest coverage ratio can be found under the heading "Non-GAAP measures and other disclosures".

(3) Debt-to-EBITDA (non-GAAP measure) is determined as total debt at principal amount outstanding divided by EBITDA. The calculation for debt-to-EBITDA can be found under the heading "Non-GAAP measures and other disclosures".

(4) Level of debt (non-GAAP measure) is determined as total debt at principal amount outstanding divided by total assets. The calculation for level of debt can be found under the heading "Non-GAAP measures and other disclosures".

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 3.0 times, demonstrating our ability to more than adequately cover interest expense requirements. At June 30, 2014, our weighted average face rate of interest is 4.16% and, after accounting for market adjustments and financing costs, the weighted average effective interest rate for outstanding debt is 3.82%.

During the quarter, we signed an agreement to increase our demand revolving credit facility from \$50 million to \$75 million with amended terms to extend the maturity date from October 2014 to June 2016 and to reduce the interest rate by 15 basis points. This provides the Trust with additional financial flexibility as it continues to refinance debt and recycle capital.

	June 30, 2014			December 31, 2013		
	Fixed	Variable	Total	Fixed	Variable	Total
Mortgages	\$ 695,357	\$ 10,173	\$ 705,530	\$ 703,502	\$ -	\$ 703,502
Promissory note payable	-	-	-	-	-	-
Demand revolving credit facility	-	12,902	12,902	-	12,114	12,114
Convertible debentures	125,121	-	125,121	124,766	-	124,766
Total	\$ 820,478	\$ 23,075	\$ 843,553	\$ 828,268	\$ 12,114	\$ 840,382
Percentage	97.3%	2.7%	100.0%	98.6%	1.4%	100.0%
Weighted average face rate (period-end)	4.18%	3.42%	4.16%	4.18%	3.90%	4.18%
Average term to maturity (years)	4.1	1.4	4.1	4.2	0.8	4.1

Mortgages payable are recorded net of \$9.2 million of fair value adjustments upon initial recognition and \$1.8 million of financing costs. At June 30, 2014, amounts recorded for the convertible debentures are net of a \$2.4 million discount allocated to their conversion features on issuance and net of financing costs of \$3.1 million. 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.

Debt financing activities

New financings are highlighted in the table below.

	Three months ended June 30, 2014				Six months ended June 30, 2014			
	Amount	Average term to maturity (years)	Weighted average interest rate (%)	Weighted average effective interest rate (%)	Amount	Average term to maturity (years)	Weighted average interest rate (%)	Weighted average effective interest rate (%)
New mortgages	\$ 14,300	10.0	4.10	4.26	\$ 70,300	6.0	3.47	3.65

During the quarter, we completed the refinancing of maturing mortgages on a portfolio of four of our properties located in Montréal generating \$14 million in proceeds.

Demand revolving credit facility

The following table summarizes details of the Trust's demand revolving credit facility as at June 30, 2014:

	Borrowing capacity	Letter of credit ⁽³⁾	Outstanding balance	Available to be drawn ⁽²⁾	Interest rate ⁽⁴⁾	Maturity date
Demand revolving credit facility ⁽¹⁾	\$ 75,000	\$ 500	\$ 13,327	\$ 61,173	3.75%	June 30, 2016

(1) Nineteen properties are secured as first-ranking mortgages on the facility. The Swingline facility increased from \$7 million to \$12 million.

(2) Formula-based amount available to be drawn as at June 30, 2014.

(3) Letter of credit fee reduced by 5 basis points to 1.15%.

(4) Calculated using Bankers' Acceptances' ("BA") rate plus 1.75% or the bank's prime rate plus 0.75%.

Changes in debt levels are as follows:

Three months ended June 30, 2014					
	Face interest rate	Mortgages	Demand revolving credit facility	Convertible debentures	Total
Debt as at March 31, 2014	4.17%	\$ 710,913	\$ 208	\$ 124,940	\$ 836,061
New debt placed	3.97%	14,300	24,327	-	38,627
Scheduled repayments		(5,429)	-	-	(5,429)
Lump sum repayments	3.96%	(13,355)	(11,208)	-	(24,563)
Other adjustments ⁽¹⁾		(899)	(425)	181	(1,143)
Debt as at June 30, 2014	4.16%	\$ 705,530	\$ 12,902	\$ 125,121	\$ 843,553

(1) Other adjustments include financing costs on new debt placed and amortization of finance costs and fair value adjustments.

Six months ended June 30, 2014					
	Face interest rate	Mortgages	Demand revolving credit facility	Convertible debentures	Total
Debt as at January 1, 2014	4.18%	\$ 703,502	\$ 12,114	\$ 124,766	\$ 840,382
New debt placed	3.58%	70,300	24,535	-	94,835
Scheduled repayments		(10,726)	-	-	(10,726)
Lump sum repayments	3.85%	(55,243)	(23,322)	-	(78,565)
Other adjustments ⁽¹⁾		(2,303)	(425)	355	(2,373)
Debt as at June 30, 2014	4.16%	\$ 705,530	\$ 12,902	\$ 125,121	\$ 843,553

(1) Other adjustments include financing costs on new debt placed and amortization of finance costs and fair value adjustments.

Our current debt profile is balanced with maturities well-distributed over the next ten years. The following is our debt maturity profile as at June 30, 2014:

	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 (%)
2014	\$ 22,781	\$ 10,838	\$ 33,619	3.99	0.81	5.05
2015	126,625	19,761	146,386	17.38	3.07	3.56
2016	106,597	16,231	122,828	14.58	3.26	4.20
2017	101,479	13,490	114,969	13.65	3.89	4.50
2018	80,709	9,258	89,967	10.68	3.62	3.36
2019 and thereafter	313,875	20,532	334,407	39.72	4.61	4.47
Total	\$ 752,066	\$ 90,110	\$ 842,176	100.00	3.84	4.18
Financing costs			(5,363)			
Fair value adjustments			6,740			
Total			\$ 843,553			

Convertible debentures

The total principal amounts outstanding for all of the convertible debentures are as follows:

	Date issued	Maturity date	Conversion price	Outstanding principal June 30, 2014	Outstanding principal August 5, 2014	REIT Units if converted August 5, 2014
5.25% Debentures	December 13, 2012	December 31, 2019	\$ 13.80	\$ 86,250	\$ 86,250	6,250,000
5.25% Debentures	December 19, 2012	December 31, 2019	13.80	25,000	25,000	1,811,594
6.75% Debentures	May 15, 2013 ⁽¹⁾	November 30, 2017	12.37	19,420	19,420	1,569,927
Total				\$ 130,670	\$ 130,670	9,631,521

(1) The 6.75% Debentures were assumed as part of the C2C acquisition on May 15, 2013.

The fair value of the conversion feature of the convertible debentures is remeasured each period, with changes in fair value being recorded in comprehensive income. At June 30, 2014, the conversion feature amounted to \$0.5 million (December 31, 2013 – \$1.0 million) and was included in non-current liabilities on the condensed consolidated balance sheet.

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 the lessee during this reporting period. As at June 30, 2014, the Trust has entered into lease agreements with tenants that may require leasing and tenant improvement costs of approximately \$3.5 million (June 30, 2013 – \$1.6 million).

The Trust's future commitment for business transformation activities under the shared services and cost sharing agreement with DREAM Asset Management Corp. ("DAM") over the next seven years is \$2.3 million. We are presently in the early stages of business transformation activities that will transform our operating platform to allow us to improve data integrity, realize operating efficiencies, establish business analytic tools and ultimately generate better business outcomes. This initiative will form the foundation of our continuous improvement culture.

OUR EQUITY

Our discussion of equity includes LP Class B Units ("LP B Units"), which are economically equivalent to REIT Units. Pursuant to International Financial Reporting Standards ("IFRS"), the LP B Units are classified as a liability in our condensed consolidated financial statements as subsidiary redeemable units.

	June 30, 2014		Unitholders' equity December 31, 2013	
	Number of Units	Amount	Number of Units	Amount
REIT Units	55,181,466	\$ 549,062	54,921,726	\$ 546,680
Retained earnings	-	25,424	-	24,136
Add: LP B Units	16,282,096	158,424	16,282,096	144,096
Accumulated other comprehensive loss	-	(146)	-	-
Total	71,463,562	\$ 732,764	71,203,822	\$ 714,912

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 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.

At June 30, 2014, Dream Office REIT, indirectly through its wholly owned subsidiaries, held 16,282,096 LP B Units representing a total ownership interest of approximately 22.8%.

The following table summarizes the changes in our outstanding equity.

	REIT Units	LP B Units	Total
Total Units outstanding on January 1, 2014	54,921,726	16,282,096	71,203,822
Units issued pursuant to Distribution Reinvestment and Unit Purchase Plan ("DRIP")	237,189	-	237,189
Units issued pursuant to Unit Purchase Plan	921	-	921
Units issued pursuant to Deferred Unit Incentive Plan ("DUIP")	21,630	-	21,630
Total Units outstanding on June 30, 2014	55,181,466	16,282,096	71,463,562
Percentage of all Units	77.2%	22.8%	100.0%
Units issued pursuant to Unit Purchase Plan on July 15, 2014	155	-	155
Units issued pursuant to DRIP on July 15, 2014	32,102	-	32,102
Total Units outstanding on August 5, 2014⁽¹⁾	55,213,723	16,282,096	71,495,819
Percentage of all Units	77.2%	22.8%	100.0%

(1) The date of this report.

Short form base shelf prospectus

On November 27, 2012, the Trust issued a short form base shelf prospectus, which is valid for a 25-month period, during which time the Trust may offer and issue, from time to time, units, debt and debt securities convertible into or exchangeable for Units of the Trust, or any combination thereof, having an aggregate offering price of up to \$1.0 billion. As at June 30, 2014, \$168.8 million in REIT Units and \$111.3 million in debt securities 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. Amounts retained in excess of the declared distributions are used to fund leasing costs and capital expenditure requirements. Given that working capital tends to fluctuate over time and should not affect our distribution policy, we disregard the fluctuations when determining distributable income. We also normalize leasing costs, which fluctuate with lease maturities, renewal terms and the type of asset being leased. We evaluate the impact of leasing activity based on averages for our portfolio over a two- to three-year time frame. We also exclude the impact of transaction costs expensed on business combinations.

	Three months ended June 30, 2014			Six months ended June 30, 2014		
	Declared distributions	3% bonus distributions ⁽²⁾	Total	Declared distributions	3% bonus distributions ⁽²⁾	Total
2014 distributions						
Paid in cash or reinvested in Units	\$ 8,342	\$ 20	\$ 8,362	\$ 20,818	\$ 52	\$ 20,870
Payable at June 30, 2014	4,168	-	4,168	4,168	-	4,168
Total distributions⁽¹⁾	\$ 12,510	\$ 20	\$ 12,530	\$ 24,986	\$ 52	\$ 25,038
2014 reinvestment						
Reinvested to June 30, 2014	\$ 675	\$ 20	\$ 695	\$ 1,739	\$ 52	\$ 1,791
Reinvested on July 15, 2014	300	9	309	300	9	309
Total distributions reinvested	\$ 975	\$ 29	\$ 1,004	\$ 2,039	\$ 61	\$ 2,100
Distributions paid in cash	\$ 11,535			\$ 22,947		
Reinvestment to distribution ratio	7.8%			8.2%		
Cash payout ratio	92.2%			91.8%		

(1) Includes distributions on LP B Units.

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

Distributions declared for the three months ended June 30, 2014 were \$12.5 million. Distributions declared for the six months ended June 30, 2014 were \$25.0 million. Of the distributions declared for the three months ended June 30, 2014, \$1.0 million, or approximately 7.8%, was reinvested in additional Units resulting in a cash payout ratio of 92.2%, and for the six months ended June 30, 2014, \$2.0 million, or approximately 8.2%, was reinvested in additional Units resulting in a cash payout ratio of 91.8%.

OUR RESULTS OF OPERATIONS

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Investment properties revenue	\$ 40,428	\$ 34,703	\$ 81,342	\$ 63,953
Investment properties operating expenses	(12,894)	(9,949)	(26,593)	(19,307)
Net rental income	27,534	24,754	54,749	44,646
Other revenue				
Interest and fee income	5	186	13	222
	5	186	13	222
Other expenses				
General and administrative	(2,026)	(1,903)	(3,985)	(3,285)
Interest:				
Interest expense on debt	(8,172)	(7,365)	(16,291)	(13,916)
Subsidiary redeemable units	(2,849)	(2,849)	(5,698)	(5,597)
Depreciation and amortization	(6)	-	(11)	-
	(13,053)	(12,117)	(25,985)	(22,798)
Other items				
Fair value adjustments to investment properties	7,124	846	7,625	1,423
Fair value adjustments to financial instruments	(4,758)	32,149	(14,094)	40,249
Gains (costs) on transactions and other activities	792	(11,581)	(243)	(11,581)
	3,158	21,414	(6,712)	30,091
Income before income taxes	17,644	34,237	22,065	52,161
Deferred income taxes	(1,127)	(272)	(1,437)	(272)
Net income for the period	\$ 16,517	\$ 33,965	\$ 20,628	\$ 51,889

Investment properties revenue

Investment properties revenue includes net rental income from investment properties as well as the recovery of operating costs and property taxes from tenants. Investment properties revenue totalled \$40.4 million for the quarter, an increase of \$5.7 million, or 16.5%, compared to the prior year comparative quarter, and an increase of \$17.4 million, or 27.2%, for the six months ended June 30, 2014, over the same period in 2013, due to accretive acquisitions completed in Q2 2013 and comparative properties NOI growth.

Investment properties operating expenses

Operating expenses comprise occupancy costs and property taxes as well as certain expenses that are not recoverable from tenants, the majority of which are related to leasing. Operating expenses fluctuate with changes in occupancy levels, weather, utility costs, realty taxes, and repairs and maintenance. Investment properties operating expenses increased by \$2.9 million, or 29.6%, over the prior year comparative quarter, and by \$7.3 million, or 37.7%, for the six months ended June 30, 2014, over the same period in 2013, due primarily to the increase in the size of the portfolio.

General and administrative

General and administrative expenses primarily 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 June 30:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Asset management fee	\$ 967	\$ 873	\$ 1,933	\$ 1,600
Deferred compensation expenses	304	440	595	646
Professional fees	285	403	533	643
General corporate expenses ⁽¹⁾	470	187	924	396
Total	\$ 2,026	\$ 1,903	\$ 3,985	\$ 3,285

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

General and administrative expenses increased by \$0.1 million from the prior year comparative quarter and by \$0.7 million for the six months ended June 30, 2014, over the same period in 2013, due to higher fees resulting from the growth of the portfolio and higher general corporate expenses. Deferred compensation expenses decreased by \$0.1 million compared to the prior year comparative period due to the departure of certain executives of the Trust in Q2 2013.

