

Q3 2016

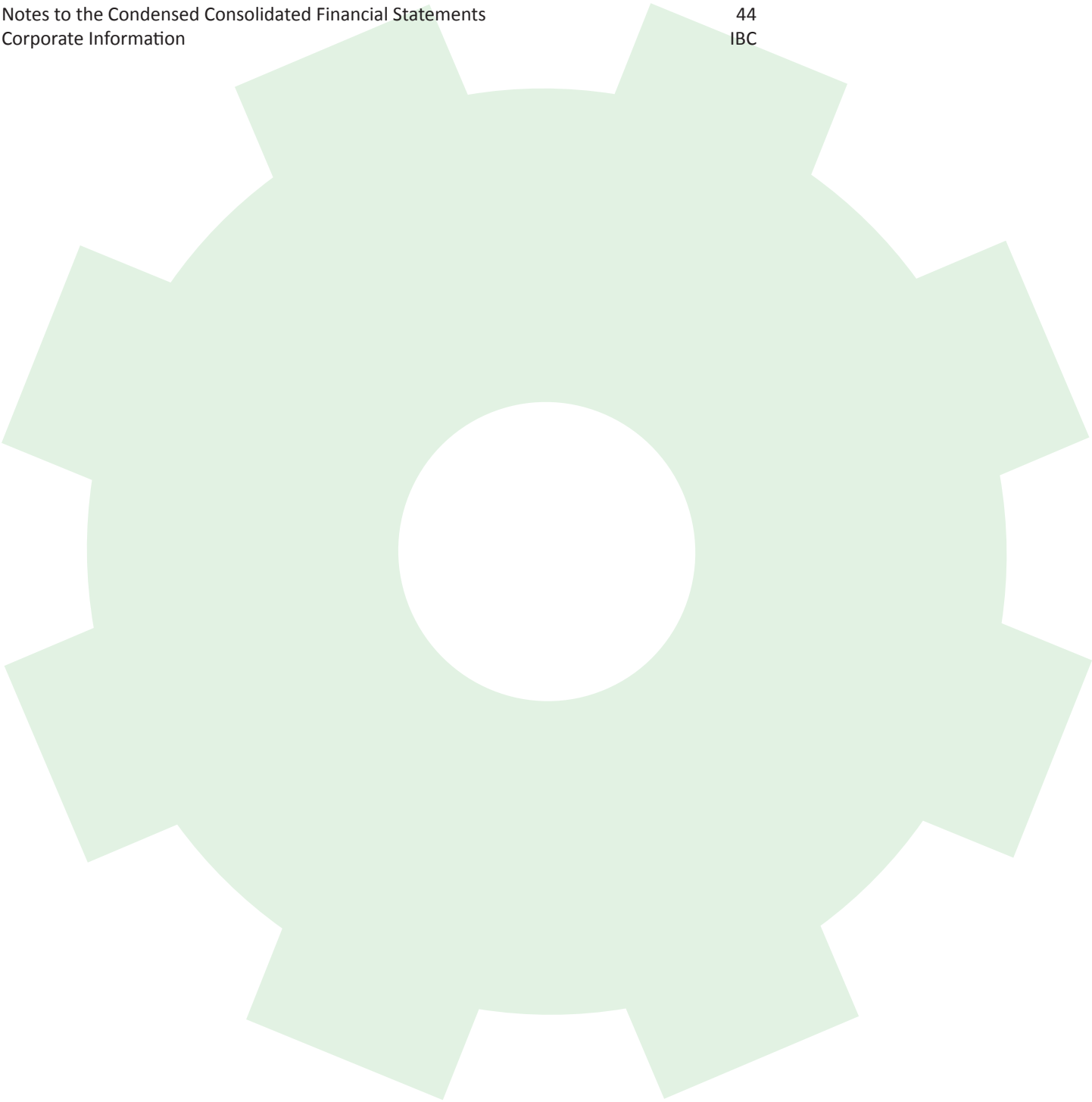
Dream Industrial REIT



dream 
industrial REIT

Table of contents

Letter to Unitholders	1
Management’s Discussion and Analysis	2
Condensed Consolidated Financial Statements	40
Notes to the Condensed Consolidated Financial Statements	44
Corporate Information	IBC



Letter to unitholders

In the third quarter of 2016, Dream Industrial REIT delivered stable operational and financial results. Comparative properties Net Operating Income increased by 1.6% over the second quarter of 2016, driven by occupancy improvement in our Ontario portfolio and higher recoveries in our Eastern portfolio. Debt-to-total-assets decreased by 60 basis points this quarter to 52.7%.

Total occupancy in our portfolio was 94.5%, which included 130 basis points of lease commitments for space that will largely be occupied in the next two quarters. During the quarter, we had new tenants taking occupancy of 204,000 square feet, and existing tenants that renewed in 528,000 square feet. Amid a challenging leasing environment, our Western portfolio was resilient with a committed occupancy rate of 96.8%, stable from the prior quarter. We continue to see tenant stress in the market, particularly on spaces larger than 10,000 square feet with high availability and increasing landlord competition. Our Ontario portfolio continues to benefit from positive fundamentals with committed occupancy at 96.3% at the end of the quarter, a 50 basis points increase from Q2. In our Québec portfolio, committed occupancy was 95.0%, and was impacted by negative absorption and the previously disclosed sale of a 327,000 square foot single-tenant property. In our Eastern Canada portfolio, committed occupancy was 86.2% at the end of Q3, down 150 basis points from the prior quarter as we continue to face challenges in this market.

We finished the third quarter with diluted adjusted funds from operations (“AFFO”) per Unit remaining stable at \$0.20 when compared to the prior quarter. Our AFFO payout ratio also remained stable relative to the prior quarter at 86%. The Trust’s comparative property net operating income increased by 1.6% over the prior quarter, driven by increases in our Ontario and Eastern Canada portfolios. Our financial metrics for the third quarter of 2016 are stable with debt-to-total-assets at 52.7%. We continue to maintain a staggered debt maturity profile with a weighted average term to maturity of 3.8 years on our overall debt. At the end of the quarter, \$120 million of our assets were unencumbered, providing us with an additional source of financial flexibility.

We continued our capital recycling program during the quarter with dispositions for the nine months totalling \$47 million. As we approach the end of the year, we continue our efforts to service and retain our existing tenants, improve occupancy and enhance our operations.

Thank you for your continued support.

A handwritten signature in black ink, appearing to read 'Brent Chapman', with a long horizontal line extending to the right.

Brent Chapman
President and Chief Executive Officer

November 4, 2016

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

Dream Industrial's financial metrics remained stable with the value of our investment properties at \$1.7 billion and debt-to-total assets (a non-GAAP measure) at 52.7%.

Funds from operations ("FFO") per Unit (a non-GAAP measure) for the quarter was \$0.23, a decrease from \$0.24, or 3.8%, when compared to the prior year comparative quarter largely resulting from lower net operating income ("NOI") (a non-GAAP measure) and higher general and administrative expenses. For the nine months ended September 30, 2016, FFO per Unit was \$0.69, a decrease from \$0.71, or 3.2%, when compared to the prior year comparative period, largely due to lower comparative properties NOI (a non-GAAP measure), higher general and administrative expenses, and to a lesser extent the impact of dispositions, net of acquisitions.

AFFO per Unit (a non-GAAP measure) for the quarter was \$0.20, a decrease from \$0.21, or 1.5%, when compared to the prior year comparative quarter due to the same factors impacting FFO. For the nine months ended September 30, 2016, AFFO per Unit was \$0.60, a decrease from \$0.62, or 1.8%, when compared to the prior year comparative period. The decrease was primarily due to the same factors impacting FFO for the nine months ended September 30, 2016, offset by the reversal of certain accounting adjustments, such as straight-line rent and fair value adjustments on assumed debt.

Our comparative properties NOI for the three months ended September 30, 2016 increased by 0.8% compared to the prior year comparative quarter, mainly due to an increase in our Eastern and Ontario regions offset by a decrease in the Western region. We achieved higher recoveries in Eastern Canada this quarter and higher average occupancy in Ontario, while average occupancy was lower in Western Canada. The comparative properties NOI for the nine months ended September 30, 2016 decreased by \$0.1 million, or 0.2%, primarily due to lower average occupancy in Eastern Canada largely offset by increased occupancy in Ontario.

Occupancy (including committed space) remained stable at 94.5%. A total of 733,000 square feet of new leases and renewals commenced in the quarter, compared to 790,000 square feet of expiries and terminations. Approximately 72% of our expiries were renewed during the quarter, and including the relocation of tenants within our portfolio, the retention ratio was 75.7%. Our occupancy includes 211,695 square feet of commitments on vacant space, with the majority of these leases commencing in the next two quarters.

In-place rents remained at \$7.13 per square foot, consistent with the previous quarter rate of \$7.14. Renewals for the quarter were completed at \$5.88 per square foot, which was 1.0% lower than the expiring rates. Our renewal rate in Western Canada was lower by \$0.29 per square foot, or 4.4%, due to the renewal of one large-bay tenant in Calgary, and renewal rates in all other regions were slightly positive. Although we do not have a significant amount of lease roll of large-bay in Calgary, this is one area of the market that is experiencing increased competition.

During the quarter, we closed on the sale of a 327,000 square foot single-tenant property in Montréal and a 16,000 square foot building in Gatineau, Québec, for combined gross proceeds of \$38.4 million, bringing our year-to-date dispositions to \$46.7 million. We continue to execute on our ongoing capital recycling program, and work with existing tenants on their space requirements to identify potential intensification and acquisition opportunities that increase the quality of our portfolio and value for our unitholders.