Fair value adjustments to investment properties

For the quarter ended June 30, 2014, a fair value gain of \$7.1 million was recorded, and for the six months ended June 30, 2014, a \$7.6 million fair value gain was recorded, due to slight cap rate compression as an increase in value resulting from additional density rights reflected in a property in Calgary.

Interest expense – Debt

Interest expense on debt for the period increased by \$0.8 million compared to the prior year comparative period, and increased by \$2.4 million over the prior year comparative six-month period. The increase in interest expense resulted from new debt assumed on investment properties acquired in Q2 2013.

Fair value adjustments to financial instruments

Fair value adjustments to financial instruments include fair value adjustments on the conversion features of convertible debt, remeasurement of the carrying value of subsidiary redeemable units and remeasurement of the deferred trust units. For the quarter ended June 30, 2014, we recognized losses of \$5.4 million on the measurement of the subsidiary redeemable units (loss of \$14.3 million for the six months ended June 30, 2014), due to the increase in the trading value of REIT Units at the end of Q2 2014 compared to the end of Q1 2014.

During Q2 2014, the remeasurement on the conversion feature of the convertible debentures resulted in a gain of \$0.8 million (gain of \$0.5 million for the six months ended June 30, 2014) primarily as a result of fluctuations in inputs used to value the conversion features of the convertible debentures.

The remeasurement of the deferred trust units resulted in a loss of \$0.2 million during Q2 2014 (loss of \$0.2 million for the six months ended June 30, 2014) primarily due to an increase in the trading value of REIT Units.

Gains (costs) on transactions and other activities

The following table summarizes the nature of expenses included:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Debt settlement costs	\$ -	\$ -	\$ (59)	\$ -
Investment in business transformation activities	(100)	-	(200)	-
Internal leasing costs	(1,131)	(563)	(1,972)	(563)
Acquisition costs	2,023	(11,018)	1,988	(11,018)
Total	\$ 792	\$ (11,581)	\$ (243)	\$ (11,581)

Since January 1, 2014, the Trust retroactively adopted an accounting policy to expense certain of its internal leasing costs in negotiating and arranging new leases. The Trust internalized its leasing division in the second quarter of 2013. The increase in internal leasing costs when compared to the second quarter of 2013 is directly related to the growth in our internal leasing department where we hired new personnel to meet demands due to the growth in our portfolio.

During the second quarter of 2014, we completed our review of the allocation of the purchase price from the C2C acquisition in May of 2013, including working capital adjustments and transaction costs, as required under relevant accounting standards after one year from the acquisition date. The remaining \$2.0 million of the accrual for transaction costs that was made at the time of the acquisition was determined to be no longer required. This amount represents an over-estimation of legal and advisory fees. The complexity and time it would take to complete the acquisition were significantly less than anticipated.

Included in gains (costs) on transactions and other activities in Q2 2014 is \$0.1 million (\$0.2 million for the six months ended June 30, 2014) related to process and technology improvement costs. We are presently in the early stages of a new initiative that will transform our operating platform to allow us to improve data integrity, realize operating efficiencies, establish business analytic tools and ultimately generate better business outcomes. This initiative will form the foundation of our continuous improvement culture. This initial project will take place over a seven-year period with an estimated annual cost of approximately \$0.4 million per year.

Related party transactions

Dream Industrial and its subsidiaries enter into transactions with related parties that are conducted under normal commercial terms and as disclosed in Note 20 to the condensed consolidated financial statements. Pursuant to the Asset Management Agreement, during Q2 2014, we paid \$2.3 million (six months ended June 30, 2014 – \$3.0 million) to DAM.

Net operating income

We define NOI as the total of investment property revenue less investment property operating expenses.

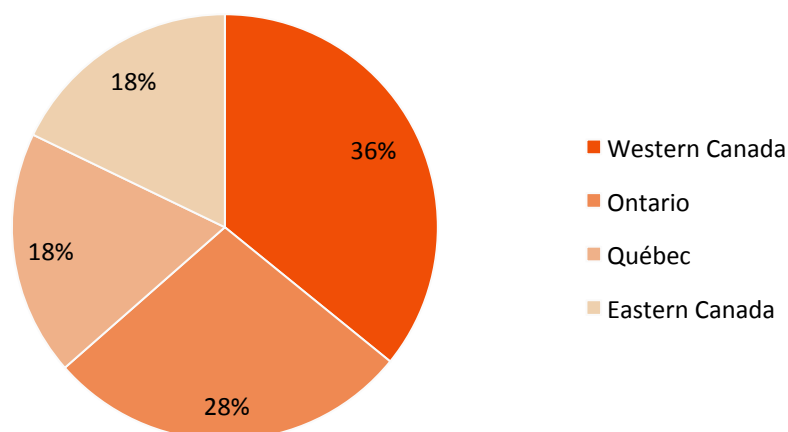
NOI is an important measure used by management in evaluating property operating performance; however, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Total portfolio				
Western Canada	\$ 9,872	\$ 9,117	\$ 19,670	\$ 17,789
Ontario	7,621	5,988	15,139	8,968
Québec	5,126	5,338	10,179	10,087
Eastern Canada	4,915	4,311	9,761	7,802
Net operating income	\$ 27,534	\$ 24,754	\$ 54,749	\$ 44,646

For the quarter ended June 30, 2014, net operating income was \$27.5 million, an increase of \$2.8 million compared to the prior year comparative period, and for the six months ended June 30, 2014, net operating income was \$55 million compared to \$45 million for the same period in the prior year. Growth in the total portfolio is reflective of the acquisitions completed in Q2 2013.

NOI BY REGION

(Three months ended June 30, 2014)



NOI comparative properties

Net operating income shown below details comparative and non-comparative items to assist in understanding the impact each component has on NOI. The comparative properties disclosed in the following table are properties acquired prior to January 1, 2013. Income from property held for sale contributing to NOI in comparative periods is shown separately. Comparative properties NOI excludes lease termination fees, straight-line rents, bad debt expenses and amortization of tenant inducements.

	Three months ended June 30,				Six months ended June 30,			
	2014	2013	Growth		2014	2013	Growth	
			Amount	%			Amount	%
Western Canada	\$ 9,085	\$ 8,474	\$ 611	7	\$ 18,210	\$ 16,729	\$ 1,481	9
Ontario	2,907	2,957	(50)	(2)	5,811	5,799	12	-
Québec	4,401	4,828	(427)	(9)	8,789	9,460	(671)	(7)
Eastern Canada	3,713	3,501	212	6	7,425	6,919	506	7
Comparative properties	20,106	19,760	346	2	40,235	38,907	1,328	3
Lease termination fees and other items	147	184	(37)		244	119	125	
Acquisitions	6,566	3,925	2,641		12,969	3,925	9,044	
Straight-line rent	660	801	(141)		1,325	1,528	(203)	
Bad debt expenses	8	(98)	106		(121)	(195)	74	
Amortization of tenant inducements	(37)	(20)	(17)		(77)	(24)	(53)	
NOI	27,450	24,552	2,898	12	54,575	44,260	10,315	23
NOI from property held for sale	84	202	(118)		174	386	(212)	
NOI including income from property held for sale	\$ 27,534	\$ 24,754	\$ 2,780	11	\$ 54,749	\$ 44,646	\$ 10,103	23
In-place occupancy at quarter-end (comparative properties)	94.5%	95.2%						
In-place rental rates (per sq. ft.) at quarter-end (comparative properties)	\$ 7.34	\$ 7.25						

Comparative property NOI for the quarter ended June 30, 2014 increased from \$19.8 million to \$20.1 million when compared to the same quarter last year. The increase was primarily driven by higher occupancy in the Western region and an increase in the Eastern region where we had higher revenues from rent steps. NOI was also positively impacted by an improvement in operating cost and tax recovery ratios as we gained more experience with our properties. These increases were partially offset by a decrease in occupancy in the Québec region.

Comparative property NOI for the six months ended June 30, 2014 increased by \$1.3 million or 3.4% when compared to the same period last year. Increase in NOI was primarily due to an increase in occupancy in our Western region and also due to the internalization of the property management function for the KingSett Portfolio at the beginning of the second quarter of 2013. These increases were offset by a decrease in occupancy in our Québec region.

NOI prior quarter comparison

The comparative properties discussed in the following table include properties acquired prior to January 1, 2014.

Comparative property NOI for the quarter ended June 30, 2014 increased slightly when compared to the first quarter of 2014, due to an increase in the rate per square foot which was offset by a decrease in average occupancy. The increase in overall NOI by \$0.3 million is partially a result of the operating cost recovery adjustments and recoveries in bad debts totalling \$0.2 million recorded in the quarter.

Three months ended	June 30,		March 31,		Growth	
	2014		2014		Amount	%
Western Canada	\$	9,403	\$	9,442	\$ (39)	-
Ontario		7,443		7,372	71	1
Québec		4,927		4,877	50	1
Eastern Canada		4,874		4,841	33	1
Comparative properties		26,647		26,532	115	-
Lease termination fees and other items		147		97	50	
Acquisition completed in the second quarter		25		-	25	
Straight-line rent		660		665	(5)	
Bad debt expenses		8		(129)	137	
Amortization of tenant inducements		(37)		(40)	3	
NOI		27,450		27,125	325	1
NOI from property held for sale		84		90	(6)	
NOI including income from property held for sale	\$	27,534	\$	27,215	\$ 319	1
In-place occupancy at quarter-end		94.0%		95.3%		
In-place rental rates (per sq. ft.) at quarter-end	\$	7.04	\$	6.96		

Funds from operations and adjusted funds from operations

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Net income	\$ 16,517	\$ 33,965	\$ 20,628	\$ 51,889
Add (deduct):				
Amortization of tenant inducements	37	20	77	24
Interest expense on subsidiary redeemable units	2,849	2,849	5,698	5,597
Fair value adjustments to investment properties	(7,124)	(846)	(7,625)	(1,423)
Fair value adjustments to financial instruments	4,758	(32,149)	14,094	(40,249)
Fair value adjustments of DUIP included in general and administrative expenses	(10)	(53)	(46)	(59)
Debt settlement costs	-	-	59	-
Internal leasing costs	1,131	563	1,972	563
Acquisition costs	(2,023)	11,018	(1,988)	11,018
FFO share related to non-controlling interest of C2C	-	(67)	-	(67)
Deferred income taxes	1,127	272	1,437	272
FFO	\$ 17,262	\$ 15,572	\$ 34,306	\$ 27,565
Funds from operations	\$ 17,262	\$ 15,572	\$ 34,306	\$ 27,565
Add (deduct):				
Amortization of fair value adjustments on assumed debt	(765)	(924)	(1,557)	(1,609)
Deferred unit compensation expense excluding fair value adjustments	314	493	641	705
Straight-line rent	(660)	(801)	(1,325)	(1,528)
Investment in business transformation activities	100	-	200	-
FFO share related to non-controlling interest of C2C	-	67	-	67
AFFO share related to non-controlling interest of C2C	-	(56)	-	(56)
	16,251	14,351	32,265	25,144
Deduct:				
Normalized initial direct leasing costs and lease incentives	1,279	1,138	2,534	2,087
Normalized recurring capital expenditures	767	683	1,520	1,252
AFFO	\$ 14,205	\$ 12,530	\$ 28,211	\$ 21,805

Funds from operations

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
FFO	\$ 17,262	\$ 15,572	\$ 34,306	\$ 27,565
FFO per unit – basic	\$ 0.24	\$ 0.23	\$ 0.48	\$ 0.45
FFO per unit – diluted	\$ 0.24	\$ 0.23	\$ 0.47	\$ 0.45

FFO per diluted unit was \$0.24, a 4.3% increase over the prior year comparative quarter (six months ended June 30, 2014 – increased from \$0.45 to \$0.47) reflecting investment properties acquired during Q2 2013.

Adjusted funds from operations

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
AFFO	\$ 14,205	\$ 12,530	\$ 28,211	\$ 21,805
AFFO per unit –basic	\$ 0.20	\$ 0.19	\$ 0.40	\$ 0.36

AFFO was \$14.2 million, or \$0.20 per unit (six months ended June 30, 2014 – \$28.2 million or \$0.40 per unit). The increase over the prior year comparative quarter is due to the effects of acquisitions completed in Q2 2013.

QUARTERLY INFORMATION

The following tables show quarterly information since the commencement of operations on October 4, 2012.

The following table summarizes key leasing information:

	2014				2013		2012
	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Leasing							
Occupancy rate – including committed (period-end)	95.6%	96.3%	95.7%	95.1%	95.8%	96.5%	96.3%
Occupancy rate – in place (period-end)	94.0%	95.3%	94.4%	94.1%	95.2%	95.7%	95.5%
Tenant retention rate	58%	80.3%	69.6%	71.1%	66.2%	76.2%	73.0%
Average in-place base rent per sq. ft. (period-end)	\$ 7.04	\$ 6.96	\$ 6.92	\$ 6.89	\$ 6.90	\$ 7.18	\$ 7.12
Market rent in excess of in-place rent (%)	5.1%	6.0%	6.4%	6.8%	4.8%	5.6%	6.3%
Financing							
Weighted average effective interest rate on debt	3.82%	3.86%	3.84%	3.83%	3.81%	3.86%	3.72%
Weighted average face rate of interest on debt	4.16%	4.17%	4.18%	4.18%	4.19%	4.25%	4.19%
Debt – average term to maturity (years)	4.1	4.2	4.1	4.4	4.5	5.0	4.1
Interest coverage ratio (times)	3.0	2.9	2.9	2.9	2.9	2.7	3.0
Unencumbered assets (in millions)	\$ 120.6	\$ 138.0	\$ 122.2	\$ 112.0	\$ 83.6	\$ 23.9	\$ 189.6
Debt-to-total assets	52.4%	52.4%	52.6%	52.5%	53.0%	50.1%	54.3%
Portfolio							
Number of properties	205	205	206	206	206	158	158
Gross leasable area (in millions of sq. ft.)	15.6	15.6	15.7	15.7	15.7	11.4	11.4

	2014				2013		2012
	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Investment properties revenue	\$ 40,428	\$ 40,914	\$ 41,149	\$ 37,842	\$ 34,703	\$ 29,250	\$ 17,202
Investment properties operating expenses	(12,894)	(13,699)	(14,089)	(10,621)	(9,949)	(9,358)	(4,667)
Net rental income	27,534	27,215	27,060	27,221	24,754	19,892	12,535
Other revenue	5	8	5	17	186	36	16
Other expenses	(13,053)	(12,932)	(13,001)	(12,988)	(12,117)	(10,681)	(6,810)
Other items	3,158	(9,870)	(3,096)	7,762	21,414	8,677	(26,614)
Income (loss) before income taxes	17,644	4,421	10,968	22,012	34,237	17,924	(20,873)
Deferred income taxes	(1,127)	(310)	464	(1,352)	(272)	-	-
Net income (loss)	16,517	4,111	11,432	20,660	33,965	17,924	(20,873)
Other comprehensive income							
Unrealized (loss) gain on interest rate swap	(309)	163	-	-	-	-	-
	(309)	163	-	-	-	-	-
Comprehensive income (loss)	\$ 16,208	\$ 4,274	\$ 11,432	\$ 20,660	\$ 33,965	\$ 17,924	\$ (20,873)

Calculation of funds from operations

	2014		2013				2012
	Q2	Q1	Q4	Q3	Q2	Q1	Q4
NET INCOME (LOSS)	\$ 16,517	\$ 4,111	\$ 11,432	\$ 20,660	\$ 33,965	\$ 17,924	\$ (20,873)
Add (deduct):							
Amortization	37	40	21	71	20	4	-
Interest expense on subsidiary redeemable units	2,849	2,849	2,848	2,850	2,849	2,748	2,711
Fair value adjustments to investment properties	(7,124)	(501)	182	(2,263)	(846)	(577)	(6,048)
Fair value adjustments to financial instruments	4,758	9,336	1,775	(6,114)	(32,149)	(8,100)	21,134
Fair value adjustments of DUIP included in general and administrative expenses	(10)	(36)	(61)	(71)	(53)	(6)	-
FFO share related to non-controlling interest of C2C	-	-	-	(23)	(67)	-	-
Deferred income taxes	1,127	310	(464)	1,352	272	-	-
Debt settlement costs	-	59	13	(49)	-	-	-
Internal leasing costs	1,131	841	1,126	664	563	-	-
Acquisition costs	(2,023)	35	-	-	11,018	-	11,528
FFO	\$ 17,262	\$ 17,044	\$ 16,872	\$ 17,077	\$ 15,572	\$ 11,993	\$ 8,452
FFO per unit – basic ⁽¹⁾	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.23	\$ 0.22	\$ 0.22
FFO per unit – diluted ⁽¹⁾⁽²⁾	\$ 0.24	\$ 0.23	\$ 0.23	\$ 0.24	\$ 0.23	\$ 0.22	\$ 0.21

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

(2) Diluted FFO for Q2 2014, Q1 2014, Q4 2013, Q3 2013, Q2 2013, Q1 2013 and Q4 2012 excludes \$2.0 million, \$2.0 million, \$2.0 million, \$2.0 million, \$1.8 million, \$1.7 million and \$0.3 million in interest on convertible debentures, respectively.

	2014		2013				2012
	Q2	Q1	Q4	Q3	Q2	Q1	Q4
FUNDS FROM OPERATIONS	\$ 17,262	\$ 17,044	\$ 16,872	\$ 17,077	\$ 15,572	\$ 11,993	\$ 8,452
Add (deduct):							
Amortization of fair value adjustment on assumed debt	(765)	(792)	(812)	(877)	(924)	(685)	(819)
Deferred unit compensation expense excluding fair value adjustments	314	327	351	378	493	212	46
Straight-line rent	(660)	(665)	(784)	(823)	(801)	(727)	(400)
Investment in business transformation activities	100	100	-	-	-	-	-
FFO share related to non-controlling interest of C2C	-	-	-	23	67	-	-
AFFO share related to non-controlling interest of C2C	-	-	-	(20)	(56)	-	-
	16,251	16,014	15,627	15,758	14,351	10,793	7,279
Adjusted for:							
Normalized initial direct leasing costs and lease incentives	1,279	1,255	1,248	1,267	1,138	949	562
Normalized recurring capital expenditures	767	753	749	762	683	569	225
Adjusted funds from operations	\$ 14,205	\$ 14,006	\$ 13,630	\$ 13,729	\$ 12,530	\$ 9,275	\$ 6,492
AFFO per unit – basic ⁽¹⁾	\$ 0.20	\$ 0.20	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.17	\$ 0.17
Weighted average Units outstanding for FFO and AFFO							
Basic (in thousands)	71,440	71,289	71,133	70,931	66,930	55,561	39,320
Diluted (in thousands)	81,447	81,196	80,955	80,761	75,830	63,622	40,828

(1) The LP B Units are included in the calculation of basic AFFO 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 standardized 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 measurement is a commonly used measure of performance of real estate operations; however, it does not represent net income or cash flow from operating activities, as defined by GAAP, and is not necessarily indicative of cash available to fund Dream Industrial REIT's needs.

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

Adjusted funds from operations

Management believes AFFO is an important measure of our economic performance and is indicative of our ability to pay distributions. This non-GAAP measurement is commonly used for assessing real estate performance; however, it does not represent cash flow from operating activities, as defined by GAAP, and is not necessarily indicative of cash available to fund the Trust's needs.

In the calculation of AFFO, the Trust assumes 8% of NOI, adjusted for straight-line rent and property management income for normalized initial direct leasing costs and recurring capital expenditures. This assumption will be re-evaluated from time to time based on actual experience as our expenditure pattern is established in the future.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", AFFO has been reconciled to cash generated from operating activities on page 32.

Weighted average number of Units

The basic weighted average number of Units outstanding used in the FFO and AFFO calculations 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.

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Weighted average Units outstanding for basic per unit amounts (in thousands)	71,440	66,930	71,367	61,277
Weighted average Units outstanding for diluted per unit amounts (in thousands)	81,447	75,830	81,324	69,760

Level of debt (debt-to-total assets)

Management believes this non-GAAP measurement is an important measure in the management of our debt levels. Level of debt as shown below is determined as total debt at principal amount outstanding divided by total assets.

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

	June 30, 2014	December 31, 2013
Amounts per condensed consolidated financial statements		
Non-current debt	\$ 739,341	\$ 728,341
Current debt	104,212	112,041
Total debt	843,553	840,382
Add (deduct):		
Deferred financing costs	5,363	4,547
Mark-to-market adjustments	(6,740)	(8,297)
Total debt at principal amount outstanding	842,176	836,632
Total assets	\$ 1,606,154	\$ 1,589,805
Debt-to-total assets	52.4%	52.6%

Debt-to-EBITDA

Management believes this non-GAAP measurement is an important measure in determining the time it takes the Trust, based on its operating performance, to repay its debt.

Debt-to-EBITDA as shown below is determined as total debt at principal amount outstanding divided by annualized EBITDA for the quarter. EBITDA is calculated as net income before taxes adjusted for: fair value adjustments to investment properties and financial instruments, interest expense, depreciation and amortization and non-cash 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 debt-to-EBITDA.

	June 30, 2014	December 31, 2013
Amounts per condensed consolidated financial statements		
Non-current debt	\$ 739,341	\$ 728,341
Current debt	104,212	112,041
Total debt	843,553	840,382
Add (deduct):		
Deferred financing costs	5,363	4,547
Mark-to-market adjustments	(6,740)	(8,297)
Total debt at principal amount outstanding	842,176	836,632
Net income before taxes	17,644	10,968
Add (deduct):		
Fair value adjustments to investment properties	(7,124)	182
Fair value adjustments to financial instruments	4,758	1,775
Gains (costs) on transactions and other activities	(792)	1,139
Interest – debt	8,172	8,100
Interest – subsidiary redeemable units	2,849	2,848
Depreciation and amortization	6	1
Non-cash items included in investment properties revenues	(770)	(800)
EBITDA – quarterly	24,743	24,213
Normalized NOI of acquired property for the quarter	17	-
Adjusted EBITDA – quarterly	24,760	24,213
EBITDA – annualized	\$ 99,040	\$ 96,852
Debt-to-EBITDA (years)	8.5	8.6

Interest coverage ratio

Management believes this non-GAAP measurement is an important measure in determining our ability to cover interest expense based on our operating performance. 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 deferred financing and mark-to-market adjustments.

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 June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Net rental income	\$ 27,534	\$ 24,754	\$ 54,749	\$ 44,646
Add (deduct):				
Interest and fee income	5	186	13	222
General and administrative expenses	(2,026)	(1,903)	(3,985)	(3,285)
Deferred unit compensation expense	304	440	595	646
	25,817	23,477	51,372	42,229
Interest expense incurred, at contractual rate	\$ 8,674	\$ 8,082	\$ 17,346	\$ 15,112
Interest coverage ratio (times)	3.0	2.9	3.0	2.8

As required by National Policy 41-201, "Income Trusts and Other Indirect Offerings", the following table outlines the differences between cash flow from operating activities and cash distributions, as well as the differences between net income and cash distributions, in accordance with the guidelines.

Cash flows from operating activities can fluctuate significantly from period to period because of timing of payments and receipts. Net income contains a number of non-cash items, the effect of which are shown in the table below.

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Net income	\$ 16,517	\$ 33,965	\$ 20,628	\$ 51,889
Cash flows from operating activities	7,632	9,128	23,263	21,183
Add (deduct):				
Investment in lease incentives and initial direct leasing costs	1,149	1,102	2,606	1,921
Change in non-cash working capital	6,508	3,787	4,643	1,934
Adjusted cash flows from operating activities	15,289	14,017	30,512	25,038
Distributions paid and payable ⁽¹⁾	12,530	11,924	25,038	21,395
Add (deduct):				
Distributions on Units issued on March 6, 2013	-	(473)	-	(1,062)
Distributions on Units issued for C2C on May 15, 2013	-	(211)	-	(211)
Adjusted distributions paid and payable	12,530	11,240	25,038	20,122
Adjusted cash flows from operating activities over adjusted distributions paid and payable	2,759	2,777	5,474	4,916
Excess (shortfall) of net income over distributions paid and payable	3,987	22,041	(4,410)	30,494
Excess (shortfall) of cash flows from operating activities over distributions paid and payable	\$ (4,898)	\$ (2,796)	\$ (1,775)	\$ (212)

(1) Includes distributions on LP B Units.

For the three months ended June 30, 2014, adjusted cash flows from operating activities exceeded adjusted distributions paid and payable by \$2.8 million (\$5.5 million for the six months ended June 30, 2014). The net income is net of distributions paid and payable on subsidiary redeemable units of \$2.8 million for the three months ended June 30, 2014 (\$5.7 million for the six months ended June 30, 2014). Net income is not used as a proxy for distributions as it includes fair value changes on investment properties and fair value changes on financial instruments, which are not reflective of the Trust's ability to make distributions.

AFFO is not defined by IFRS and, therefore, may not be comparable to similar measures presented by other real estate investment trusts. In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the table below reconciles AFFO to cash generated from operating activities.

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Cash generated from operating activities	\$ 7,632	\$ 9,128	\$ 23,263	\$ 21,183
Add (deduct):				
Initial direct leasing costs and lease incentives incurred	1,149	1,102	2,606	1,921
Change in non-cash working capital	6,508	3,787	4,643	1,934
Amortization of financing costs on debt	(263)	(207)	(502)	(413)
AFFO share related to non-controlling interest	-	(56)	-	(56)
Depreciation of property and equipment	(6)	-	(11)	-
Debt settlement costs	-	-	59	-
Investment in business transformation	100	-	200	-
Internal leasing costs	1,131	563	1,972	563
Acquisition costs	-	-	35	-
Normalized initial direct leasing costs and lease incentives	(1,279)	(1,138)	(2,534)	(2,087)
Normalized recurring capital expenditures	(767)	(683)	(1,520)	(1,252)
Other	-	34	-	12
AFFO	\$ 14,205	\$ 12,530	\$ 28,211	\$ 21,805

SECTION III – DISCLOSURE CONTROLS AND PROCEDURES

At June 30, 2014, the Chief Executive Officer and the Chief Financial Officer (the "Certifying Officers"), together with other members of management, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to Dream Industrial is made known to the Certifying Officers, and have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the condensed consolidated financial statements in accordance with IFRS.

During the six months ended June 30, 2014, there have not been any changes that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

For an explanation of our disclosure controls and procedures, please refer to our 2013 Annual Report or our Annual Information Form for the year ended December 31, 2013, filed on SEDAR (www.sedar.com).

SECTION IV – RISKS AND OUR STRATEGY TO MANAGE

For a full list and explanations of our risks and uncertainties, please refer to our 2013 Annual Report or our Annual Information Form for the year ended December 31, 2013, filed on SEDAR (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, revenue 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 statements for the year ended December 31, 2013.

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

Condensed consolidated balance sheets

(unaudited)

(in thousands of Canadian dollars)	Note	June 30, 2014	December 31, 2013
Assets			
NON-CURRENT ASSETS			
Investment properties	5	\$ 1,544,433	\$ 1,540,791
Other non-current assets	6	40,483	39,416
Deferred income tax assets	7	-	1,075
		1,584,916	1,581,282
CURRENT ASSETS			
Amounts receivable	8	5,141	4,051
Prepaid expenses and other assets		4,785	4,214
Cash and cash equivalents		127	258
		10,053	8,523
Asset held for sale	15	11,185	-
Total assets		\$ 1,606,154	\$ 1,589,805
Liabilities			
NON-CURRENT LIABILITIES			
Debt	9	\$ 739,341	\$ 728,341
Subsidiary redeemable units	10	158,424	144,096
Deferred Unit Incentive Plan	11	1,675	1,028
Deferred income tax liabilities	7	362	-
Other non-current liabilities	12	9,855	10,330
		909,657	883,795
CURRENT LIABILITIES			
Debt	9	104,212	112,041
Amounts payable and accrued liabilities	13	17,945	23,153
		122,157	135,194
Total liabilities		1,031,814	1,018,989
Equity			
Unitholders' equity	14	549,062	546,680
Retained earnings		25,424	24,136
Accumulated other comprehensive loss		(146)	-
Total equity		574,340	570,816
Total liabilities and equity		\$ 1,606,154	\$ 1,589,805

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
Trustee



Sheldon Wiseman
Trustee

Condensed consolidated statements of net income and comprehensive income

(unaudited)