As at September 30, 2016, our portfolio totalled 16.6 million square feet with investment properties of \$1.7 billion, reflecting a weighted average capitalization rate ("cap rate") of 6.72% on stabilized NOI (a non-GAAP measure), five basis points higher when compared to June 30, 2016 capitalization rates. Regionally, our property values in Ontario increased by \$3.0 million, offset by decreases in Western Canada, Eastern Canada and Québec for \$8.2 million, \$3.3 million and \$0.3 million, respectively. Value changes were property specific with a number of leasing activity changes along with property-specific changes to capitalization rates, discount rates and vacancy assumptions. During the quarter, we completed 35 external property appraisals of which 29 were completed in Alberta, four in Ontario and two in Eastern Canada, and we also obtained information from external appraisers on a sample of the portfolio supporting our internal valuation assumptions.

As at September 30, 2016, level of debt (debt-to-total assets) stood at 52.7%. The weighted average remaining term on our debt was 4.2 years, and the weighted average face interest rate was 3.83%, which is higher than what we are currently seeing in the market for comparable mortgage debt. \$120.1 million of the Trust's assets were unencumbered as at September 30, 2016, providing an additional source of financial flexibility.

OUTLOOK

As of the date of this management's discussion and analysis ("MD&A"), we have obtained leasing commitments for approximately 3.0 million square feet of new leases and renewals, representing over 95% of our 3.1 million square feet of expiries and terminations for 2016.

For the remainder of 2016, we will continue to be focused on enhancing the quality and stability of our cash flows by:

- Enhancing our operations and strengthening relationships with our more than 1,300 tenants to grow NOI internally;
- Increasing our occupancy through aggressive leasing;
- 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 repositioning and intensification opportunities within our existing portfolio.

KEY PERFORMANCE INDICATORS

Performance is measured by these and other key indicators:

	As at		
	September 30, 2016	June 30, 2016	September 30, 2015
Portfolio			
Number of properties	217	219	220
Gross leasable area ("GLA") (in millions of sq. ft.)	16.6	17.0	16.9
Occupancy rate – including committed	94.5%	94.7%	94.6%
Occupancy rate – in-place	93.2%	93.7%	93.2%
Average occupancy for the period	93.3%	93.5%	93.4%
Average in-place base rent per sq. ft.	\$ 7.13	\$ 7.14	\$ 7.15
Weighted average remaining lease term (years)	4.0	4.2	4.3
Estimated market rent in excess of in-place rent	1.5%	1.4%	2.9%

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Operating results				
Investment properties revenue	\$ 43,233	\$ 43,634	\$ 131,974	\$ 132,529
NOI ⁽¹⁾	29,426	29,872	88,611	89,533
FFO ⁽¹⁾	18,191	18,742	54,632	56,094
AFFO ⁽¹⁾	15,923	16,044	47,331	47,784
Fair value decrease to investment properties	(18,648)	(2,583)	(24,249)	(1,607)
Distributions				
Declared distributions	\$ 13,620	\$ 13,483	\$ 40,748	\$ 40,344
DRIP participation rate	10.2%	8.3%	9.8%	8.0%
Per Unit amounts				
Distribution rate	\$ 0.17	\$ 0.17	\$ 0.52	\$ 0.52
Basic				
FFO ⁽²⁾	0.23	0.24	0.70	0.73
AFFO ⁽²⁾	0.20	0.21	0.61	0.62
Diluted				
FFO ⁽²⁾	0.23	0.24	0.69	0.71
AFFO ⁽²⁾	0.20	0.21	0.60	0.62
Payout ratio⁽³⁾				
FFO	76.4%	73.5%	76.1%	73.6%
AFFO	86.2%	85.0%	86.9%	85.4%

	As at		
	September 30, 2016	June 30, 2016	September 30, 2015
Financing			
Weighted average effective interest rate ⁽⁴⁾	3.88%	3.86%	3.83%
Weighted average face interest rate ⁽⁴⁾	3.83%	3.86%	3.94%
Weighted average remaining term to maturity (years)	4.2	3.9	4.0
Interest coverage ratio (times) ⁽¹⁾	3.1	3.1	3.1
Debt-to-adjusted EBITDA ⁽¹⁾	8.3	8.6	8.4
Unencumbered assets	\$ 120,080	\$ 103,860	\$ 117,505

(1) NOI, FFO, AFFO, interest coverage ratio and debt-to-adjusted EBITDA are non-GAAP measures. See "Non-GAAP measures and other disclosures" for a description of these non-GAAP measures.

(2) A description of the determination of basic and diluted amounts per Unit can be found under the heading "Non-GAAP measures and other disclosures".

(3) Payout ratios for FFO and AFFO (non-GAAP measures) are calculated as the ratio of distribution rate to diluted FFO and AFFO per Unit, respectively.

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

BASIS OF PRESENTATION

Our discussion and analysis of the financial position and results of operations of Dream Industrial Real Estate Investment Trust (“Dream Industrial REIT” or “Dream Industrial” or “the Trust”) should be read in conjunction with the audited consolidated financial statements of Dream Industrial for the year ended December 31, 2015 and the condensed consolidated financial statements for the three and nine months ended September 30, 2016.

This MD&A is dated as at November 4, 2016.

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

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

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

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

Certain information herein contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation, including but not limited to statements relating to the Trust’s objectives, strategies to achieve those objectives, the Trust’s beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, future growth, results of operations, performance, business prospects and opportunities, acquisitions or divestitures, tenant base, future maintenance and development plans and costs, capital investments, financing, the availability of financing sources, income taxes, vacancy and leasing assumptions, litigation and the real estate industry in general – in each case they are not historical facts. Forward-looking statements generally can be identified by words such as “outlook”, “objective”, “strategy”, “may”, “will”, “would”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “could”, “likely”, “plan”, “project”, “budget” or “continue”, or similar expressions suggesting future outcomes or events. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Trust’s control, which could cause actual results to differ materially from those disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, general and local economic and business conditions; the financial condition of tenants; our ability to refinance maturing debt; leasing risks, including those associated with the ability to lease vacant space; our ability to source and complete accretive acquisitions; and interest rates.

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

All forward-looking information is as of November 4, 2016. Dream Industrial does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information about these assumptions, risks and uncertainties is contained in our filings with securities regulators. Certain filings are also available on our website at www.dreamindustrialreit.ca.

BACKGROUND

Dream Industrial REIT is an unincorporated, open-ended real estate investment trust 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"), which had a retained investment of 23.8% at November 4, 2016. Our REIT Units are listed on the Toronto Stock Exchange under the trading symbol DIR.UN.

At September 30, 2016, we owned 217 primarily light industrial income-producing properties totalling 16.6 million square feet of GLA. Our properties are located in key industrial markets across Canada.

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. For the quarter ended September 30, 2016, approximately 10.2% of our total Units were enrolled in the Distribution Reinvestment and Unit Purchase Plan ("DRIP") (see a description of our equity on page 19).

	2016			2015			2014	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Annualized distribution rate	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70
Monthly distribution rate	\$ 0.058	\$ 0.058	\$ 0.058	\$ 0.058	\$ 0.058	\$ 0.058	\$ 0.058	\$ 0.058
Period-end closing price	\$ 7.85	\$ 8.73	\$ 8.04	\$ 7.18	\$ 7.89	\$ 8.18	\$ 9.01	\$ 8.42
Annualized distribution yield on closing price (%) ⁽¹⁾	8.9%	8.0%	8.7%	9.7%	8.9%	8.6%	7.8%	8.3%

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

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 by investing in key markets across Canada to generate stable cash flows for our unitholders. We will continue to review and modify our strategy to meet the ever changing real estate and economic conditions. Our strategy includes:

Optimizing the performance, value and cash flow of our portfolio

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

Maintaining and strengthening our conservative financial profile

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

Growing and diversifying our portfolio to reduce risk

We seek to grow and diversify our portfolio to increase value on a per Unit basis, further improve the sustainability of our distributions, strengthen our tenant profile and mitigate risk. We anticipate that growing our portfolio will also reduce our cost of capital, allowing us to both refinance existing mortgages at 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 the asset 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.

As at September 30, 2016, our portfolio consists of 217 properties comprising 16.6 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 94.5%. Our occupancy rate includes lease commitments totalling approximately 212,000 square feet for space that is currently being readied for occupancy but for which rental revenue is not yet being recognized.

Our properties are geographically diversified as follows:

	September 30, 2016			December 31, 2015		
	Number of properties	Owned GLA (sq. ft.)	% of owned GLA	Number of properties	Owned GLA (sq. ft.)	% of owned GLA
Western Canada	82	4,868,252	29.3	82	4,866,529	28.7
Ontario	60	5,178,732	31.1	60	5,179,314	30.5
Québec	37	3,815,388	22.9	39	4,158,449	24.5
Eastern Canada	38	2,775,988	16.7	38	2,774,866	16.3
Total	217	16,638,360	100.0	219	16,979,158	100.0

Our portfolio consists of multi-tenant buildings totalling 10.9 million square feet, or comprising 66% of total GLA, and single-tenant buildings totalling 5.7 million square feet, or 34% of total GLA. Of the 5.7 million square feet of single-tenant space, 4.9 million square feet 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 4.1 million square feet in Alberta and Saskatchewan. The differences between single- and multi-tenant buildings can be seen in the following operating metrics:

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

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

SECTION II – EXECUTING THE STRATEGY

OUR OPERATIONS

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

Performance indicators	September 30, 2016			December 31, 2015		
	Multi-tenant buildings	Single-tenant buildings	Total	Multi-tenant buildings	Single-tenant buildings	Total
Occupancy rate – including committed	93.4%	96.5%	94.5%	93.3%	98.0%	95.0%
Occupancy rate – in-place ⁽¹⁾	91.7%	96.1%	93.2%	91.2%	97.4%	93.4%
Average in-place base rental rates (per sq. ft.)	\$ 7.44	\$ 6.54	\$ 7.13	\$ 7.47	\$ 6.57	\$ 7.14
Tenant maturity profile – average term to maturity (years)	3.4	5.1	4.0	3.5	5.8	4.3
Owned GLA (in millions of sq. ft.)	10.9	5.7	16.6	10.9	6.1	17.0

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

Occupancy

At September 30, 2016, the overall percentage of occupied and committed space across our portfolio remained high at 94.5%, which was 0.2% lower than occupancy at June 30, 2016, and 0.1% lower than occupancy at September 30, 2015.