(in thousands of Canadian dollars)	Note	Three months ended June 30,		Six months ended June 30,	
		2014	2013	2014	2013
Investment properties revenue		\$ 40,428	\$ 34,703	\$ 81,342	\$ 63,953
Investment properties operating expenses		(12,894)	(9,949)	(26,593)	(19,307)
Net rental income		27,534	24,754	54,749	44,646
Other revenue					
Interest and fee income		5	186	13	222
		5	186	13	222
Other expenses					
General and administrative		(2,026)	(1,903)	(3,985)	(3,285)
Interest:					
Interest expense on debt	16	(8,172)	(7,365)	(16,291)	(13,916)
Subsidiary redeemable units	16	(2,849)	(2,849)	(5,698)	(5,597)
Depreciation and amortization		(6)	-	(11)	-
		(13,053)	(12,117)	(25,985)	(22,798)
Income before fair value adjustments, income taxes and other items		14,486	12,823	28,777	22,070
Other items					
Fair value adjustments to investment properties	5	7,124	846	7,625	1,423
Fair value adjustments to financial instruments	17	(4,758)	32,149	(14,094)	40,249
Gains (costs) on transactions and other activities	18	792	(11,581)	(243)	(11,581)
		3,158	21,414	(6,712)	30,091
Income before income taxes		17,644	34,237	22,065	52,161
Deferred income taxes	7	(1,127)	(272)	(1,437)	(272)
Net income for the period		\$ 16,517	\$ 33,965	\$ 20,628	\$ 51,889
Other comprehensive loss					
Unrealized loss on effective interest rate hedge	9	\$ (309)	\$ -	\$ (146)	\$ -
		(309)	-	(146)	-
Comprehensive income for the period		\$ 16,208	\$ 33,965	\$ 20,482	\$ 51,889

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	Number of Units	Unitholders' equity	Retained earnings	Attributable to unitholders of the Trust		Total
					Accumulated other comprehensive loss		
Balance at January 1, 2014		54,921,726	\$ 546,680	\$ 24,136	\$ -	\$	570,816
Net income for the period		-	-	20,628	-		20,628
Distributions paid and payable		-	-	(19,340)	-		(19,340)
Distribution Reinvestment Plan		237,189	2,195	-	-		2,195
Unit Purchase Plan		921	8	-	-		8
REIT Units issued for vested deferred trust units	11	21,630	193	-	-		193
Issue costs		-	(14)	-	-		(14)
Other comprehensive loss		-	-		(146)		(146)
Balance at June 30, 2014		55,181,466	\$ 549,062	\$ 25,424	\$ (146)	\$	574,340

(in thousands of Canadian dollars, except number of units)	Number of Units	Unitholders' equity	Retained earnings (deficit)	Total unitholders' equity	Attributable to unitholders of the Trust		Total equity
					Non-controlling interest		
Balance at January 1, 2013	36,257,538	\$ 351,299	\$ (25,088)	\$ 326,211	\$ -	\$	326,211
Net income for the period	-	-	52,429	52,429	(540)		51,889
Distributions paid and payable	-	-	(15,798)	(15,798)	-		(15,798)
Public offering of REIT Units	17,925,654	193,900	-	193,900	4,092		197,992
Distribution Reinvestment Plan	85,069	900	-	900			900
Unit Purchase Plan	1,125	12	-	12	-		12
REIT Units issued for vested deferred trust units	20,400	218	-	218	-		218
Issue costs	-	(5,533)	-	(5,533)	-		(5,533)
Balance at June 30, 2013	54,289,786	\$ 540,796	\$ 11,543	\$ 552,339	\$ 3,552	\$	555,891

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of cash flows

(unaudited)

(in thousands of Canadian dollars)	Note	Three months ended June 30,		Six months ended June 30,	
		2014	2013	2014	2013
Generated from (utilized in) operating activities					
Net income for the period		\$ 16,517	\$ 33,965	\$ 20,628	\$ 51,889
Non-cash items:					
Depreciation and amortization, net	21	(459)	(697)	(967)	(1,172)
Other adjustments	21	(3,618)	(22,066)	5,153	(30,326)
Investment in lease incentives and initial direct leasing costs	5	(1,149)	(1,102)	(2,606)	(1,921)
Interest paid on subsidiary redeemable units	16	2,849	2,815	5,698	4,647
Change in non-cash working capital	21	(6,508)	(3,787)	(4,643)	(1,934)
		7,632	9,128	23,263	21,183
Generated from (utilized in) investing activities					
Additions to property and equipment	6	(35)	(50)	(39)	(51)
Investment in investment properties	5	(1,771)	(22)	(2,314)	(65)
Transaction costs paid		-	(11,499)	(169)	(15,803)
Acquisition of investment properties, net of cash acquired		(2,359)	(90,223)	(2,359)	(91,223)
		(4,165)	(101,794)	(4,881)	(107,142)
Generated from (utilized in) financing activities					
Mortgage financings, net of financing costs	9	14,137	-	69,512	97,982
Draw on demand revolving credit facility, net of financing costs	9	23,902	-	24,110	-
Mortgage principal repayments		(5,429)	(4,415)	(10,726)	(7,759)
Mortgage lump sum repayments		(13,355)	(7,149)	(55,243)	(7,149)
Repayment of debt and other facilities	9	(11,208)	-	(23,322)	(84,500)
Payment made for the tender of 6.75% Debentures		-	(705)	-	(705)
Distributions paid on Units		(8,588)	(7,933)	(17,130)	(13,770)
Interest paid on subsidiary redeemable units	16	(2,849)	(2,815)	(5,698)	(4,647)
Cash proceeds on issue of Units		2	6	8	115,127
Financing and unit issue costs paid		(18)	(1,295)	(24)	(8,468)
		(3,406)	(24,306)	(18,513)	86,111
Change in cash and cash equivalents		61	(116,972)	(131)	152
Cash and cash equivalents, beginning of period		66	119,430	258	2,306
Cash and cash equivalents, end of period		\$ 127	\$ 2,458	\$ 127	\$ 2,458

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 and for unit or per unit amounts)

Note 1

ORGANIZATION

Effective May 5, 2014, Dundee Industrial REIT changed its name to Dream Industrial Real Estate Investment Trust ("Dream Industrial REIT", "Dream Industrial" or the "Trust"). Dream Industrial 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 consolidated subsidiaries. Dream Industrial's portfolio comprises industrial properties located in urban centres across Canada. A subsidiary of Dream Industrial performs the property management function.

The Trust's registered office is 30 Adelaide Street East, Suite 1600, 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 three and six months ended June 30, 2014 were authorized for issuance by the Board of Trustees on August 5, 2014, after which date they may only be amended with the Board of Trustees' approval.

Equity is described in Note 14; however, for simplicity, 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 Class B Units
- "Units", meaning REIT Units and Special Trust Units, collectively

Subsidiary redeemable units classified as a liability are described in Note 10; however, for simplicity, throughout the Notes, reference is made to "subsidiary redeemable units", meaning the LP Class B Units of Dream Industrial Limited Partnership ("DILP"), formerly known as Dundee Industrial Limited Partnership.

At June 30, 2014, Dream Office Real Estate Investment Trust ("Dream Office REIT"), directly and indirectly through its subsidiaries, held 16,282,096 (December 31, 2013 – 16,282,096) subsidiary redeemable units, being all of the subsidiary redeemable units of the Trust.

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, 2013, 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, 2013.

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, 2013. In addition, the Trust has adopted the following significant accounting policies in the six months ended June 30, 2014.

Changes in accounting policies

The Trust has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

Accounting for levies imposed by governments

IFRIC 21, "Levies" ("IFRIC 21"), provides guidance on accounting for levies in accordance with IAS 37, "Provisions, contingent liabilities and contingent assets". The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. This new interpretation had no impact on the amounts recognized in the Trust's interim condensed consolidated financial statements.

Accounting for internal leasing costs

Prior to January 1, 2014, the Trust capitalized incremental internal leasing costs within initial direct leasing costs to investment properties, where these costs would not have been incurred had no leasing activity taken place and are reasonably and directly attributable to the leasing activity. On April 2, 2014, the International Financial Reporting Interpretation Committee ("IFRIC") issued an agenda decision indicating that internal leasing costs such as salary costs of permanent staff involved in negotiating and arranging new leases do not qualify as incremental costs. As a result, the Trust has adopted an accounting policy of recognizing certain internal leasing costs involved in negotiating and arranging new leases in the condensed consolidated statements of comprehensive income as incurred. This accounting policy has been applied retrospectively. The impact to the three months ended June 30, 2014 and June 30, 2013 is an increase to internal leasing costs expense of \$1,131 and \$563, respectively, and a corresponding increase in fair value adjustments to investment properties of \$1,131 and \$563, respectively. The impact to the six months ended June 30, 2014 and June 30, 2013 is an increase to internal leasing costs expense of \$1,972 and \$563, respectively, and a corresponding increase in fair value adjustments to investment properties of \$1,972 and \$563, respectively. This change did not result in an impact to the condensed consolidated balance sheets. External direct leasing costs continue to be capitalized to investment properties.

Segment reporting

A reportable operating segment is a distinguishable component of the Trust that is engaged either in providing related products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other reportable segments. The Trust's primary format for segment reporting is based on geographical segments. The geographical segments, Western Canada, Ontario, Québec and Eastern Canada, are based on the Trust's management and internal reporting structure. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, determined to be the Chief Executive Officer of the Trust. The operating segments derive their revenue primarily from rental income from lessees. All of the Trust's business activities and operating segments are reported within the reported segments.

Derivative financial instruments and hedging activity

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and subsequently remeasured at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative financial instrument is designated as a hedging instrument and, if so, the nature of the item being hedged. The Trust has designated its interest rate swap as a hedge of the interest on the mortgage.

At the inception of the transaction, the Trust documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Trust also documents, both at hedge inception and on an ongoing basis, its assessment of whether the derivatives used in hedging transactions are highly effective in offsetting changes in cash flows of the hedged items.

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.

Amounts accumulated in equity are reclassified to other comprehensive income 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.

Future changes in accounting standards

Revenue recognition

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), provides a comprehensive five-step revenue recognition model for all contracts with customers. The IFRS 15 revenue recognition model requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with earlier application permitted. The Trust is currently evaluating the impact of adopting this standard on the condensed consolidated financial statements.

Financial instruments

The final version of IFRS 9, "Financial Instruments" ("IFRS 9"), was issued by the IASB in July 2014 and will replace IAS 39, "Financial Instruments: Recognition and Measurement". 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. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. The Trust has yet to assess the full impact of IFRS 9 and has not yet determined when it will adopt the new standard.

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, 2013.

Note 5

INVESTMENT PROPERTIES

	Note	Six months ended June 30, 2014	Year ended December 31, 2013
Balance at beginning of year		\$ 1,540,791	\$ 1,147,410
Additions:			
Acquisitions from business combination		-	220,239
Investment property acquisitions		2,359	161,000
Building improvements		2,314	2,215
Lease incentives and initial direct leasing costs		2,606	6,497
Total additions to investment properties		7,279	389,951
Classified as asset held for sale	15	(11,185)	-
Gains and losses included in net income:			
Fair value adjustments to investment properties ⁽¹⁾		7,625	3,504
Amortization of lease incentives		(77)	(74)
Total gains included in net income		7,548	3,430
Balance at end of period		\$ 1,544,433	\$ 1,540,791

(1) Equal to change in unrealized gain (loss) included in net income for the six months ended June 30, 2014 and year ended December 31, 2013.

On May 8, 2014, the Trust completed the acquisition of a 50% interest in a 26,000 square foot property in Edmonton for \$2,359 in which the Trust had a co-ownership interest. With this acquisition, the Trust owns 100% of this property.

The Trust's investment properties have been reduced by \$4,860 (December 31, 2013 – \$3,535) related to straight-line rent receivable, which has been reclassified to other non-current assets.

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

	June 30, 2014		December 31, 2013	
	Range (%)	Weighted average (%)	Range (%)	Weighted average (%)
Cap rate	5.50–8.25	6.72	6.00–8.75	6.73
Discount rate	7.00–9.00	7.68	6.75–9.50	7.68
Terminal rate	6.25–8.50	6.98	6.25–9.00	6.97

Investment properties with an aggregate fair value of \$148.8 million as at June 30, 2014 (December 31, 2013 – \$87.3 million) were valued by qualified external valuation professionals. Investment properties with an aggregate June 30, 2014 fair value of \$1,543.4 million were valued by external valuation professionals for the period between October 4, 2012 and June 30, 2014.

If the cap rate were to increase by 25 basis points ("bps"), the value of investment properties would decrease by \$40.7 million. If the cap rate were to decrease by 25 bps, the value of investment properties would increase by \$76.7 million.

As at June 30, 2014, investment properties with a fair value of \$1,300,268 (December 31, 2013 – \$1,336,887) are pledged as first-ranking and/or second-ranking collateral for mortgages. As at June 30, 2014, investment properties with a fair value of \$122,507 (December 31, 2013 – \$80,692) are pledged as security for the Trust's demand revolving credit facility.

Note 6

OTHER NON-CURRENT ASSETS

	June 30, 2014	December 31, 2013
Deposits	\$ 193	\$ 479
Property and equipment	97	69
Straight-line rent receivable	4,860	3,535
Goodwill	35,333	35,333
Total	\$ 40,483	\$ 39,416

Note 7

DEFERRED INCOME TAXES

DIR Industrial Properties Inc., one of the Trust's subsidiaries, is subject to corporate income taxes. The following table reconciles the Trust's tax rate to the effective tax rate for the three and six months ended June 30, 2014 and June 30, 2013.

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Income before income taxes	\$ 17,644	\$ 34,237	\$ 22,065	\$ 52,161
Income not subject to taxation	(14,163)	(44,904)	(17,234)	(62,828)
Income in subsidiary corporation	3,481	(10,667)	4,831	(10,667)
Tax calculated at the Canadian statutory tax rate of 28.8% (2013 – 27.6%)	1,018	(2,944)	1,391	(2,944)
Increase (decrease) resulting from:				
(Recovery) expenses not deductible for tax	(602)	3,038	(602)	3,038
Adjustment in expected future tax rates	(11)	(90)	(11)	(90)
Other items	722	268	659	268
Deferred income taxes	\$ 1,127	\$ 272	\$ 1,437	\$ 272

Note 8

AMOUNTS RECEIVABLE

	June 30, 2014	December 31, 2013
Trade receivables	\$ 2,855	\$ 2,282
Less: Provision for impairment of trade receivables	(333)	(284)
Trade receivables, net	2,522	1,998
Other amounts receivable	2,619	2,053
Amounts receivable	\$ 5,141	\$ 4,051

The movement in the provision for impairment of trade receivables during the six months ended June 30 is as follows:

	Six months ended June 30,	
	2014	2013
As at January 1	\$ 284	\$ 275
Provision for impairment of trade receivables	121	283
Receivables written off during the period as uncollectible	(72)	(206)
As at June 30	\$ 333	\$ 352

The carrying value of amounts receivable approximates fair value due to their current nature. As at June 30, 2014, trade receivables of approximately \$643 (December 31, 2013 – \$182) were past due but not considered impaired as the Trust has ongoing relationships with these tenants and the aging of these trade receivables is not indicative of expected default.

The Trust leases industrial properties to tenants under operating leases. Minimum rental commitments on non-cancellable tenant operating leases over their remaining term are as follows:

	June 30, 2014
2014 (remainder of year)	\$ 51,041
2015 to 2018	296,633
2019 to 2027	149,900
	\$ 497,574

Note 9

DEBT

	June 30, 2014	December 31, 2013
Mortgages ⁽¹⁾	\$ 705,530	\$ 703,502
Demand revolving credit facility ⁽¹⁾	12,902	12,114
Convertible debentures	125,121	124,766
Total	843,553	840,382
Less: Current portion	(104,212)	(112,041)
Non-current debt	\$ 739,341	\$ 728,341

(1) Secured by charges on specific investment properties (refer to Note 5).

Convertible debentures

	June 30, 2014	December 31, 2013
5.25% Debentures	\$ 104,570	\$ 104,065
6.75% Debentures	20,551	20,701
Total	\$ 125,121	\$ 124,766

	Date issued	Maturity date	Original principal issued	Interest rate	June 30, 2014	December 31, 2013
5.25% Debentures	December 13, 2012	December 31, 2019	\$ 86,250	5.25%	\$ 86,250	\$ 86,250
5.25% Debentures	December 19, 2012	December 31, 2019	25,000	5.25%	25,000	25,000
6.75% Debentures	May 15, 2013	November 30, 2017	20,125	6.75%	19,420	19,420
			\$ 131,375		\$ 130,670	\$ 130,670

Demand revolving credit facility

On June 25, 2014, the Trust entered into an amendment agreement to extend the maturity date of the credit facility to June 2016 from October 2014, reducing the interest rate by 15 basis points and increasing the available capacity to \$75,000 from \$50,000. The following table summarizes details of the Trust's demand revolving credit facility as at June 30, 2014:

	Borrowing capacity	Letter of credit issued ⁽³⁾	Outstanding balance	Available to be drawn ⁽²⁾	Interest rate ⁽⁴⁾	Maturity date
Demand revolving credit facility ⁽¹⁾	\$ 75,000	\$ 500	\$ 13,327	\$ 61,173	3.75%	June 30, 2016

(1) Nineteen properties are secured as first-ranking mortgages on the facility. The Swingline facility increased from \$7 million to \$12 million.

(2) Formula-based amount available to be drawn as at June 30, 2014.

(3) Letter of credit fee reduced by 5 basis points to 1.15%.

(4) Calculated using Bankers' Acceptances' ("BA") rate plus 1.75% or the bank's prime rate plus 0.75%.

The following table summarizes the weighted average effective interest rates and maturity for the debts as at June 30, 2014:

	Weighted average effective interest rates ⁽¹⁾		Maturity dates	Debt amount	
	June 30, 2014	December 31, 2013		June 30, 2014	December 31, 2013
Fixed rate					
Mortgages ⁽²⁾	3.39%	3.40%	2014–2024	\$ 695,357	\$ 703,502
Convertible debentures	6.12%	6.12%	2017–2019	125,121	124,766
Total fixed rate debt	3.83%	3.84%		820,478	828,268
Variable rate					
Mortgage	3.08%	-	2015	10,173	-
Demand revolving credit facility	3.75%	3.90%	2016	12,902	12,114
Total variable rate debt	3.46%	3.90%		23,075	12,114
Total debt	3.82%	3.84%		\$ 843,553	\$ 840,382

(1) The effective interest rate method includes the impact of fair value adjustments on assumed debt and financing costs.

(2) On February 24, 2014, the Trust entered into a five-year interest rate swap agreement to fix the interest rate of a mortgage on a portfolio of eight of its properties located in Halifax. The swap agreement fixed the interest rate on this mortgage at 3.31% for the five-year term.

The scheduled principal repayments and debt maturities are as follows:

	Mortgages	Demand revolving credit facility	Convertible debentures	Total
2014	\$ 33,619	\$ -	\$ -	\$ 33,619
2015	146,386	-	-	146,386
2016	109,501	13,327	-	122,828
2017	95,549	-	19,420	114,969
2018	89,967	-	-	89,967
2019 and thereafter	223,157	-	111,250	334,407
	698,179	13,327	130,670	842,176
Financing costs	(1,846)	(425)	(3,092)	(5,363)
Fair value adjustments on initial recognition of assumed debt	9,197	-	(2,457)	6,740
	7,351	(425)	(5,549)	1,377
Total	\$ 705,530	\$ 12,902	\$ 125,121	\$ 843,553

Other financial instruments

The following table lists the fair value of financial instruments:

	June 30, 2014	December 31, 2013
Fair value of interest rate swap	\$ 146	\$ -
Conversion feature on the convertible debentures	494	973
Other financial instruments – liability	\$ 640	\$ 973

Interest rate swap

On February 24, 2014, the Trust completed the refinancing of maturing mortgages on a portfolio of eight of its properties located in Halifax at a variable interest rate of monthly Canadian Dealer Offered Rate (“CDOR”) plus 1.4% for an initial term of five years. In order to hedge the interest rate risk on the variable interest rate, the Trust also entered into a five-year interest rate swap agreement with a Canadian chartered bank for a notional value of \$56 million, which effectively fixed the interest rate on this mortgage at 3.31% for the five-year term. The Trust has applied hedge accounting to this relationship, whereby the change in fair value of the effective portion of the hedging derivative is recognized in accumulated other comprehensive income in the condensed consolidated statement of changes in equity. Settlement of both the fixed and variable portions of the interest rate swap occurs on a monthly basis.

The following table summarizes the details of the interest rate swap that is outstanding at June 30, 2014:

Transaction date	Mortgage principal amount (notional)	Fixed interest rate	Maturity date	Financial instrument classification	Fair value
February 24, 2014	\$ 55,253	3.31%	March 1, 2019	Cash flow hedge	\$ 146

The Trust has assessed that there is no ineffectiveness in the hedge of its interest rate exposure. The effectiveness of the hedging relationship is reviewed on a quarterly basis. As an effective hedge, unrealized gains or losses on the interest rate swap agreement are recognized in accumulated other comprehensive income in the condensed consolidated statement of changes in equity. At June 30, 2014, the aggregate fair value of the interest rate swap amounted to a \$146 financial liability (December 31, 2013 – \$nil). The associated unrealized gains or losses that are recognized in accumulated other comprehensive income will be reclassified in the same period during which the interest payments on the hedged item affect net income.

Conversion feature on the convertible debentures

The movement in the conversion feature on the convertible debentures for the period is as follows:

	Note	June 30, 2014	December 31, 2013
Opening balance		\$ 973	\$ 6,228
Assumed from business combination		-	1,053
Fair value adjustment on conversion feature of the convertible debentures	17	(479)	(6,308)
Ending balance		\$ 494	\$ 973

Remeasurement of the conversion feature is included in the fair value adjustments to financial instruments line in the condensed consolidated statements of net income and comprehensive income. All gains and losses recorded in Note 17 are changes in unrealized gains and losses relating to the items on the condensed consolidated balance sheets.

Note 10

SUBSIDIARY REDEEMABLE UNITS

DILP, a subsidiary of Dream Industrial, is authorized to issue an unlimited number of LP Class B Units. The subsidiary redeemable units, together with the accompanying Special Trust Units, have economic and voting rights equivalent in all material respects to the REIT Units. Generally, each subsidiary redeemable unit entitles the holder to a distribution equal to distributions declared on REIT Units. Subsidiary redeemable units may be surrendered or indirectly exchanged for REIT Units on a one-for-one basis at the option of the holder, generally at any time, subject to certain restrictions.

The Trust has the following subsidiary redeemable units outstanding:

	Note	Six months ended June 30, 2014		Year ended December 31, 2013	
		Number of units issued and outstanding	Amount	Number of units issued and outstanding	Amount
Opening balance		16,282,096	\$ 144,096	16,198,747	\$ 181,426
Distribution Reinvestment Plan		-	-	83,349	938
Remeasurement of carrying value	17	-	14,328	-	(38,268)
Ending balance		16,282,096	\$ 158,424	16,282,096	\$ 144,096

During the six months ended June 30, 2014, the Trust recorded \$5,698 (June 30, 2013 – \$5,597) in distributions on the subsidiary redeemable units, which are included as interest expense in the condensed consolidated statement of net income and comprehensive income (see Note 16).

As at June 30, 2014, 16,282,096 (December 31, 2013 – 16,282,096) Special Trust Units were issued and outstanding.

Note 11

DEFERRED UNIT INCENTIVE PLAN

The Deferred Unit Incentive Plan (“DUIP”) provides for the grant of deferred trust units to trustees, officers and employees as well as affiliates and their service providers, including the asset manager. Deferred trust units are granted at the discretion of the trustees and earn income deferred trust units based on the payment of distributions. Once issued, each deferred trust unit, and the related distribution of income deferred trust units, vests evenly over a three- or five-year period on the anniversary date of the grant. Subject to an election option available for certain participants to defer receipt of REIT Units, such REIT Units will be issued immediately on vesting. As at June 30, 2014, up to a maximum of 1,500,000 (December 31, 2013 – 1,500,000) deferred trust units were issuable under the DUIP.

The movement in the DUIP balance was as follows:

	Note	Six months ended June 30, 2014
As at January 1, 2014		\$ 1,028
Compensation expense during the year		595
REIT Units issued for vested deferred trust units		(193)
Remeasurement of carrying value	17	245
As at June 30, 2014		\$ 1,675

During the six months ended June 30, 2014, \$595 of compensation expense was recorded (six months ended June 30, 2013 – \$646) and included in general and administrative expenses. For the same period, \$245 (six months ended June 30, 2013 – \$21) was recognized in fair value adjustments to financial instruments representing the remeasurement of the DUIP liability for the period.

	Deferred trust units	Income deferred trust units	Total units
Outstanding and payable at January 1, 2014	223,543	14,313	237,856
Granted during the period	192,111	11,987	204,098
REIT Units issued	(20,017)	(1,613)	(21,630)
Cancelled upon termination	(668)	(70)	(738)
Fractional units paid in cash	-	(9)	(9)
Outstanding and payable at June 30, 2014	394,969	24,608	419,577
Vested but not issued at June 30, 2014	27,466	2,108	29,574

On February 25, 2014, 115,300 deferred trust units were granted to senior managers and employees of the Trust. Of the units granted, 27,500 units relate to key management personnel. The grant date value of these deferred trust units was \$9.12 per unit granted.

On May 5, 2014, 76,811 deferred trust units were granted to trustees. Of the units granted, 30,811 units were granted to trustees who elected to receive their 2014 retainer in the form of deferred trust units rather than cash. The grant date value of these deferred trust units was \$9.25 per unit granted.

Note 12

OTHER NON-CURRENT LIABILITIES

	Note	June 30, 2014	December 31, 2013
Tenant security deposits		\$ 9,215	\$ 9,357
Other financial instruments liabilities	9	640	973
Total		\$ 9,855	\$ 10,330

Note 13

AMOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2014	December 31, 2013
Trade payables	\$ 2,327	\$ 5,274
Accrued liabilities and other payables	7,095	10,009
Accrued interest	3,332	3,345
Rent received in advance	1,972	1,321
Distributions payable	3,219	3,204
Total	\$ 17,945	\$ 23,153

On June 18, 2014, the Trust announced a cash distribution of \$0.05833 per REIT Unit for the month of June 2014. The June 2014 distribution was paid on July 15, 2014 to unitholders on record as at June 30, 2014.

Note 14

EQUITY

	June 30, 2014		December 31, 2013	
	Number of Units	Amount	Number of Units	Amount
REIT Units	55,181,466	\$ 549,062	54,921,726	\$ 546,680
Retained earnings	-	25,424	-	24,136
Accumulated other comprehensive loss	-	(146)	-	-
Total	55,181,466	\$ 574,340	54,921,726	\$ 570,816

Dream Industrial REIT Units

Dream Industrial is authorized to issue an unlimited number of REIT Units and an unlimited number of Special Trust Units. The Special Trust Units may only be issued to holders of subsidiary redeemable units.

REIT Units represent an undivided beneficial interest in Dream Industrial and in distributions made by Dream Industrial. No REIT Unit has preference or priority over any other. Each REIT Unit entitles the holder to one vote at all meetings of unitholders.

Short form base shelf prospectus

On November 26, 2012, the Trust issued a 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 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 June 30, 2014, \$168,842 (December 31, 2013 – \$168,842) in REIT Units and \$111,250 (December 31, 2013 – \$111,250) in debt securities have been issued under the short form base shelf prospectus.

Note 15

ASSET HELD FOR SALE

The Trust entered into an agreement to sell a property located in Calgary, Alberta, for \$11.2 million.

		June 30, 2014	December 31, 2013
Investment property	\$	11,185	\$ -
Asset held for sale	\$	11,185	\$ -

Note 16

INTEREST

Interest on debt

Interest on debt incurred and charged to comprehensive income is recorded as follows:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Interest expense incurred, at contractual rate	\$ 8,674	\$ 8,082	\$ 17,346	\$ 15,112
Amortization of financing costs	263	207	502	413
Amortization of fair value adjustments on debt	(765)	(924)	(1,557)	(1,609)
Interest expense	8,172	7,365	16,291	13,916
Add/deduct:				
Amortization of financing costs	(263)	(207)	(502)	(413)
Amortization of fair value adjustments on debt	765	924	1,557	1,609
Change in accrued interest	1,787	1,106	13	(903)
Cash interest paid	\$ 10,461	\$ 9,188	\$ 17,359	\$ 14,209

Certain debt assumed in connection with acquisitions has been adjusted to fair value using the estimated market interest rate at the time of the acquisition ("fair value adjustment"). This fair value adjustment is amortized to interest expense over the expected remaining term of the debt using the effective interest rate method. Non-cash adjustments to interest expense are recorded as a change in non-cash working capital in the condensed consolidated statements of cash flows.

Interest on subsidiary redeemable units

Interest payments charged to comprehensive income consisting of distributions to holders of subsidiary redeemable units are recorded as follows:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Paid in cash	\$ 2,849	\$ 2,815	\$ 5,698	\$ 4,647
Paid by way of reinvestment in subsidiary redeemable units	-	-	-	938
Less: Interest payable at March 31	(950)	(916)	-	-
Less: Interest payable at December 31, 2013 (December 31, 2012)	-	-	(950)	(938)
Plus: Interest payable at June 30	950	950	950	950
Total	\$ 2,849	\$ 2,849	\$ 5,698	\$ 5,597

The interest payable at June 30, 2014 was satisfied on July 15, 2014, in cash.