On a comparative properties basis, occupancy at September 30, 2016 declined 0.7% compared to September 30, 2015, largely driven by Eastern Canada.

(percentage)	Total portfolio			Comparative properties ⁽¹⁾	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Western Canada	96.8	96.7	96.9	96.8	96.9
Ontario	96.3	95.8	97.0	96.2	97.0
Québec	95.0	95.7	93.0	95.0	95.1
Eastern Canada	86.2	87.7	88.7	86.2	88.5
Total	94.5	94.7	94.6	94.4	95.1
Portfolio size (millions of sq. ft.)	16.6	17.0	16.9	16.4	16.4

(1) Comparative properties include assets owned by the Trust as at September 30, 2015, excluding properties sold in 2015 and 2016.

Occupancy roll-forward

Leasing activity for the quarter included approximately 528,000 square feet of renewals and approximately 204,000 square feet of new leases.

The following tables detail the change in occupancy (including committed) during the three and nine months ended September 30, 2016:

	Weighted average rate per sq. ft.	For the three months ended September 30, 2016 (sq. ft.)	As a % of total GLA
Occupancy (including committed) at beginning of period		16,085,407	94.7%
Vacancy committed for future occupancy		(180,131)	(1.0%)
Occupancy at beginning of period		15,905,276	93.7%
Occupancy related to properties sold		(339,818)	
Remeasurements/reclassifications		97	
Occupancy at beginning of period – restated		15,565,555	93.6%
Expiries (all leases)	\$ 6.94	(730,879)	(4.4%)
Early terminations and bankruptcies	\$ 7.75	(59,069)	(0.4%)
New leases	\$ 7.26	204,376	1.2%
Renewals	\$ 5.88	528,401	3.2%
Occupancy – September 30, 2016		15,508,384	93.2%
Vacancy committed for future occupancy		211,695	1.3%
Occupancy (including committed) – September 30, 2016		15,720,079	94.5%

The committed occupancy on vacant space based on existing contractual commitments at September 30, 2016 totalled 212,000 square feet. Of this committed space, 94% becomes occupied in the next two quarters.

	For the three months ended September 30, 2016
Tenant renewal ratio ⁽¹⁾	72.3%
Expiring rents on renewed space (per sq. ft.)	\$ 5.94
Renewal to expiring rent spread (per sq. ft.) ⁽²⁾	\$ (0.06)

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

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

The tenant renewal ratio for the portfolio was 72.3% during the quarter. Including relocations of existing tenants (excluding their expansion space), the retention ratio was 75.7%. Renewals for the quarter were completed at \$5.88 per square foot, which was 1.0% lower than the expiring rates, largely attributable to our Western Canada region, while renewal to expiring rents are slightly positive in all of our other regions. Within our Western Canada region, our retention ratio was 71.5% and renewals were completed at \$6.30 per square foot, which was \$0.29, or 4.4%, below the expiring rates. The negative spread was driven by the renewal of a large-bay tenant in over 65,000 square feet. Although we do not have many tenants rolling over in this bay size, there is a significant amount of competition in this part of the market.

	Weighted average rate per sq. ft.	For the nine months ended September 30, 2016 (sq. ft.)	As a % of total GLA
Occupancy (including committed) at beginning of period		16,132,723	95.0%
Vacancy committed for future occupancy		(266,709)	(1.6%)
Occupancy at beginning of period		15,866,014	93.4%
Occupancy related to properties sold		(339,818)	
Remeasurements/reclassifications		25	
Occupancy at beginning of period – restated		15,526,221	93.3%
Expiries (all leases)	\$ 6.72	(2,209,464)	(13.3%)
Early terminations and bankruptcies	\$ 8.38	(188,347)	(1.1%)
New leases	\$ 6.75	887,797	5.3%
Renewals	\$ 5.98	1,492,177	9.0%
Occupancy – September 30, 2016		15,508,384	93.2%
Vacancy committed for future occupancy		211,695	1.3%
Occupancy (including committed) – September 30, 2016		15,720,079	94.5%

	For the nine months ended September 30, 2016
Tenant renewal ratio ⁽¹⁾	67.5%
Expiring rents on renewed space (per sq. ft.)	\$ 5.86
Renewal to expiring rent spread (per sq. ft.) ⁽²⁾	\$ 0.12

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

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

In-place rental rates

The following table summarizes our in-place rental rates by region, along with the estimated market rents.

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

	September 30, 2016			June 30, 2016			September 30, 2015		
	Average	Estimated	market rent/ in-place rent	Average	Estimated	market rent/ in-place rent	Average	Estimated	market rent/ in-place rent
	base rent	market rent ⁽¹⁾	(%)	base rent	market rent ⁽¹⁾	(%)	base rent	market rent ⁽¹⁾	(%)
Total portfolio	\$ 9.06	\$ 9.25	2.1	\$ 9.07	\$ 9.23	1.8	\$ 9.03	\$ 9.58	6.1
Western Canada	5.99	6.05	1.0	5.97	6.05	1.3	6.05	6.13	1.3
Ontario	6.12	6.15	0.5	6.19	6.23	0.6	6.18	6.21	0.5
Québec	7.21	7.41	2.8	7.34	7.46	1.6	7.23	7.38	2.1
Eastern Canada	7.13	7.24	1.5	7.14	7.24	1.4	7.15	7.36	2.9
Total	\$ 7.13	\$ 7.24	1.5	\$ 7.14	\$ 7.24	1.4	\$ 7.15	\$ 7.36	2.9

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

	September 30, 2016			June 30, 2016		
	Average in-place base rent	Estimated market rent ⁽²⁾	Estimated market rent/in-place rent (%)	Average in-place base rent	Estimated market rent ⁽²⁾	Estimated market rent/in-place rent (%)
Comparative properties ⁽¹⁾						
Western Canada	\$ 9.06	\$ 9.25	2.1	\$ 9.07	\$ 9.23	1.8
Ontario	5.99	6.05	1.0	5.97	6.05	1.3
Québec	6.12	6.15	0.5	6.13	6.17	0.7
Eastern Canada	7.21	7.41	2.8	7.34	7.46	1.6
Total	\$ 7.13	\$ 7.24	1.5	\$ 7.15	\$ 7.25	1.4

(1) Comparative properties include assets owned by the Trust as at June 30, 2016, excluding properties sold during Q3 2016.

(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 4.0 years and our average tenant size is 12,000 square feet. Our single-tenant buildings have an average remaining lease term of 5.1 years and our multi-tenant buildings have an average remaining lease term of 3.4 years.

	September 30, 2016			June 30, 2016			September 30, 2015		
	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.)	Average remaining lease term (years)	Average tenant size (sq. ft.)	Average in-place base rent (per sq. ft.)
Total portfolio	3.9	9,353	\$ 9.06	4.0	9,351	\$ 9.07	4.1	9,305	\$ 9.03
Western Canada	3.8	18,276	5.99	3.9	18,379	5.97	3.9	18,195	6.05
Ontario	4.9	26,079	6.12	5.3	26,356	6.19	5.6	26,484	6.18
Québec	3.4	6,200	7.21	3.3	6,320	7.34	3.2	6,507	7.23
Eastern Canada	4.0	12,062	\$ 7.13	4.2	12,268	\$ 7.14	4.3	12,246	\$ 7.15
Total	4.0	12,062	\$ 7.13	4.2	12,268	\$ 7.14	4.3	12,246	\$ 7.15

The following table details our lease maturity profile, net of renewals, by region at September 30, 2016:

(in sq. ft., except %)	Monthly and			2017	2018	2019	2020	2021+	Total
	Vacancy	short-term tenancies	Remainder of 2016						
Western Canada	155,584	—	140,896	595,068	711,510	515,978	779,420	1,969,798	4,868,254
Ontario	189,328	—	56,497	527,457	939,130	993,168	587,480	1,885,672	5,178,732
Québec	190,400	—	12,876	621,728	181,779	481,946	127,411	2,199,248	3,815,388
Eastern Canada	382,971	2,676	99,844	312,957	379,957	457,395	200,038	940,150	2,775,988
Total portfolio									
Total GLA	918,283	2,676	310,113	2,057,210	2,212,376	2,448,487	1,694,349	6,994,868	16,638,362
Percentage of total GLA (%)	5.5	—	1.9	12.4	13.2	14.7	10.2	42.0	100.0

Our lease maturity profile, net of committed occupancy, remains staggered. Lease expiries, net of committed occupancy as a percentage of total GLA between 2017 and 2020, range from 10.2% to 14.7%.