Note 17

FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS

		Three months ended June 30,		Six months ended June 30,	
	Note	2014	2013	2014	2013
Fair value adjustment on conversion feature of the convertible debentures	9	\$ 803	\$ 3,784	\$ 479	\$ 5,705
Remeasurement of carrying value of subsidiary redeemable units	10	(5,373)	28,331	(14,328)	34,523
Remeasurement of carrying value of Deferred Unit Incentive Plan	11	(188)	34	(245)	21
		\$ (4,758)	\$ 32,149	\$ (14,094)	\$ 40,249

Note 18

GAINS (COSTS) ON TRANSACTIONS AND OTHER ACTIVITIES

		Three months ended June 30,		Six months ended June 30,	
	Note	2014	2013	2014	2013
Debt settlement costs		\$ -	\$ -	\$ (59)	\$ -
Investment in business transformation	20	(100)	-	(200)	-
Internal leasing costs		(1,131)	(563)	(1,972)	(563)
Acquisition costs		2,023	(11,018)	1,988	(11,018)
Total		\$ 792	\$ (11,581)	\$ (243)	\$ (11,581)

During the six months ended June 30, 2014, the Trust incurred \$200 of business transformation costs related to the process and technology improvements pursuant to the shared services and cost sharing agreement with DREAM Asset Management Corp. During the second quarter of 2014, management completed our review of the allocation of the purchase price from the C2C acquisition in May 2013, including working capital adjustments and transaction costs, as required under relevant accounting standards after one year from the acquisition date. The remaining \$2.0 million of the accrual for transaction costs that was made at the time of the acquisition was determined to be no longer required. This amount represents a change in estimate of legal and advisory fees.

Note 19

SEGMENTED INFORMATION

For the three- and six-month periods ended June 30, 2014 and June 30, 2013, the Trust's investment properties were segmented into geographic components, namely Western Canada, Ontario, Québec and Eastern Canada. Investment properties classified as held for sale were included in "Other" for segment disclosure. The Trust did not allocate interest expense to these segments since leverage is viewed as a corporate function. The decision as to where to incur the debt is largely based on minimizing the cost of debt and is not specifically related to the segments. Similarly, other income, other expenses, fair value adjustments, gains (costs) on transactional and other activities, and income taxes were not allocated to the segment expenses.

Three months ended June 30, 2014	Western	Ontario	Québec	Eastern	Segment total	Other ⁽¹⁾	Total
Operations							
Investment properties revenue	\$ 13,942	\$ 10,750	\$ 6,636	\$ 8,170	\$ 39,498	\$ 930	\$ 40,428
Investment properties operating expenses	(4,514)	(3,307)	(1,709)	(3,296)	(12,826)	(68)	(12,894)
Net rental income	\$ 9,428	\$ 7,443	\$ 4,927	\$ 4,874	\$ 26,672	\$ 862	\$ 27,534

(1) Includes asset held for sale and revenue and expense items such as lease termination income, straight-line rent, bad debt expenses, and amortization of tenant inducements which are included in the net rental income but not monitored at a regional level.

Three months ended June 30, 2013	Western	Ontario	Québec	Eastern	Segment total	Other ⁽¹⁾	Total
Operations							
Investment properties revenue	\$ 12,614	\$ 8,229	\$ 6,121	\$ 6,509	\$ 33,473	\$ 1,230	\$ 34,703
Investment properties operating expenses	(3,986)	(2,447)	(1,052)	(2,303)	(9,788)	(161)	(9,949)
Net rental income	\$ 8,628	\$ 5,782	\$ 5,069	\$ 4,206	\$ 23,685	\$ 1,069	\$ 24,754

(1) Includes asset held for sale and revenue and expense items such as lease termination income, straight-line rent, bad debt expenses, and amortization of tenant inducements which are included in the net rental income but not monitored at a regional level.

Six months ended June 30, 2014	Western	Ontario	Québec	Eastern	Segment total	Other ⁽¹⁾	Total
Operations							
Investment properties revenue	\$ 27,994	\$ 21,814	\$ 13,295	\$ 16,413	\$ 79,516	\$ 1,826	\$ 81,342
Investment properties operating expenses	(9,124)	(6,999)	(3,491)	(6,698)	(26,312)	(281)	(26,593)
Net rental income	\$ 18,870	\$ 14,815	\$ 9,804	\$ 9,715	\$ 53,204	\$ 1,545	\$ 54,749

(1) Includes asset held for sale and revenue and expense items such as lease termination income, straight-line rent, bad debt expenses, and amortization of tenant inducements which are included in the net rental income but not monitored at a regional level.

Six months ended June 30, 2013	Western	Ontario	Québec	Eastern	Segment total	Other ⁽¹⁾	Total
Operations							
Investment properties revenue	\$ 24,877	\$ 12,240	\$ 12,101	\$ 12,583	\$ 61,801	\$ 2,152	\$ 63,953
Investment properties operating expenses	(7,994)	(3,616)	(2,400)	(4,959)	(18,969)	(338)	(19,307)
Net rental income	\$ 16,883	\$ 8,624	\$ 9,701	\$ 7,624	\$ 42,832	\$ 1,814	\$ 44,646

(1) Includes asset held for sale and revenue and expense items such as lease termination income, straight-line rent, bad debt expenses, and amortization of tenant inducements which are included in the net rental income but not monitored at a regional level.

The following table summarizes revenues and expenses that are not specifically related to the segments:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Net rental income	\$ 27,534	\$ 24,754	\$ 54,749	\$ 44,646
Other revenue	5	186	13	222
Other expenses	(13,053)	(12,117)	(25,985)	(22,798)
Other items	3,158	21,414	(6,712)	30,091
Income before taxes	17,644	34,237	22,065	52,161
Deferred income taxes	(1,127)	(272)	(1,437)	(272)
Net income for the period	\$ 16,517	\$ 33,965	\$ 20,628	\$ 51,889

Investment properties

Six months ended June 30, 2014	Segment				Other ⁽¹⁾	Total
	Western	Ontario	Québec	Eastern		
Investment properties	\$ 565,405	\$ 427,243	\$ 279,702	\$ 272,083	\$ -	\$ 1,544,433
Total capital expenditures	\$ 2,510	\$ 1,295	\$ 348	\$ 747	\$ 20	\$ 4,920

(1) Includes corporate amounts not specifically related to the segments.

Year ended December 31, 2013	Segment				Other ⁽¹⁾	Total
	Western	Ontario	Québec	Eastern		
Investment properties	\$ 561,442	\$ 425,930	\$ 280,968	\$ 272,451	\$ -	\$ 1,540,791
Total capital expenditures	\$ 5,036	\$ 1,425	\$ 301	\$ 1,950	\$ -	\$ 8,712

(1) Includes corporate amounts not specifically related to the segments.

Note 20

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

From time to time, Dream Industrial and its subsidiaries enter into transactions with related parties that are conducted under normal commercial terms. Dream Industrial, DILP, Dream Industrial Management LP (a wholly owned subsidiary of DILP), Dream Industrial Management Corp. and Dream Office Management Corp., a subsidiary of Dream Office REIT, are parties to an administrative services agreement (the "Services Agreement") that is in effect until October 4, 2014. Unless terminated by any party to the Services Agreement, the term is automatically renewed for additional one-year terms. Effective October 4, 2012, Dream Industrial also 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, which is in effect until October 4, 2022.

On December 1, 2013, the Trust entered into a Shared Services and Cost Sharing Agreement with DAM. The agreement is for a one-year term and will be automatically renewed for further one-year terms unless and until the agreement is terminated in accordance with its terms or by mutual agreement of the parties. Pursuant to the agreement, DAM will be providing additional administrative and support services in order to expand and improve DAM's service capability in connection with the provision of its asset management services. See the Trust's consolidated financial statements for the year ended December 31, 2013 for details on the range of asset management services DAM provides.

The Trust's future commitment for business transformation costs under the Shared Services and Cost Sharing Agreement over the next seven years is \$2,320. These costs relate to process and technology improvements that will be completed during that time.

Related party transactions

The portions of fees paid and payable to related parties were as follows:

	Note	Three months ended June 30,		Six months ended June 30,	
		2014	2013	2014	2013
Fees charged by DAM included in:					
General and administrative expenses		\$ 1,013	\$ 868	\$ 2,034	\$ 1,597
Property acquisitions and acquisition related costs		23	1,922	23	1,922
Financing costs		95	162	185	280
Investment in business transformation activities	18	100	-	200	-
Total fees charged by DAM		\$ 1,231	\$ 2,952	\$ 2,442	\$ 3,799
Amounts paid and payable to Dream Office REIT:					
Fees charged under the Services Agreement		\$ 1,497	\$ 990	\$ 2,887	\$ 1,323
Distributions paid to Dream Office REIT on subsidiary redeemable units		2,849	2,849	5,698	5,597
Amounts paid and payable to Dream Office REIT		\$ 4,346	\$ 3,839	\$ 8,585	\$ 6,920

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

	Note	June 30, 2014	December 31, 2013
Amounts payable and accrued liabilities to DAM for:			
Asset Management Agreement		\$ (419)	\$ (688)
Investment in business transformation activities	18	(100)	-
Cost reimbursements		(94)	(389)
Total payable to DAM		(613)	(1,077)
Amounts receivable from DAM for:			
Reimbursement of costs paid by the Trust		142	54
Total receivable from DAM		\$ 142	\$ 54
Amounts payable and accrued liabilities to Dream Office REIT for:			
Services Agreement		\$ (571)	\$ (917)
Distributions on subsidiary redeemable units		(950)	(950)
Total payable to Dream Office REIT		(1,521)	(1,867)
Amounts receivable from Dream Office REIT for:			
Deposits Dream Office REIT received on behalf of the Trust		-	75
Reimbursement of costs paid by the Trust		-	-
Total receivable from Dream Office REIT		\$ -	\$ 75

At June 30, 2014, Dream Office REIT's retained interest in the Trust was 22.8%.

Compensation of key management personnel for the periods ended June 30 is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Unit-based awards granted during the period ⁽¹⁾	\$ -	\$ -	\$ 251	\$ 278
Total	\$ -	\$ -	\$ 251	\$ 278

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

Note 21

SUPPLEMENTARY CASH FLOW INFORMATION

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

	Note	Three months ended June 30,		Six months ended June 30,	
		2014	2013	2014	2013
Amortization of lease incentives	5	\$ 37	\$ 20	\$ 77	\$ 24
Amortization of financing costs	16	263	207	502	413
Depreciation of property and equipment		6	-	11	-
Amortization of fair value adjustments on debt	16	(765)	(924)	(1,557)	(1,609)
Total		\$ (459)	\$ (697)	\$ (967)	\$ (1,172)

The components of other adjustments under operating activities include:

	Note	Three months ended June 30,		Six months ended June 30,	
		2014	2013	2014	2013
Deferred unit compensation expense	11	\$ 304	\$ 440	\$ 595	\$ 646
Straight-line rent adjustment	6	(660)	(801)	(1,325)	(1,528)
Fair value adjustments to investment properties	5	(7,124)	(846)	(7,625)	(1,423)
Fair value adjustments to financial instruments	17	4,758	(32,149)	14,094	(40,249)
Reinvestment in subsidiary redeemable units	10, 16	-	-	-	938
Deferred income taxes	7	1,127	272	1,437	272
Transaction costs (gains) included in net income		(2,023)	11,018	(2,023)	11,018
Other adjustments to operating activities		\$ (3,618)	\$ (22,066)	\$ 5,153	\$ (30,326)

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

		Three months ended June 30,		Six months ended June 30,	
		2014	2013	2014	2013
Increase in amounts receivable		\$ (1,219)	\$ (1,233)	\$ (1,090)	\$ (1,758)
Increase decrease in prepaid expenses and other assets		(609)	(749)	(676)	31
Increase decrease in other non-current assets		(11)	(349)	286	(382)
Decrease in amounts payable and accrued liabilities		(4,288)	(1,641)	(3,021)	(262)
Decrease increase in tenant security deposits		(381)	185	(142)	437
Change in non-cash working capital		\$ (6,508)	\$ (3,787)	\$ (4,643)	\$ (1,934)

The following amounts were paid on account of interest:

	Note	Three months ended June 30,		Six months ended June 30,	
		2014	2013	2014	2013
Interest					
Debt	16	\$ 10,461	\$ 9,188	\$ 17,359	\$ 14,209
Subsidiary redeemable units	16	2,849	2,815	5,698	4,647
Total		\$ 13,310	\$ 12,003	\$ 23,057	\$ 18,856

Note 22

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 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 the condensed consolidated financial statements of Dream Industrial.

Purchase and other obligations

The Trust has entered into lease agreements that may require tenant improvement costs of approximately \$3,544 (June 30, 2013 – \$1,584).

Pursuant to the Shared Services and Cost Sharing Agreement, the Trust has a commitment to pay \$2,320 to DAM over the next seven years.

Note 23

FINANCIAL INSTRUMENTS

Fair value of financial instruments

The following financial instruments are not measured at fair value on the condensed consolidated balance sheet; however, their fair values approximate carrying value: amounts receivable, cash and cash equivalents, subsidiary redeemable units, the Deferred Unit Incentive Plan, tenant security deposits, amounts payable and accrued liabilities, and distributions payable.

The following table summarizes fair value measurements recognized in the condensed consolidated balance sheet by class of asset or liability and categorized by level according to the significance of the inputs used in making the measurement.

	Carrying value as at	Fair value as at June 30, 2014		
	June 30, 2014	Level 1	Level 2	Level 3
Recurring measurements				
Non-financial assets				
Investment properties	\$ 1,544,433	\$ -	\$ -	\$ 1,544,433
Financial liabilities				
Interest rate swap	146	-	-	146
Conversion feature on the convertible debentures	494	-	-	494

	Carrying value as at	Fair value as at December 31, 2013		
	December 31, 2013	Level 1	Level 2	Level 3
Recurring measurements				
Non-financial assets				
Investment properties	\$ 1,540,791	\$ -	\$ -	\$ 1,540,791
Financial liabilities				
Conversion feature on the convertible debentures	973	-	-	973

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

	Carrying value as at June 30, 2014	Fair value as at June 30, 2014		
		Level 1	Level 2	Level 3
Fair values disclosed				
Mortgages	\$ 705,530	\$ -	\$ -	\$ 713,210
Demand revolving credit facility	12,902	-	-	13,327
Convertible debentures	125,121	-	-	133,286

	Carrying value as at December 31, 2013	Fair value as at December 31, 2013		
		Level 1	Level 2	Level 3
Fair values disclosed				
Mortgages	\$ 703,502	\$ -	\$ -	\$ 698,912
Demand revolving credit facility	12,114	-	-	12,114
Convertible debentures	124,766	-	-	130,200

All gains and losses recorded in fair value adjustments to financial instruments (Note 17) are changes in unrealized gains and losses relating to the items on the condensed consolidated balance sheet.

The conversion feature of the convertible debentures is measured at fair value.