2016 lease expiry profile

(in sq. ft., except %)	Western Canada	Ontario	Québec	Eastern Canada	Total portfolio
2016 expiries (as at September 30, 2016)	(326,094)	(83,080)	(115,606)	(173,001)	(697,781)
Expiries committed for renewals	185,198	26,583	102,730	73,157	387,668
Expiries, net of renewals (as at September 30, 2016)	(140,896)	(56,497)	(12,876)	(99,844)	(310,113)
2016 vacancy (as at September 30, 2016)	(230,706)	(230,467)	(211,283)	(417,835)	(1,090,291)
Vacancy committed for future occupancy	75,122	41,139	20,883	34,864	172,008
2016 vacancy, net of commitments for occupancy (as at September 30, 2016)	(155,584)	(189,328)	(190,400)	(382,971)	(918,283)
Total commitments as a % of expiries (as at September 30, 2016)	79.8%	81.5%	106.9%	62.4%	80.2%

As at September 30, 2016, leasing commitments of approximately 80% of expiring tenancies had been obtained.

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 September 30, 2016. For the remainder of 2016, estimated market rents are 2.8% above expiring rents, representing an opportunity to increase rents as spaces are re-leased.

(per sq. ft.)	Remainder of 2016
Expiring rents	
Western Canada	\$ 6.91
Ontario	5.52
Québec	5.47
Eastern Canada	6.48
Expiring rents average	\$ 6.46
Estimated market rents⁽¹⁾	
Western Canada	\$ 7.22
Ontario	5.87
Québec	5.36
Eastern Canada	6.42
Estimated market rents average	\$ 6.64
Estimated market rents over expiring rents⁽²⁾	2.8%

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

(2) Calculated as estimated market rents average, less expiring rents average, divided by expiring rents average.

Initial direct leasing costs and lease incentives

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

During the nine months ended September 30, 2016, a total of 2,380,000 square feet was leased and occupied with related costs of \$6.8 million, representing an average rate of \$2.86 per square foot leased.

Performance indicators	Total
Operating activities	
Portfolio size (sq. ft.)	16,638,360
Occupied and committed	94.5%
Square footage leased and occupied in 2016	2,379,974
Lease incentives and initial direct leasing costs for square footage leased and occupied in 2016	\$ 6,798

Tenant base profile

Our tenant base consists of a diverse range of high-quality businesses and, with 1,308 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 84,000 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 (%)	Annualized base rent (%)	Weighted average remaining lease term (years)
Spectra Premium Industries Inc.	642,368	3.9	3.9	8.7
TC Transcontinental	523,345	3.1	3.4	5.5
Gienow Windows & Doors Inc.	351,306	2.1	2.3	6.1
Molson Breweries Properties	225,000	1.3	2.2	6.3
Clean Harbors Industrial	96,101	0.6	1.3	3.2
United Agri Products Canada Inc.	275,335	1.6	1.2	7.0
Nellson Nutraceutical Canada	234,555	1.4	1.2	2.8
Array Canada Inc.	209,754	1.3	1.0	4.3
Royal Group Inc.	176,535	1.1	0.9	1.3
The Dollco Corporation	114,724	0.7	0.8	8.6
Total	2,849,023	17.1	18.2	6.0

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 for the top ten tenants stands strong at 6.0 years.

OUR RESOURCES AND FINANCIAL CONDITION

Investment properties

At September 30, 2016, the fair value of our investment property portfolio was \$1.7 billion, reflecting a weighted average cap rate of 6.72% on stabilized NOI, excluding property management income.

The valuation approach for investment properties uses both the direct capitalization method and the discounted cash flow method. The results of both methods are evaluated by considering the reasonableness of the range of values calculated under both methods. Fair value of a property is determined at the point within that range that is most representative of the fair value in the circumstances. The direct capitalization method applies a cap rate to stabilized NOI and incorporates allowances for vacancy and management fees. The resulting capitalized value is further adjusted for extraordinary costs to stabilize income and non-recoverable capital expenditures, where applicable. Individual properties were valued using cap rates in the range of 5.75% to 9.25%. The discounted cash flow method discounts the expected future cash flows, generally over a term of ten years, and uses discount rates and terminal capitalization rates specific to each property.

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

	September 30, 2016	June 30, 2016	December 31, 2015
Total portfolio			
Western Canada	\$ 643,115	\$ 651,270	\$ 657,375
Ontario	454,050	451,060	445,530
Québec	299,400	338,050	327,095
Eastern Canada	262,450	265,750	269,970
Total	\$ 1,659,015	\$ 1,706,130	\$ 1,699,970
Comparative properties ⁽¹⁾			
Western Canada	\$ 643,115	\$ 651,270	\$ 657,375
Ontario	454,050	451,060	445,530
Québec	299,400	299,700	296,295
Eastern Canada	262,450	265,750	269,970
Total	\$ 1,659,015	\$ 1,667,780	\$ 1,669,170

(1) Comparative properties include assets owned by the Trust as at December 31, 2015, excluding properties sold in 2016.

Capitalization rate information for investment properties is set out in the tables below:

	Capitalization rates					
	September 30, 2016		June 30, 2016		December 31, 2015	
	Range (%)	Weighted average (%)	Range (%)	Weighted average (%)	Range (%)	Weighted average (%)
Total portfolio						
Western Canada	6.00–8.00	6.58	6.00–8.00	6.51	6.00–7.25	6.44
Ontario	5.75–7.75	6.51	5.75–7.75	6.53	6.00–7.75	6.59
Québec	6.25–7.50	7.03	5.84–8.00	6.89	6.25–8.00	7.03
Eastern Canada	6.50–9.25	7.09	6.50–7.75	7.04	6.50–7.75	7.05
Total	5.75–9.25	6.72	5.75–8.00	6.67	6.00–8.00	6.69

	Capitalization rates					
	September 30, 2016		June 30, 2016		December 31, 2015	
	Range (%)	Weighted average (%)	Range (%)	Weighted average (%)	Range (%)	Weighted average (%)
Comparative properties ⁽¹⁾						
Western Canada	6.00–8.00	6.58	6.00–8.00	6.51	6.00–7.25	6.44
Ontario	5.75–7.75	6.51	5.75–7.75	6.53	6.00–7.75	6.59
Québec	6.25–7.50	7.03	6.25–7.50	7.02	6.25–7.50	7.04
Eastern Canada	6.50–9.25	7.09	6.50–7.75	7.04	6.50–7.75	7.05
Total	5.75–9.25	6.72	5.75–8.00	6.69	6.00–7.75	6.68

(1) Comparative properties include assets owned by the Trust as at December 31, 2015, excluding properties sold in 2016.

Overall, the fair value of our investment properties as at September 30, 2016 remained stable when compared to the previous quarter at \$1.7 billion at a weighted average capitalization rate of 6.7%. The weighted average capitalization rate for our comparative properties compared to June 30, 2016 increased by three basis points largely due to the increase in capitalization rates for Western Canada and Eastern Canada offset by a decrease in Ontario. In determining the fair values of its properties, the Trust obtained external appraisals for 35 properties during the third quarter and obtained external input from its appraisers on the market assumptions used for internally valued properties. Our externally appraised properties decreased in value by \$8.3 million in the third quarter. On a regional basis, 29 appraisals were completed for properties in Western Canada, which were all done in Calgary, Alberta, for a value decrease of \$6.6 million. The value decrease was driven by property-specific leasing activity changes, property-specific capitalization rate, discount rate and vacancy assumptions. External appraisals were completed for four properties in Ontario resulting in a value increase of \$0.9 million, which primarily resulted from rental rate changes and leasing activity. In Eastern Canada, two properties were externally appraised with values decreasing by \$2.6 million largely due to property-specific leasing activity changes and changes in capitalization rate, discount rate and vacancy assumptions.

The comparative properties value for Western Canada declined by \$8.2 million when compared to June 30, 2016, primarily from the external appraisals completed for our Calgary properties. The comparative properties value for Western Canada decreased by \$14.3 million when compared to December 31, 2015, of which \$13.1 million and \$1.2 million resulted from our properties in Alberta and Saskatchewan, respectively. The value change for the nine months was driven primarily by the reasons discussed above for the external appraisals, lower market rent assumptions and due to changes in developable land values in Calgary.

Dispositions

The following dispositions were completed during the nine months ended September 30, 2016:

	Disposed GLA	Gross proceeds ⁽¹⁾	Loss on sale ⁽²⁾	Mortgage discharged	Date disposed
722 Edinburgh Drive, Moncton	41,200	\$ 1,625	\$ (70)	\$ 981	March 30, 2016
1155 Autoroute Chomedey, Laval	115,362	6,750	(145)	—	June 6, 2016
38 Rue de Valcourt, Gatineau	16,297	850	(20)	—	July 29, 2016
10001 Metropolitan Boulevard East, Montréal	327,000	37,500	(452)	16,633	August 4, 2016
Total	499,859	\$ 46,725	\$ (687)	\$ 17,614	

(1) Gross proceeds before transaction costs.

(2) Carrying value of assets approximated gross proceeds. The loss on sale resulted from transaction costs.

Building improvements and leasing costs

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Building improvements				
Recoverable capital expenditures	\$ 4,169	\$ 2,487	\$ 8,115	\$ 2,897
Other capital expenditures	1,930	743	3,808	1,370
Initial direct leasing costs and lease incentives				
Leasing costs	1,144	752	2,781	1,695
Landlord's work	1,667	637	3,931	1,463
Tenant improvements	324	298	1,112	1,004
Other leasing costs	295	47	644	644
Total	\$ 9,529	\$ 4,964	\$ 20,391	\$ 9,073

Other capital expenditures primarily consisted of upgrades completed on certain properties that are expected to increase the Trust's ability to attract tenants and obtain higher rental rates. For the three and nine months ended September 30, 2016, \$0.9 million and \$1.2 million, respectively, were incurred on exterior upgrades for two of our properties in Eastern Canada. Other leasing costs consisted of costs incurred toward major reconfiguration of units to attract and put in place high value tenancies or to improve the quality of the asset.

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 generated from (utilized in) operations, draws on the revolving credit facility, conventional mortgage refinancings and, as growth requires and when appropriate, new equity or debt issues.

In our condensed consolidated financial statements prepared under International Financial Reporting Standards ("IFRS"), our current liabilities exceed our current assets by \$89.5 million. Typically, real estate entities seek to address liquidity needs by having a balanced debt maturity schedule, undrawn credit facilities and a pool of unencumbered assets. We are able to use our revolving credit facility on short notice, which eliminates the need to hold a significant amount of cash and cash equivalents on hand. Working capital balances fluctuate significantly from period-to-period depending on the timing of receipts and payments. Scheduled principal repayments that are due within one year amount to \$23.7 million, and debt maturities that are due within one year amount to \$53.5 million. The debt maturities are typically refinanced with mortgages of terms between five and ten years. Amounts payable outstanding at the end of any reporting period depend primarily on the timing of leasing costs and capital expenditures incurred, as well as the impact of transaction costs incurred on any acquisitions or dispositions completed during the reporting period. Our unencumbered assets pool as at September 30, 2016 is \$120.1 million. With our balanced debt maturity schedule, undrawn credit facility of \$98.0 million and unencumbered assets pool, we have sufficient liquidity as at September 30, 2016.

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.

Summary of debt, capital and liquidity

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

	As at	
	September 30, 2016	December 31, 2015
Financing metrics		
Debt	\$ 878,862	\$ 923,101
Weighted average effective interest rate ⁽¹⁾	3.88%	3.81%
Weighted average face interest rate ⁽¹⁾	3.83%	3.91%
Interest coverage ratio (times) ⁽²⁾	3.1	3.1
Debt-to-adjusted EBITDA (years) ⁽²⁾	8.3	8.5
Level of debt (debt-to-total assets) ⁽²⁾	52.7%	53.8%
Variable rate debt as percentage of total debt	—	1.7%
Liquidity metrics		
Maximum proportion of debt maturities and principal repayments due in any one year	20.5% (2019)	19.1% (2019)
Weighted average term to maturity (years)	4.2	3.7
Cash on hand	\$ 1,066	\$ 1,022
Unencumbered assets	120,080	119,550
Undrawn lines of credit	98,000	56,500

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

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

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 3.1 times, demonstrating our ability to more than adequately cover interest expense requirements. At September 30, 2016, our weighted average face rate of interest is 3.83% and, after accounting for market adjustments and financing costs, the weighted average effective interest rate for outstanding debt is 3.88%.

	September 30, 2016			December 31, 2015		
	Fixed	Variable	Total	Fixed	Variable	Total
Mortgages	\$ 751,992	\$ —	\$ 751,992	\$ 780,948	\$ —	\$ 780,948
Revolving credit facility	—	—	—	—	15,893	15,893
Convertible debentures	126,870	—	126,870	126,260	—	126,260
Total	\$ 878,862	\$ —	\$ 878,862	\$ 907,208	\$ 15,893	\$ 923,101
Percentage	100.0%	—	100.0%	98.3%	1.7%	100.0%
Weighted average face rate						
(period-end)	3.83%	—	3.83%	3.93%	2.63%	3.91%
Average term to maturity (years)	4.2	—	4.2	3.7	0.5	3.7

Mortgages payable are recorded including \$3.4 million of fair value adjustments upon initial recognition and net of \$4.2 million of financing costs. At September 30, 2016, amounts recorded for the convertible debentures are net of a \$2.0 million discount allocated to their conversion features on issuance and fair value adjustment and net of \$1.8 million of financing costs. The fair value adjustments, discounts and financing costs are amortized to interest expense over the term to maturity of the related debt using the effective interest rate method.

Mortgage financing activities

New mortgage financing is highlighted in the table below:

	Three months ended September 30, 2016				Nine months ended September 30, 2016			
	Amount ⁽¹⁾	Term to maturity (years)	Weighted average face interest rate (%)	Weighted average effective interest rate (%)	Amount ⁽¹⁾	Term to maturity (years)	Weighted average face interest rate (%)	Weighted average effective interest rate (%)
New mortgages	\$ 54,500	9.0	3.28	3.44	\$ 122,750	8.6	3.30	3.45

(1) Excludes financing costs.

On August 31, 2016, we completed a \$44.0 million refinancing on a portfolio of nine properties located in Ontario with a term of ten years at a face interest rate of 3.34% and an effective interest rate of 3.46%.

On July 29, 2016, we completed a \$10.5 million refinancing on a portfolio of three properties located in Edmonton with a term of five years at a face interest rate of 3.05% and an effective interest rate of 3.36%.

On May 31, 2016, we completed a \$9.0 million financing for a property located in Québec with a term of just under nine years at a face interest rate of 3.50% and an effective interest rate of 3.73%.

On March 31, 2016, we completed a \$31.8 million refinancing on a portfolio of two properties located in Québec with a term of nine years at a face interest rate of 3.50% and an effective interest rate of 3.61%.

On March 1, 2016, we completed a \$27.5 million refinancing on a portfolio of three properties located in Ontario with a term of seven years at a face interest rate of 3.04% and an effective interest rate of 3.18%.

Revolving credit facility

On June 30, 2016, the Trust amended its revolving credit facility agreement and increased the amount available to \$100 million, increased the number of properties securing the facility from 19 to 25, and extended the maturity by three years.

The following table summarizes certain details of the Trust's revolving credit facility as at September 30, 2016:

	Borrowing capacity	Letter of credit and forwards agreement	Principal amount outstanding	Available to be drawn ⁽¹⁾	Interest rate ⁽²⁾	Maturity date
Revolving credit facility ⁽³⁾	\$ 100,000	\$ 2,000	\$ —	\$ 98,000	—	June 30, 2019

(1) Formula-based amount available to be drawn as at September 30, 2016.

(2) Bankers' acceptance ("BA") rate plus 1.70% or the bank's prime rate plus 0.70%.

(3) Twenty-five properties are secured as first-ranking mortgages on the facility.

Changes in debt levels are as follows:

	Weighted average face interest rate	Three months ended September 30, 2016			
		Mortgages	Revolving credit facility	Convertible debentures	Total
Debt as at June 30, 2016	3.86%	\$ 769,106	\$ 18,250	\$ 126,665	\$ 914,021
New debt placed	3.28%	54,500	—	—	54,500
Scheduled repayments		(6,065)	—	—	(6,065)
Revolving credit facility movement		—	(19,000)	—	(19,000)
Lump sum repayments	3.93%	(64,186)	—	—	(64,186)
Other adjustments ⁽¹⁾		(1,363)	750	205	(408)
Debt as at September 30, 2016	3.83%	\$ 751,992	\$ —	\$ 126,870	\$ 878,862

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

	Weighted average face interest rate	Nine months ended September 30, 2016			
		Mortgages	Revolving credit facility	Convertible debentures	Total
Debt as at January 1, 2016	3.91%	\$ 780,948	\$ 15,893	\$ 126,260	\$ 923,101
New debt placed	3.30%	122,750	—	—	122,750
Scheduled repayments		(18,376)	—	—	(18,376)
Revolving credit facility movement		—	(16,000)	—	(16,000)
Lump sum repayments	4.07%	(130,818)	—	—	(130,818)
Other adjustments ⁽¹⁾		(2,512)	107	610	(1,795)
Debt as at September 30, 2016	3.83%	\$ 751,992	\$ —	\$ 126,870	\$ 878,862

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

Our current debt profile is balanced with maturities well-distributed over the next nine years. The following is our debt maturity profile as at September 30, 2016:

	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 (%)
2016 (remainder of year)	\$ 4,937	\$ 5,983	\$ 10,920	1.24	3.25	5.15
2017	99,615	23,219	122,834	13.90	3.89	4.34
2018	80,709	19,415	100,124	11.33	3.62	3.36
2019	163,225	17,560	180,785	20.47	5.29	4.66
2020	88,820	15,186	104,006	11.77	3.34	3.19
2021 and thereafter	334,836	29,926	364,762	41.29	3.55	3.63
Total	\$ 772,142	\$ 111,289	\$ 883,431	100.00	3.94	3.87
Unamortized financing costs			(6,158)			
Unamortized fair value adjustments			1,589			
Total			\$ 878,862			

Convertible debentures

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

	Date issued	Maturity date	Conversion price	Outstanding principal September 30, 2016	Outstanding principal November 4, 2016	REIT Units if converted November 4, 2016
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 September 30, 2016, the conversion feature amounted to a \$5.0 million financial asset (December 31, 2015 – \$nil), which was included in other non-current assets 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 lessee during this reporting period. As at September 30, 2016, the Trust has entered into lease agreements with tenants that may require leasing and tenant improvement costs of approximately \$2.5 million (September 30, 2015 – \$2.9 million).

The Trust is committed to reimburse \$0.5 million to Dream Asset Management Corporation (“DAM”) over the next two years for the costs incurred by DAM in relation to the Shared Services and Cost Sharing Agreement. See Note 14 to the condensed consolidated financial statements for additional information on the Shared Services and Cost Sharing Agreement.

OUR EQUITY

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

	September 30, 2016		Unitholders' equity December 31, 2015	
	Number of Units	Amount	Number of Units	Amount
REIT Units	59,275,687	\$ 586,412	58,645,223	\$ 581,476
Retained earnings	—	22,784	—	46,984
Add: LP B Units	18,551,855	145,632	18,551,855	133,202
Accumulated other comprehensive loss	—	(1,229)	—	(1,577)
Total equity⁽¹⁾	77,827,542	\$ 753,599	77,197,078	\$ 760,085

(1) Total equity (non-GAAP measure) includes LP B Units.