The Trust values financial instruments carried at fair value using quoted market prices, where available. Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Trust maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. The Trust has determined that the conversion feature on convertible debentures and interest rate swaps are valued using Level 3 inputs.

The fair value measurement of the interest rate swap was valued by a qualified independent valuation professional. The fair value measurement of the conversion feature of the convertible debentures was valued by a qualified independent valuation consultant.

The significant unobservable inputs used in the fair value measurement of the conversion feature as at June 30, 2014 are the following:

	Credit spread	Volatility
5.25% Debentures	2.967%	14.347%
6.75% Debentures	3.338%	11.133%

The change in the fair value of the conversion feature of the convertible debentures for the six months ended June 30, 2014 is disclosed in Note 9. Remeasurement of the conversion feature is included in the fair value adjustments to financial instruments line in the condensed consolidated statement of net income and comprehensive income.

Note 24

COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

Certain comparative balances have been reclassified from the consolidated financial statements previously presented to conform to the presentation of the 2014 condensed consolidated financial statements.

Appendix

Property list and selected data	Total GLA In square feet	Year built/renovated	Clear ceiling height (warehouse component) in feet	Total site area in acres	No. of tenants	Weighted average remaining lease term in years	In-place and committed occupancy in square feet
1919 84th Avenue (Park 19), Edmonton	48,365	1975/1987	21.0	3.7	1	4.9	100.0%
2721 Hopewell Place NE, Calgary	37,690	2006	22.0	1.9	1	8.3	100.0%
204 26229 Township Road 531A (Parkland County), Edmonton	34,904	2005	24.0	9.0	1	0.7	100.0%
6908 6th Street SE (Glenmore Business Park), Calgary	31,467	1978	18.0	3.2	1	5.3	100.0%
3917 81st Avenue, Edmonton	30,353	2006	28.0	5.5	1	6.8	100.0%
2876 Sunridge Way NE (Sunridge Business Park), Calgary	30,000	2000	16.0	2.3	1	6.4	100.0%
3250 Sunridge Way NE (Sunridge Business Park), Calgary	27,180	2000	24.0	2.1	1	1.1	100.0%
15301 100th Street, Grand Prairie	27,058	2005	24.0	13.2	1	5.7	100.0%
7121 6th Street SE (Glenmore Business Park), Calgary	19,274	1984	20.0	0.9	1	2.4	100.0%
6715 85th Avenue, Fort St. John	17,405	2006	28.0	29.7	1	7.3	100.0%
120 Pond Street East, Brooks	14,305	2006	24.0	5.2	1	7.3	100.0%
2240 Premier Way (GE Turbine), Edmonton	26,381	2003	30.0	1.5	1	4.1	100.0%
Western Canada Single Tenant	344,382		22.9	78.2	12	5.0	100.0%
310 Henderson Drive, Regina	373,284	1976	24.0	24.0	2	9.3	100.0%
15303 128th Avenue, Edmonton	178,143	1977/2004	25.0	12.4	3	6.2	100.0%
611-615 71st Avenue SE & 7515 6th Street SE (Glenmore Business Park), Calgary	167,930	1979	20.0	6.5	19	4.2	100.0%
628 668 Henderson Drive (Chestemere), Regina	163,817	1975	19.0	9.1	24	2.7	95.9%
7504 30th Street SE, Calgary	138,729	1976	22.0	6.0	2	5.2	100.0%
11445 163rd Street (Alberta Park), Edmonton	130,142	1981	22.0	5.2	7	2.4	100.0%
9603-9699 45th Avenue NW, Edmonton	111,240	1975	22.0	6.0	18	2.0	94.0%
603 Park Street, Regina	109,403	1978	19.0	6.8	19	2.4	79.1%
3916 61st Avenue, Calgary	99,978	1976	26.0	5.1	2	2.3	100.0%
7004-7042 30th Street SE, Calgary	94,029	1976	18.0	5.3	7	2.5	100.0%
651 Henderson Drive (Henderson Business Centre), Regina	90,231	1982	19.0	5.0	18	1.9	97.5%
7008 5th Street SE (Glenmore Business Park), Calgary	86,007	1975	17.0	3.7	7	3.5	100.0%
7004 5th Street SE (Glenmore Business Park), Calgary	79,207	1975	20.0	3.4	12	3.5	100.0%
9451 45th Avenue (Southwood Centre), Edmonton	75,172	1998	28.0	4.5	2	4.1	100.0%
4710-4760 14th Street NE (McCall Industrial Park), Calgary	72,903	1976	18.0	4.0	21	2.9	100.0%
2777 23rd Avenue NE (Sunridge Business Park), Calgary	67,250	2001	24.0	3.8	3	4.6	100.0%
7111 6th Street SE (Glenmore Business Park), Calgary	64,939	1985	20.0	2.9	4	4.7	100.0%
3401 19th Street, Calgary	63,962	1976	22.0	4.1	6	3.4	100.0%
2150 29th Street NE (Sunridge Business Park), Calgary	59,865	1999	24.0	3.3	7	3.3	100.0%
7710 5th Street SE (Glenmore Business Park), Calgary	58,818	1980	20.0	2.3	20	2.3	91.4%
2175 29th Street NE (Sunridge Business Park), Calgary	58,184	2000	24.0	3.5	3	6.1	100.0%
2256 29th Street NE (Sunridge Business Park), Calgary	58,015	1998	24.0	3.5	5	4.8	100.0%
1139-1165 40th Avenue NE, Calgary	57,402	1974	20.0	2.9	5	4.8	100.0%
550 71st Avenue SE (Glenmore Business Park), Calgary	57,822	1982	12.0	2.6	9	4.1	96.5%
2151 32nd Street NE (Sunridge Business Park), Calgary	57,198	1999	24.0	3.4	6	2.7	100.0%
501-529 36th Avenue SE, Calgary	57,122	1974	18.0	2.9	6	5.4	100.0%
4504-4576 14th Street NE, Calgary	57,004	1976	16.0	4.1	29	3.0	97.5%
2928 Sunridge Way NE (Sunridge Business Park), Calgary	57,001	2003	24.0	4.1	5	4.5	100.0%
4403-4435 97th Street North West, Edmonton	57,000	1975	24.0	3.2	6	2.1	100.0%
6812 6th Street SE (Glenmore Business Park), Calgary	56,988	1978	20.0	5.7	6	3.5	100.0%
2121 29th Street NE (Sunridge Business Park), Calgary	56,648	2000	24.0	3.8	3	4.1	100.0%
402 McDonald Street (Imperial Business Centre), Regina	55,439	1984	18.0	2.8	15	3.1	97.8%
4402-4434 10th Street NE, Calgary	54,006	1974	16.0	3.1	8	2.7	100.0%
2985 23rd Avenue NE (Sunridge Business Park), Calgary	54,065	2000	24.0	3.0	3	5.6	100.0%
7003 5th Street SE (Glenmore Business Park), Calgary	52,409	1975	20.0	2.7	12	3.6	64.3%
2886 Sunridge Way NE (Sunridge Business Park), Calgary	44,433	2001	24.0	3.5	3	4.2	100.0%

Property list and selected data	Total GLA In square feet	Year built/renovated	Clear ceiling height (warehouse component) in feet	Total site area in acres	No. of tenants	Weighted average remaining lease term in years	In-place and committed occupancy in square feet
610 70th Avenue SE (Glenmore Business Park), Calgary	44,240	1985	20.0	3.5	12	3.7	100.0%
1512-1514 8th Street, Edmonton	42,670	1980	20.0	10.2	2	5.1	100.0%
4021 9th Street SE, Calgary	45,344	1961	22.0	1.9	1	6.8	38.2%
535-561 36th Avenue SE, Calgary	41,444	1974	16.0	1.9	3	6.0	100.0%
5824 Burbank Road SE, Calgary	39,860	1972	20.0	2.4	4	6.5	100.0%
310 Hoffer Drive (McDonald Business Centre), Regina	37,947	1985	18.0	2.8	9	1.8	100.0%
4001 19th Street, Calgary	37,105	1978	22.0	2.5	6	2.8	100.0%
6810 6th Street SE (Glenmore Business Park), Calgary	31,726	1978	19.0	3.2	3	6.0	100.0%
6804-6818 30th Street SE, Calgary	29,998	1976	16.0	1.2	4	3.2	100.0%
7131 6th Street SE (Glenmore Business Park), Calgary	29,002	1982	20.0	1.3	2	2.5	100.0%
6023-6039 Centre Street South, Calgary	28,792	1973	15.0	1.5	5	3.4	100.0%
4502-4516 10th Street NE, Calgary	28,663	1974	16.0	1.4	6	1.9	100.0%
3030 Sunridge Way NE (Sunridge Business Park), Calgary	27,016	2000	24.0	2.1	4	2.4	90.0%
6043-6055 Centre Street South, Calgary	25,198	1973	15.0	1.3	5	1.7	100.0%
530-544 38A Avenue SE, Calgary	23,987	1974	16.0	1.2	7	3.6	100.0%
7007 5th Street SE (Glenmore Business Park), Calgary	23,191	1974	19.0	1.2	3	4.9	100.0%
616 71st Avenue SE (Glenmore Business Park), Calgary	21,894	1985	21.0	1.0	3	2.6	100.0%
1135-1149 45th Avenue NE, Calgary	21,552	1974	16.0	1.3	5	2.9	100.0%
6910 6th Street SE (Glenmore Business Park), Calgary	21,246	1978	16.0	2.1	4	3.8	100.0%
4620-4640 11th Street NE, Calgary	21,124	1971	16.0	1.4	10	2.5	100.0%
102-114 61st Avenue SW, Calgary	18,890	1973	14.0	1.1	4	4.6	100.0%
4001-4019 23rd Street NE, Calgary	15,787	1976	16.0	1.1	6	3.5	100.0%
2915-2925 58th Avenue SE, Calgary	15,556	1976	16.0	1.0	5	2.5	82.0%
4515-4519 1st Street SE, Calgary	14,340	1969	16.0	0.7	3	1.8	100.0%
3503-3521 62nd Avenue SE, Calgary	13,371	1975	13.0	1.2	8	3.0	100.0%
4501-4509 1st Street SE, Calgary	13,200	1970	16.0	0.7	4	5.9	100.0%
4523-4529 1st Street SE, Calgary	11,400	1969	13.0	0.7	3	3.6	100.0%
Western Canada Multi-Tenant	3,900,328		20.8	230.0	458	4.2	97.4%
Total Western Canada	4,244,710		21.0	308.2	470	4.3	97.6%
1411, 1421 and 1451 rue Ampère, Boucherville	457,875	1998/2002	27.0	21.6	1	10.9	100.0%
10001 Metropolitan Boulevard East, Montréal	327,000	2004	40.7	28.5	1	9.9	100.0%
1900 Dickson Street (Molson Distribution Centre), Montréal	225,000	2003	26.0	17.1	1	8.5	100.0%
1125 50th Avenue, Montréal	210,710	2000	26.0	13.3	1	5.3	100.0%
8000 Avenue Blaise-Pascal, Montréal	206,345	1993	23.0	13.8	1	7.8	100.0%
1313 Autoroute Chomedey, Laval	184,493	1999	26.0	8.1	1	10.9	100.0%
650 rue Bergeron, Drummondville	181,000	2007	28.0	10.5	1	3.5	100.0%
1155 Autoroute Chomedey, Laval	115,362	1990/2002	22.0	4.1	-	-	0.0%
1805 50e Avenue, Lachine	60,750	1986	19.0	2.3	1	6.9	100.0%
585-625 Avenue Meloche, Dorval	54,410	1981	18.0	2.7	1	1.2	100.0%
1421 rue Nobel, Sainte-Julie	50,878	1998	22.0	4.3	1	7.3	100.0%
3800 Trans Canada Highway, Pointe-Claire	50,000	1966	18.0	3.4	1	1.4	100.0%
1870 Boulevard Saint-Régis, Dollard-des-Ormeaux	40,231	1984	22.0	1.8	1	6.9	100.0%
2350 de la Province, Longueuil	222,485	1967	20.0	11.5	1	1.6	100.0%
29 rue de Varennes, Gatineau	23,959	2006	20.0	3.4	1	6.6	100.0%
Québec Single Tenant	2,410,498		26.6	146.4	14	7.5	95.2%