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

At September 30, 2016, Dream Office REIT, indirectly through its wholly owned subsidiaries, held 18,551,855 LP B Units representing a total ownership interest of approximately 23.8%.

The following table summarizes the changes in our outstanding equity:

	REIT Units	LP B Units	Total
Total Units outstanding on January 1, 2016	58,645,223	18,551,855	77,197,078
Units issued pursuant to DRIP	521,091	—	521,091
Units issued pursuant to Unit Purchase Plan	1,484	—	1,484
Units issued pursuant to Deferred Unit Incentive Plan (“DUIP”)	107,889	—	107,889
Total Units outstanding on September 30, 2016	59,275,687	18,551,855	77,827,542
Percentage of all Units	76.2%	23.8%	100.0%
Units issued pursuant to DRIP on October 15, 2016	72,446	—	72,446
Units issued pursuant to DUIP on October 18, 2016	1,599	—	1,599
Total Units outstanding on November 4, 2016⁽¹⁾	59,349,732	18,551,855	77,901,587
Percentage of all Units	76.2%	23.8%	100.0%

(1) The date of this report.

Normal course issuer bid

The Trust has in place a normal course issuer bid, which commenced on December 18, 2015 and will remain in effect until the earlier of December 17, 2016 or the date on which the Trust has purchased the maximum number of REIT Units permitted under the bid. Under the bid, the Trust has the ability to purchase for cancellation up to a maximum of 5,749,152 REIT Units (representing 10% of the REIT's public float of 57,491,522 REIT Units as at December 1, 2015) through the facilities of the Toronto Stock Exchange (the "TSX") at prevailing market prices and in accordance with the rules and policies of the TSX. The actual number of REIT Units that may be purchased and the timing of any such purchases will be determined by the Trust, subject to a maximum daily purchase limitation of 18,396 REIT Units except where purchases are made in accordance with block purchase exemptions under applicable TSX rules. To the date of this report, no purchases have been made.

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.

	Three months ended September 30, 2016			Nine months ended September 30, 2016		
	Declared distributions	3% bonus distributions ⁽¹⁾	Total	Declared distributions	3% bonus distributions ⁽¹⁾	Total
2016 distributions						
Paid in cash or reinvested in Units	\$ 9,080	\$ 26	\$ 9,106	\$ 36,208	\$ 103	\$ 36,311
Payable at September 30, 2016	4,540	—	4,540	4,540	—	4,540
Total distributions⁽²⁾	\$ 13,620	\$ 26	\$ 13,646	\$ 40,748	\$ 103	\$ 40,851
2016 reinvestment						
Reinvested to September 30, 2016	\$ 857	\$ 26	\$ 883	\$ 3,445	\$ 103	\$ 3,548
Reinvested on October 15, 2016	537	16	553	537	16	553
Total distributions reinvested	\$ 1,394	\$ 42	\$ 1,436	\$ 3,982	\$ 119	\$ 4,101
Distributions paid in cash	\$ 12,226			\$ 36,766		
Reinvestment to distribution ratio	10.2%			9.8%		
Ratio of distributions paid in cash	89.8%			90.2%		

(1) 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.

(2) Includes distributions on LP B Units.

Distributions declared for the three months ended September 30, 2016 were \$13.6 million. Distributions declared for the nine months ended September 30, 2016 were \$40.7 million. Of the distributions declared for the three months ended September 30, 2016, \$1.4 million, or 10.2%, was reinvested in additional Units resulting in a ratio of distributions paid in cash of 89.8%, and for the nine months ended September 30, 2016, \$4.0 million, or approximately 9.8%, was reinvested in additional Units resulting in a ratio of distributions paid in cash of 90.2%.

OUR RESULTS OF OPERATIONS

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Investment properties revenue	\$ 43,233	\$ 43,634	\$ 131,974	\$ 132,529
Investment properties operating expenses	(13,807)	(13,762)	(43,363)	(42,996)
Net rental income	29,426	29,872	88,611	89,533
Other income				
Interest and fee income	4	11	27	15
	4	11	27	15
Other expenses				
General and administrative	(2,473)	(2,215)	(7,428)	(6,747)
Interest:				
Interest expense on debt	(8,792)	(8,845)	(26,601)	(26,417)
Subsidiary redeemable units	(3,246)	(3,247)	(9,739)	(9,739)
Depreciation and amortization	(14)	(11)	(40)	(32)
	(14,525)	(14,318)	(43,808)	(42,935)
Fair value adjustments and other items				
Fair value adjustments to investment properties	(18,648)	(2,583)	(24,249)	(1,607)
Fair value adjustments to financial instruments	19,497	4,387	(8,966)	9,378
Net losses on transactions and other activities	(1,796)	(1,455)	(5,282)	(4,255)
	(947)	349	(38,497)	3,516
Income before income taxes	13,958	15,914	6,333	50,129
Recovery of (deferred) income taxes	325	(79)	579	(209)
Net income for the period	\$ 14,283	\$ 15,835	\$ 6,912	\$ 49,920

Investment properties revenue

Investment properties revenue includes rental income from investment properties as well as the recovery of operating costs and property taxes from tenants. Investment properties revenue totalled \$43.2 million for the quarter, a decrease of \$0.4 million, or 0.9%, over the prior year comparative quarter primarily as a result of the impact of sold properties and a decrease in straight-line rent, offset by higher operating cost recoveries. For the nine months ended September 30, 2016, investment properties revenue decreased by \$0.6 million, or 0.4%, over the prior year comparative period, primarily due to the impact of sold properties net of acquisitions, higher amortization of lease incentives and decreases in average occupancy and straight-line rent, offset by higher operating cost recoveries.

Investment properties operating expenses

Operating expenses comprise occupancy costs and property taxes as well as certain expenses that are not recoverable from tenants. Operating expenses fluctuate with changes in occupancy levels, weather, utility costs, realty taxes, and repairs and maintenance.

Investment properties operating expenses remained stable at \$13.8 million compared to the prior year comparative quarter (an increase of \$0.4 million, or 0.9%, for the nine months ended September 30, 2016). The increase for the nine-month period was primarily due to acquisitions completed and a slight increase in bad debt expenses.

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 September 30:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Asset management fee	\$ 1,025	\$ 1,046	\$ 3,117	\$ 3,134
Deferred compensation expenses	347	316	1,074	1,093
Professional fees	394	334	1,122	991
General corporate expenses ⁽¹⁾	707	519	2,115	1,529
Total	\$ 2,473	\$ 2,215	\$ 7,428	\$ 6,747

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

General and administrative expenses increased by \$0.3 million, or 11.6%, from the prior year comparative quarter (\$0.7 million, or 10.1%, increase compared to the nine months ended September 30, 2015), primarily due to higher professional fees and general corporate expenses as a result of increased spending in process improvements and technology related costs.

Fair value adjustments to investment properties

During the three and nine months ended September 30, 2016, the Trust recorded fair value losses of \$18.6 million and \$24.2 million, respectively. For the three months ended September 30, 2016, fair value losses of \$10.5 million, \$1.5 million and \$7.5 million were recorded in Western Canada, Québec and Eastern Canada, respectively, and a gain of \$0.9 million was recorded in Ontario. For the nine months ended September 30, 2016, fair value losses of \$20.6 million and \$13.0 million recorded in Western Canada and Eastern Canada, respectively, were slightly offset by fair value gains recorded in Ontario and Québec for \$1.7 million and \$7.7 million, respectively.

Interest expense – debt

Interest expense on debt for the quarter ended September 30, 2016 decreased by less than \$0.1 million, or 0.6%, compared to the prior year comparative quarter (\$0.2 million, or 0.7%, compared to the nine months ended September 30, 2015). The decrease was primarily due to interest savings from refinancing the maturing debt at lower interest rates during 2016 and 2015, offset by lower amortization of mark-to-market adjustments from assumed debt as a result of mortgage maturities.

Fair value adjustments to financial instruments

Fair value adjustments to financial instruments include fair value adjustments on the conversion feature of convertible debt, remeasurement of the carrying value of subsidiary redeemable units, remeasurement of the deferred trust units and fair value adjustment to interest rate swap. For the quarter ended September 30, 2016, we recognized a gain of \$16.3 million on the measurement of the subsidiary redeemable units (loss of \$12.4 million for the nine months ended September 30, 2016) due to a decrease in the trading value of REIT Units at the end of Q3 2016 compared to the end of Q2 2016 and an increase in the trading value of REIT Units at the end of Q3 2016 compared to December 31, 2015.

During the quarter, the remeasurement on conversion feature of the convertible debentures resulted in a gain of \$2.9 million (gain of \$5.0 million for the nine months ended September 30, 2016) primarily as a result of an increase in trading price of the convertible debentures.

In August 2015, the Trust entered into an interest rate swap agreement for an initial notional value of \$50 million to effectively fix the interest rate on a variable rate mortgage. The Trust did not apply hedge accounting to this relationship; therefore the fair value adjustment on the interest rate swap is recognized in net income. The fair value adjustment on this interest rate swap resulted in a gain of \$0.1 million for Q3 2016 (\$1.0 million loss for the nine months ended September 30, 2016).

Net losses on transactions and other activities

Included in net losses on transactions and other activities is \$0.2 million in debt settlement costs for the three and nine months ended September 30, 2016, and \$0.9 million in transaction costs recorded for the nine months ended September 30, 2016 relating to business combinations completed in previous years. In Q3 2016, we recorded \$0.5 million of net loss on sale of investment properties.

Internal leasing costs remained fairly consistent when compared to the three and nine months ended September 30, 2015.

Related party transactions

Dream Industrial and its subsidiaries enter into transactions with related parties that are disclosed in Note 14 to the condensed consolidated financial statements. Pursuant to the Asset Management Agreement and the Shared Services and Cost Sharing Agreement, during Q3 2016, we paid \$1.5 million (nine months ended September 30, 2016 – \$4.7 million) to DAM. Pursuant to the Services Agreement, during Q3 2016, we paid \$0.9 million (nine months ended September 30, 2016 – \$2.6 million) to Dream Office REIT.

Subsequent event

Subsequent to the quarter-end, a cost reduction program was implemented to further improve the effectiveness of the Trust's property operations and general and administrative support platform. As a result of implementing this program, the Trust is expected to incur a charge of approximately \$1 million during the fourth quarter of 2016. Commencing in January 2017, this program is expected to realize annual savings of up to \$1 million.

Net operating income (“NOI”)

We define NOI as investment properties revenue less investment properties operating expenses, including the share of net rental income from investments in joint venture and property management income, if any. As a result of the Trust not having any net rental income from investments in joint ventures or property management income, during the periods ended September 30, 2016, NOI is the same as net rental income presented in the condensed consolidated financial statements.

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

	Three months ended September 30,				Nine months ended September 30,			
	2016		2015		2016		2015	
Total portfolio	Amount	%	Amount	%	Amount	%	Amount	%
Western Canada	\$ 11,216	38%	\$ 11,662	39%	\$ 34,238	39%	\$ 34,490	39%
Ontario	7,732	26%	7,312	24%	23,013	26%	22,237	25%
Québec	5,790	20%	6,188	21%	17,579	20%	18,183	20%
Eastern Canada	4,688	16%	4,710	16%	13,781	15%	14,623	16%
NOI	\$ 29,426	100%	\$ 29,872	100%	\$ 88,611	100%	\$ 89,533	100%
Net rental income reported per condensed consolidated financial statements	\$ 29,426		\$ 29,872		\$ 88,611		\$ 89,533	

For the three months ended September 30, 2016, the NOI decreased by \$0.4 million, or 1.5%, when compared to the same quarter last year. The decrease in NOI was primarily due to higher bad debt expenses, the decrease in straight-line rent and the impact from sold properties, offset by an increase in comparative properties NOI and acquisitions. The decrease in NOI of \$0.9 million, or 1.0%, for the nine months ended September 30, 2016 when compared to the same period last year was due largely to the decrease in comparative properties NOI, lower straight-line rent, an increase in the amortization of lease incentives and the impact of sold properties net of the acquisitions completed.

Comparative properties NOI

NOI 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, 2015 and exclude the properties sold in the quarters. Comparative properties NOI excludes lease termination fees, other rental income, straight-line rent, bad debt expenses and amortization of lease incentives.

	Three months ended September 30,				Nine months ended September 30,			
	2016	2015	Growth		2016	2015	Growth	
			\$	%			\$	%
Western Canada	\$ 11,106	\$ 11,225	\$ (119)	(1)	\$ 33,557	\$ 33,477	\$ 80	—
Ontario	7,492	7,229	263	4	22,121	21,829	292	1
Québec	5,462	5,504	(42)	(1)	16,142	16,150	(8)	—
Eastern Canada	4,738	4,598	140	3	13,768	14,268	(500)	(4)
Comparative properties NOI	28,798	28,556	242	1	85,588	85,724	(136)	—
Lease termination fees	34	21	13		105	98	7	
Other rental income	162	83	79		298	216	82	
Acquisitions	386	178	208		1,141	242	899	
Straight-line rent	273	441	(168)		1,098	1,514	(416)	
Bad debt expenses	(241)	(76)	(165)		(424)	(301)	(123)	
Amortization of lease incentives	(192)	(135)	(57)		(493)	(334)	(159)	
NOI	\$ 29,220	\$ 29,068	\$ 152	1	\$ 87,313	\$ 87,159	\$ 154	—
NOI from sold properties	\$ 206	\$ 804	\$ (598)		\$ 1,298	\$ 2,374	\$ (1,076)	
NOI including income from sold properties	\$ 29,426	\$ 29,872	\$ (446)	(1)	\$ 88,611	\$ 89,533	\$ (922)	(1)
Net rental income reported per condensed consolidated financial statements	\$ 29,426	\$ 29,872			\$ 88,611	\$ 89,533		
Average occupancy (comparative properties)	93.2%	93.9%			93.2%	94.3%		
In-place rental rates (per sq. ft.) at quarter-end (comparative properties)	\$ 7.15	\$ 7.17			\$ 7.15	\$ 7.17		

Overall, the comparative properties NOI for the third quarter of 2016 increased by \$0.2 million, or 0.8%, when compared to the same quarter in 2015 and decreased by \$0.1 million, or 0.2%, for the nine months ended September 30, 2016 when compared to the same period last year. The increases in Ontario, due to higher average occupancy, and Eastern Canada, due to higher operating cost recoveries, were offset by Western Canada due to lower average occupancy. For the nine months ended September 30, 2016, the average occupancy decrease in Eastern Canada was offset by an increase in Ontario while Western Canada and Québec remained relatively flat.

NOI prior quarter comparison

The comparative properties discussed in the following table include properties acquired prior to April 1, 2016 and exclude the properties sold in both quarters.

Overall, the comparative properties NOI increased by \$0.4 million, or 1.6%, when compared to the previous quarter. Higher NOI from Ontario and Eastern Canada was offset by a decrease in Western Canada. The increase in Eastern Canada was primarily due to higher operating recoveries this quarter.

Three months ended	September 30,	June 30,	Growth	
	2016	2016	\$	%
Western Canada	\$ 11,276	\$ 11,376	\$ (100)	(1)
Ontario	7,708	7,433	275	4
Québec	5,462	5,414	48	1
Eastern Canada	4,738	4,515	223	5
Comparative properties NOI	29,184	28,738	446	2
Lease termination fees	34	31	3	
Other rental income	162	88	74	
Straight-line rent	273	440	(167)	
Bad debt expenses	(241)	(129)	(112)	
Amortization of lease incentives	(192)	(162)	(30)	
NOI	\$ 29,220	\$ 29,006	\$ 214	1
NOI from sold properties	\$ 206	\$ 524	\$ (318)	
NOI including income from sold properties	\$ 29,426	\$ 29,530	\$ (104)	—
Net rental income reported per condensed consolidated financial statements	\$ 29,426	\$ 29,530		
Average occupancy (comparative properties)	93.3%	93.3%		
In-place rental rates (per sq. ft.) at quarter-end (comparative properties)	\$ 7.12	\$ 7.14		

Funds from operations and adjusted funds from operations

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Net income	\$ 14,283	\$ 15,835	\$ 6,912	\$ 49,920
Add (deduct):				
Amortization of lease incentives	192	135	493	334
Interest expense on subsidiary redeemable units	3,246	3,247	9,739	9,739
Fair value adjustments to investment properties	18,648	2,583	24,249	1,607
Fair value adjustments to financial instruments	(19,497)	(4,387)	8,966	(9,378)
Transaction costs	—	—	969	—
Net loss on sale of investment properties	472	281	687	1,244
Fair value adjustments of DUIP included in general and administrative expenses	(27)	(60)	(55)	(157)
Debt settlement costs (gains)	218	115	214	(318)
Internal leasing costs	981	914	3,037	2,894
(Recovery of) deferred income taxes	(325)	79	(579)	209
FFO	\$ 18,191	\$ 18,742	\$ 54,632	\$ 56,094
FFO	\$ 18,191	\$ 18,742	\$ 54,632	\$ 56,094
Add (deduct):				
Amortization of fair value adjustments on assumed debt	(262)	(532)	(987)	(1,750)
Deferred unit compensation expense excluding fair value adjustments	374	376	1,129	1,250
Straight-line rent	(273)	(441)	(1,098)	(1,514)
Investment in business transformation activities	125	145	375	435
	18,155	18,290	54,051	54,515
Deduct:				
Normalized initial direct leasing costs and non-recoverable recurring capital expenditures	2,232	2,246	6,720	6,731
AFFO	\$ 15,923	\$ 16,044	\$ 47,331	\$ 47,784

Funds from operations

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
FFO	\$ 18,191	\$ 18,742	\$ 54,632	\$ 56,094
FFO per Unit – basic ⁽¹⁾	\$ 0.23	\$ 0.24	\$ 0.70	\$ 0.73
FFO per Unit – diluted ⁽¹⁾	\$ 0.23	\$ 0.24	\$ 0.69	\$ 0.71

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

Diluted FFO per Unit for the three months ended September 30, 2016 decreased to \$0.23 per Unit from \$0.24 per Unit, or 3.8%, when compared to the same quarter prior year. The decrease for the three months ended September, 2016 when compared to the same period last year was primarily as a result of lower NOI and an increase in general and administrative expenses. For the nine months ended September 30, 2016, diluted FFO was \$0.69 per Unit when compared to \$0.71 per Unit for the same period in 2015. The decrease of 3.2% was largely due to a decrease in NOI, higher general and administrative expenses and to a lesser extent the impact of dispositions, net of acquisitions.

Basic FFO per Unit for the three and nine months ended September 30, 2016 decreased by 3.7% when compared to the same periods last year due to the same reasons as discussed above for the decrease in diluted FFO per Unit.

Adjusted funds from operations

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
AFFO	\$ 15,923	\$ 16,044	\$ 47,331	\$ 47,784
AFFO per Unit – basic ⁽¹⁾	\$ 0.20	\$ 0.21	\$ 0.61	\$ 0.62
AFFO per Unit – diluted ⁽¹⁾	\$ 0.20	\$ 0.21	\$ 0.60	\$ 0.62

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

Diluted AFFO per Unit for the three and nine months ended September, 2016 decreased by 1.5% and 1.8%, respectively, when compared to the same periods last year, primarily due to the decrease in NOI and an increase in general and administrative expenses offset by the reversal of certain accounting adjustments, such as straight-line rent and the amortization of fair value adjustments on assumed debt.