Property list and selected data	Total GLA In square feet	Year built/renovated	Clear ceiling height (warehouse component) in feet	Total site area in acres	No. of tenants	Weighted average remaining lease term in years	In-place and committed occupancy in square feet
5000 rue Fairway & 1645 50e Avenue, Lachine	106,517	1978	18.0	5.5	4	0.7	68.9%
1700-1764 50e Avenue, Lachine	94,569	1989	24.0	4.2	2	3.1	100.0%
1100-1154 rue Berlier, Laval	91,843	1975	18.0	4.5	10	2.8	100.0%
333 Chemin du Tremblay, Boucherville	86,842	1987	18.0	3.8	5	5.0	81.6%
1500 rue Nobel, Boucherville	82,081	1989	18.0	4.1	4	3.0	47.0%
2000 32e Avenue, Lachine	81,288	1985	18.0	4.8	3	2.0	100.0%
1624-1692 50e Avenue, Lachine	79,094	1975	19.0	4.3	7	3.1	81.6%
1151-1179 Autoroute 440, Laval	78,622	1975	19.0	3.9	13	3.8	87.6%
2101 rue Nobel, Sainte-Julie	73,411	1992	20.0	4.8	4	4.1	100.0%
4605-4645 rue Fairway & 1405-1465 46e Avenue, Lachine	60,728	1974	19.0	4.0	5	7.4	93.6%
1010 rue Berlier & 2854-2870 Boulevard Industriel, Laval	58,622	1975	19.0	3.1	6	1.5	100.0%
1025-1087 Autoroute 440, Laval	56,622	1979	18.0	2.8	12	1.9	100.0%
135 Chemin du Tremblay, Boucherville	49,808	1989	16.0	2.4	9	1.5	100.0%
38 rue de Valcourt, Gatineau	16,302	1985	12.0	1.2	7	1.1	100.0%
10001-10091 Renaude-Lapointe, Montréal	77,846	1987	18.0	3.7	4	4.1	100.0%
1950 32e Avenue, Montréal	71,923	1988	18.0	4.5	8	3.0	93.3%
1825-1865 32e Avenue, Montréal	71,616	1986	18.0	4.9	8	3.7	75.9%
1876-1936 32e Avenue	84,659	1987	18.0	4.7	6	3.1	100.0%
Québec Multi-Tenant	1,322,393		18.6	71.2	117	3.1	89.2%
Total Québec	3,732,891		23.8	217.6	131	6.0	93.1%
275 Wellington Street East, Aurora	317,000	1986	27.0	16.3	1	7.8	100.0%
750 Creditstone Road	176,535	1999	24.0	9.0	1	3.5	100.0%
121 Pippin Road	169,500	1999	24.0	8.6	1	3.5	100.0%
700 Ormont Drive	123,370	1974	21.0	4.7	1	5.3	100.0%
2340 St. Laurent Blvd., Ottawa	114,724	1989	24.0	6.2	1	10.8	100.0%
580 Industrial Road, London	113,595	1972/2002	24.0	12.7	1	2.6	100.0%
441 Chrislea Road, Vaughan	100,626	1998	22.0	4.1	1	4.3	100.0%
970 Fraser Drive, Burlington	95,444	1999	28.0	6.9	1	13.5	100.0%
1300 Fewster Road, Mississauga	23,500	1969	14.0	1.2	1	2.0	100.0%
439 Sovereign, London	77,877	1988	22.0	5.6	1	1.3	100.0%
135 Pinebush Road, Cambridge	44,470	2001	60.0	5.6	1	6.0	100.0%
781 Westgate Road, Oakville	29,850	1985	22.0	4.2	1	6.2	100.0%
2226 South Service Road West, Oakville	79,174	1980	22.0	3.5	1	6.5	100.0%
2130 South Service Road West, Oakville	98,175	1986/2005	24.0	4.4	1	1.4	100.0%
5750 Coopers Avenue, Mississauga	16,366	1987	18.0	0.9	1	6.5	100.0%
5805 Kennedy Road, Mississauga	21,780	1986	18.0	1.0	1	3.0	100.0%
5905 Kennedy Road, Mississauga	38,158	1988	22.0	2.1	1	1.2	100.0%
6045 Kestrel Road, Mississauga	34,789	1986	20.0	1.8	1	0.8	100.0%
896 Meyerside Drive, Mississauga	46,774	1986	20.0	2.4	1	1.9	100.0%
6520 Gottardo Court, Mississauga	25,932	1987	18.0	1.2	1	7.5	100.0%
7420 Pacific Circle, Mississauga	23,777	1987	18.0	1.2	1	5.0	100.0%
6885-6895 Menway Court, Mississauga	66,383	1988	20.0	3.4	1	1.7	100.0%
45 Progress Avenue, Toronto	209,754	1965/2000	24.0	10.3	1	6.5	100.0%
9305 Twin Oaks Drive, Windsor	74,239	1996	28.0	5.2	1	6.1	100.0%
2 Lone Oak Court, Toronto	72,197	2001	24.0	4.4	1	8.0	100.0%
41 Metropolitan Road, Toronto	59,400	1975/1997	17.0	4.4	1	1.8	100.0%
880 Rangeview Road, Mississauga	45,600	1977/2005	24.0	3.2	1	1.3	100.0%
2946 Walker Road, Windsor	32,264	1960	22.0	4.0	1	2.5	100.0%
750 Barmac Drive	23,959	1979	18.0	1.5	1	4.7	100.0%
5380 Timberlea Boulevard	19,988	1986	18.0	1.0	1	5.6	100.0%
5462 Timberlea Boulevard	17,708	1977	18.0	1.0	1	0.9	100.0%

Property list and selected data	Total GLA In square feet	Year built/renovated	Clear ceiling height (warehouse component) in feet	Total site area in acres	No. of tenants	Weighted average remaining lease term in years	In-place and committed occupancy in square feet
5370 Timberlea Boulevard	16,682	1986	18.0	0.8	1	4.0	100.0%
5444 Timberlea Boulevard	15,316	1977	18.0	0.9	1	3.6	100.0%
Ontario Single Tenant	2,424,906		23.9	143.8	33	5.2	100.0%
4515/4525 Rhodes Drive, Windsor	91,057	1999	22.0	9.0	3	3.9	76.5%
903-951 Matheson Boulevard	77,420	1977	18.0	3.8	7	3.1	100.0%
855 Matheson Boulevard	46,608	1986	18.0	2.0	12	2.5	93.5%
5448 Timberlea Boulevard	32,025	1977	16.0	1.8	2	3.2	100.0%
5430 Timberlea Boulevard	31,448	1977	17.0	1.8	2	2.8	100.0%
5466 Timberlea Boulevard	28,657	1977	18.0	1.6	2	7.6	100.0%
5420 Timberlea Boulevard	19,816	1977	18.0	1.1	2	7.7	100.0%
5554 Tomken Road	61,623	1979	18.0	3.2	9	2.4	100.0%
2360 Cornwall Road, Oakville	199,736	2004	28.0	10.3	4	3.0	100.0%
5900 Finch Avenue East, Scarborough	166,419	1993	24.0	7.6	4	2.2	100.0%
135 East Beaver Creek, Richmond Hill	28,506	1986	17.0	1.8	2	1.2	100.0%
55 Horner Avenue, Etobicoke	93,300	1988	22.0	6.2	4	3.3	100.0%
6581-6601 Kitimat Road, Mississauga	318,363	1986	25.0	16.9	15	3.3	97.7%
3 & 5 Blair Drive, Brampton	82,232	2001	28.0	6.4	2	3.1	100.0%
255 Wicksteed Avenue, Toronto	177,562	1955	24.0	8.0	4	3.7	94.7%
845 Harrington Court, Burlington	55,932	1982	15.0	4.0	8	3.7	90.9%
2140-2150 Winston Park Drive, Mississauga	172,102	1987	19.0	7.5	41	2.6	91.7%
5716-5730 Coopers Avenue, Mississauga	53,668	1987	14.0	3.4	23	2.4	100.0%
5825-5895 Kennedy Road, Mississauga	67,836	1988	15.0	3.4	7	4.5	88.4%
1111 Tristar Drive, Mississauga	77,726	1986	22.0	3.7	3	1.2	87.4%
6400 Shawson Drive, Mississauga	61,817	1981	22.0	2.9	3	2.7	100.0%
1100 Courtney Park Drive, Mississauga	72,393	1981	22.0	3.4	3	2.6	86.1%
45 A & B West Wilmot Street, Richmond Hill	189,128	1986	19.0	8.0	39	2.7	90.4%
90 Nolan Court, Markham	124,930	1982	18.0	7.0	26	3.5	96.2%
100 Lingard Road, Cambridge	70,154	2003	46.0	5.4	2	4.6	100.0%
Ontario Multi-Tenant	2,400,458		22.3	130.1	229	3.1	95.4%
Total Ontario	4,825,364		23.1	273.8	262	4.2	97.7%
131 Thornhill Drive (Burnside Business Park), Dartmouth	115,773	1986	18.0	4.7	1	1.4	100.0%
58 Wright Avenue (Burnside Business Park), Dartmouth	43,000	1972	24.0	2.4	1	7.0	100.0%
722 Edinburgh Drive, Moncton	41,200	1975/1990	20.0	8.6	1	1.8	100.0%
50 Garland Avenue (Burnside Business Park), Dartmouth	35,574	2006	10.0	2.5	1	2.2	100.0%
80 Thornhill Drive (Burnside Business Park), Dartmouth	10,090	1984	20.0	1.1	1	5.3	100.0%
Eastern Canada Single Tenant	245,637		18.3	19.3	5	2.7	100.0%
202 Brownlow Avenue (Burnside Business Park), Dartmouth	212,289	1986	18.0	13.8	57	5.0	94.5%
320-340 Wright Avenue (Burnside Business Park), Dartmouth	170,129	2007	24.0	10.6	12	3.0	100.0%
201 Brownlow Avenue (Burnside Business Park), Dartmouth	160,177	1988	16.0	10.7	34	4.3	96.1%
7 Mellor Avenue, Dartmouth	122,490	2007	24.0	7.2	11	6.5	96.4%
10 Morris Drive (Burnside Business Park), Dartmouth	118,785	1979	18.0	7.5	20	1.8	91.1%
71 Thornhill Drive, Dartmouth	100,680	1980	28.0	5.2	1	7.5	50.0%
131-135 Ilsley Avenue (Burnside Business Park), Dartmouth	97,770	1984	18.0	6.6	16	2.7	93.4%
121 Ilsley Avenue, Dartmouth	96,738	1983	19.0	8.0	20	3.1	87.0%
75 Akerley Boulevard, Dartmouth	96,228	1982	19.0	7.8	20	3.5	95.7%
222 Edinburgh Drive, Moncton	93,504	1977/1999	22.0	7.7	6	2.4	64.1%
11 Morris Drive (Burnside Business Park), Dartmouth	89,779	1977	18.0	5.0	19	2.5	82.9%
120 Troop Avenue (Burnside Business Park), Dartmouth	87,049	2004	24.0	5.7	6	2.2	100.0%
100 Wright Avenue (Burnside Business Park), Dartmouth	76,127	1979	18.0	4.4	12	2.5	91.7%
100 Ilsley Avenue (Burnside Business Park), Dartmouth	75,455	1984	14.0	6.1	15	3.8	88.9%
55 Akerley Boulevard, Dartmouth	75,306	1975	19.0	5.8	7	2.6	94.8%

Property list and selected data	Total GLA In square feet	Year built/renovated	Clear ceiling height (warehouse component) in feet	Total site area in acres	No. of tenants	Weighted average remaining lease term in years	In-place and committed occupancy in square feet
51 Raddall Avenue (Burnside Business Park), Dartmouth	70,002	1986	18.0	4.7	11	2.3	100.0%
170 Joseph Zatzman Drive (Burnside Business Park), Dartmouth	65,671	1981	16.0	4.0	11	3.0	91.8%
50 Akerley Boulevard (Burnside Business Park), Dartmouth	62,685	1983	18.0	1.6	12	3.3	93.3%
10 Vidito Drive, Dartmouth	61,988	1980	22.0	2.7	2	4.8	100.0%
101 Thornhill Drive (Burnside Business Park), Dartmouth	61,381	1982	18.0	3.8	8	3.0	93.3%
105 Akerly Boulevard (Burnside Business Park), Dartmouth	57,436	1983	18.0	3.3	6	1.3	100.0%
30-58 Mosher Drive (Burnside Business Park), Dartmouth	56,937	1972	18.0	2.6	4	2.9	100.0%
29-59 Mosher Drive (Burnside Business Park), Dartmouth	54,367	1974	18.0	3.6	4	6.3	100.0%
50 Troop Avenue (Burnside Business Park), Dartmouth	53,859	2001	24.0	3.6	3	2.2	100.0%
32 Troop Avenue (Burnside Business Park), Dartmouth	47,790	2000	24.0	3.3	4	3.4	100.0%
109 Ilsley Avenue (Burnside Business Park), Dartmouth	44,829	1987	16.0	3.1	12	4.5	82.1%
81 Wright Avenue (Burnside Business Park), Dartmouth	44,366	1986	20.0	3.6	4	4.3	84.7%
95 Akerley Boulevard, Dartmouth	38,027	1980	14.0	2.1	11	2.8	84.7%
30 Simmonds Drive (Burnside Business Park), Dartmouth	37,484	1982	16.0	2.8	12	1.8	100.0%
40 Thornhill Drive (Burnside Business Park), Dartmouth	32,186	1982	16.0	3.8	9	2.6	90.0%
50 Thornhill Drive (Burnside Business Park), Dartmouth	32,065	1983	16.0	3.8	10	2.0	100.0%
60 Thornhill Drive (Burnside Business Park), Dartmouth	32,002	1986	16.0	2.0	5	5.6	74.7%
10 Thornhill Drive, Dartmouth	28,616	1983	15.0	3.4	9	3.3	91.6%
16 Garland Avenue (Burnside Business Park), Dartmouth	10,888	2008	14.0	1.5	4	4.7	100.0%
Eastern Canada Multi-Tenant	2,565,085		19.4	171.4	397	3.5	91.3%
Total Eastern Canada	2,810,722		19.3	190.7	402	3.5	92.1%
Total¹	15,613,687		22.0	990.3	1,265	4.5	95.6%
Properties held for sale:							
3510 29th Street NE (ACC Centre), Calgary	65,009	1998	24.0	3.0			
Total assets including properties held for sale	15,678,696		22.0	993.3			

¹ Excludes properties held for sale

Largest tenants by GLA	Total area in square feet	Properties	City	Province
Spectra/Premium Industries	642,368	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
Royal Group Inc.	346,035	750 Creditstone Road	Vaughan	Ontario
		121 Pippin Road	Vaughan	Ontario
The Brick Warehouse LP	327,000	10001 Metropolitan Boulevard East	Montréal	Québec
United Agri Products Canada Inc.	275,335	310 Henderson Drive	Regina	Saskatchewan
Molson Breweries Properties	225,000	1900 Dickson Street (Molson Distribution Centre)	Montréal	Québec
Hasbro Canada Corporation	222,485	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
McKesson Canada Corporation	181,000	650 rue Bergeron	Drummondville	Québec
Rocktenn-Container Canada/Rocketenn-Preprint Canada	134,863	7420 Pacific Circle	Mississauga	Ontario
		6581-6601 Kitimat Road	Mississauga	Ontario
Multy Home LP	123,370	700 Ormont Drive	North York	Ontario
DIRTT Environmental Solution	122,419	7504 30th Street SE	Calgary	Alberta
Helly Hansen Canada Limited	115,773	131 Thornhill Drive (Burnside Business Park)	Dartmouth	Nova Scotia
The Dollco Corporation	114,724	2340 St. Laurent Blvd.	Ottawa	Ontario
Colabor Limited Partnership	113,595	580 Industrial Road	London	Ontario
Fath PV Tech Inc.	104,248	5900 Finch Avenue East	Scarborough	Ontario
Aquarium Services Warehouse	100,626	441 Chrislea Road	Vaughan	Ontario
Total	4,092,650			

Corporate information

Head office

Dream Industrial Real Estate Investment Trust

State Street Financial Centre
30 Adelaide Street East, Suite 1600
Toronto, Ontario M5C 3H1
Phone: (416) 365-3535
Fax: (416) 365-6565

Transfer agent

for change of address, registration
or other unitholder enquiries)

Computershare Trust Company of Canada

100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1
Phone: (514) 982-7555 or
1 800 564-6253
Fax: (416) 263-9394 or
1 888 453-0330
E-mail: service@computershare.com

Auditors

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Investor relations

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Toll free: 1 877 365-3535
E-mail: industrialinfo@dream.ca
Website: www.dreamindustrialreit.ca

Taxation of distributions

Distributions paid to unitholders in respect
of the tax year ended December 31, 2013
are taxed as follows:
Return of capital: 65.8%
Other income: 34.2%
Management estimates that 70% of the
distributions to be made by the REIT in
2014 will be tax-deferred.

Stock exchange listing

The Toronto Stock Exchange

Listing symbols:

REIT Units: DIR.UN
5.25% Convertible Debentures: DIR.DB

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 Plan, 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 Plan.
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, 9th 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