Basic AFFO per Unit decreased by 1.9% when compared to the same periods last year due to the same reasons as discussed for the decrease in diluted AFFO per Unit.

QUARTERLY INFORMATION

The following tables show quarterly information since October 1, 2014:

Key leasing, financing and portfolio information

	2016			2015			2014
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Leasing							
Occupancy rate – including committed (period-end)	94.5%	94.7%	94.7%	95.0%	94.6%	95.0%	95.3%
Occupancy rate – in-place (period-end)	93.2%	93.7%	93.5%	93.4%	93.2%	93.8%	94.2%
Tenant renewal ratio	72.3%	59.6%	69.2%	63.2%	65.1%	64.1%	60.1%
Average in-place base rent per sq. ft. (period-end)	\$ 7.13	\$ 7.14	\$ 7.15	\$ 7.14	\$ 7.15	\$ 7.15	\$ 7.10
Estimated market rent in excess of in-place rent (%)	1.5%	1.4%	2.7%	2.9%	2.9%	3.4%	3.9%
Financing							
Weighted average face interest rate ⁽¹⁾	3.83%	3.86%	3.87%	3.91%	3.94%	3.94%	4.01%
Interest coverage ratio (times) ⁽²⁾	3.1	3.1	3.1	3.1	3.1	3.1	3.0
Level of debt (debt-to-total assets) ⁽²⁾	52.7%	53.3%	53.7%	53.8%	52.2%	52.6%	52.4%
Portfolio							
Number of properties	217	219	219	219	220	221	216
GLA (in millions of sq. ft.)	16.6	17.0	17.0	17.0	16.9	17.0	16.9

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

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

Results of operations

	2016			2015			2014	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Investment properties revenue	\$ 43,233	\$ 44,704	\$ 44,037	\$ 44,463	\$ 43,634	\$ 44,955	\$ 43,940	\$ 44,588
Investment properties operating expenses	(13,807)	(15,174)	(14,382)	(14,550)	(13,762)	(14,997)	(14,237)	(14,599)
Net rental income	29,426	29,530	29,655	29,913	29,872	29,958	29,703	29,989
Other income	4	7	16	7	11	1	3	1
Other expenses	(14,525)	(14,681)	(14,602)	(14,375)	(14,318)	(14,364)	(14,253)	(14,309)
Fair value adjustments and other items	(947)	(14,981)	(22,569)	(30,219)	349	14,354	(11,187)	8,572
Income (loss) before income taxes	13,958	(125)	(7,500)	(14,674)	15,914	29,949	4,266	24,253
Recovery of (deferred) income taxes	325	351	(97)	(57)	(79)	(23)	(107)	60
Net income (loss)	\$ 14,283	\$ 226	\$ (7,597)	\$ (14,731)	\$ 15,835	\$ 29,926	\$ 4,159	\$ 24,313
Other comprehensive income (loss)								
Unrealized gain (loss) on interest rate swap	\$ 157	\$ 144	\$ 47	\$ 120	\$ (119)	\$ 198	\$ (1,254)	\$ (423)
	157	144	47	120	(119)	198	(1,254)	(423)
Comprehensive income (loss)	\$ 14,440	\$ 370	\$ (7,550)	\$ (14,611)	\$ 15,716	\$ 30,124	\$ 2,905	\$ 23,890

Calculation of funds from operations

	2016			2015			2014	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
NET INCOME (LOSS)	\$ 14,283	\$ 226	\$ (7,597)	\$ (14,731)	\$ 15,835	\$ 29,926	\$ 4,159	\$ 24,313
Add (deduct):								
Amortization	192	162	139	173	135	104	95	75
Interest expense on subsidiary redeemable units	3,246	3,247	3,246	3,247	3,247	3,246	3,246	3,246
Fair value adjustments to investment properties	18,648	2,465	3,136	7,300	2,583	(65)	(911)	1,919
Fair value adjustments to financial instruments	(19,497)	11,211	17,252	(13,193)	(4,387)	(14,973)	9,982	(11,580)
Net loss on sale of investment properties	472	145	70	41	281	—	963	—
Fair value adjustments of DUIP included in general and administrative expenses	(27)	10	(38)	(88)	(60)	(69)	(28)	(56)
Debt settlement costs (gains)	218	—	(4)	—	115	(433)	—	—
Internal leasing costs	981	1,035	1,021	1,023	914	972	1,008	976
Transaction costs	—	—	969	—	—	—	—	—
Impairment of goodwill	—	—	—	34,903	—	—	—	—
(Recovery of) deferred income taxes	(325)	(351)	97	57	79	23	107	(60)
FFO	\$ 18,191	\$ 18,150	\$ 18,291	\$ 18,732	\$ 18,742	\$ 18,731	\$ 18,621	\$ 18,833
FFO per Unit – basic ⁽¹⁾	\$ 0.23	\$ 0.23	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.25
FFO per Unit – diluted ⁽¹⁾⁽²⁾	0.23	0.23	0.23	0.24	0.24	0.24	0.24	0.24

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

(2) Diluted FFO per Unit for each quarter listed above excludes \$2.0 million in interest on convertible debentures.

	2016			2015			2014	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
FUNDS FROM OPERATIONS (FFO)	\$ 18,191	\$ 18,150	\$ 18,291	\$ 18,732	\$ 18,742	\$ 18,731	\$ 18,621	\$ 18,833
Add (deduct):								
Amortization of fair value adjustment on assumed debt	(262)	(343)	(382)	(471)	(532)	(564)	(654)	(768)
Deferred unit compensation expense excluding fair value adjustments	374	373	382	378	376	508	366	375
Straight-line rent	(273)	(440)	(385)	(326)	(441)	(433)	(640)	(770)
Investment in business transformation activities	125	125	125	145	145	145	145	113
	18,155	17,865	18,031	18,458	18,290	18,387	17,838	17,783
Adjusted for:								
Normalized initial direct leasing costs and non-recoverable recurring capital expenditures	2,232	2,242	2,246	2,267	2,246	2,250	2,235	2,242
Adjusted funds from operations (AFFO)	\$ 15,923	\$ 15,623	\$ 15,785	\$ 16,191	\$ 16,044	\$ 16,137	\$ 15,603	\$ 15,541
AFFO per Unit – basic and diluted ⁽¹⁾⁽²⁾	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.20	\$ 0.20
Weighted average Units outstanding for FFO and AFFO⁽³⁾								
Basic (in thousands)	77,875	77,717	77,456	77,214	77,059	76,895	76,701	76,572
Diluted (in thousands)	88,096	87,931	87,608	87,318	87,152	86,982	86,773	86,610

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

(2) Diluted AFFO per Unit for each quarter listed above excludes \$2.0 million in interest on convertible debentures.

(3) A description of the weighted average number of Units (non-GAAP measure) can be found under the heading “Non-GAAP measures and other disclosures”.

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

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 generated from (utilized in) operating activities, as defined by IFRS, and is not necessarily indicative of cash available to fund the Trust’s needs. AFFO is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers. In calculating AFFO, we also normalize leasing costs, which fluctuate with lease maturities, renewal terms and the type of asset being leased. We also evaluate the impact of leasing activity based on averages for our portfolio over a two- to three-year time frame and exclude the impact of transaction costs expensed on business combinations.

In determining AFFO, the Trust assumes 8% of NOI, adjusted for straight-line rent, property management income and amortization of tenant inducements for normalized initial direct leasing costs and non-recoverable maintenance capital expenditures. Management uses 8% of NOI adjusted for the above items as the normalized initial direct leasing costs and non-recoverable maintenance capital expenditures based on assessments of the condition of our properties, history from vendors, internal capital expenditure budgets, level of expiries and appraisal data, taking into account that these expenditures typically are not incurred at a rate that is consistent from period-to-period. This assumption will be re-evaluated from time to time based on actual experience.

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 under the heading “Cash generated from (utilized in) operating activities to AFFO reconciliation”.

NOI

NOI is defined by the Trust as investment properties revenue, less investment properties operating expenses, plus the share of net rental income from investments in joint ventures and property management income, if any. This non-GAAP measure is an important measure used by the Trust in evaluating property operating performances; however, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers. As a result of the Trust not having any net rental income from investments in joint ventures or property management income during the periods ended September 30, 2016, NOI is the same as net rental income presented in the condensed consolidated financial statements. In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, NOI has been reconciled to net rental income under the heading “Net operating income”.

Stabilized NOI

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

Comparative properties NOI

Comparative properties NOI is an important non-GAAP measure used by management to evaluate the performance of the properties fully owned by the Trust in the current and comparative periods presented. This non-GAAP measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other REITs. Comparative properties NOI excludes lease termination fees and certain other adjustments, straight-line rents, bad debt expenses and amortization of lease incentives.

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

Weighted average number of Units

The basic weighted average number of Units outstanding used in the FFO 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 and includes the unvested deferred trust units and income deferred trust units. As at September 30, 2016, there were 696,398 deferred trust units and income deferred trust units outstanding.

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Weighted average Units outstanding for basic per Unit amounts (in thousands)	77,875	77,059	77,686	76,886
Weighted average Units outstanding for diluted per Unit amounts (in thousands)	88,096	87,152	87,882	86,967

Level of debt (debt-to-total assets)

Management believes these non-GAAP measure are important measures in the management of our debt levels. Level of debt is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers. Level of debt (debt-to-total assets) 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):

Amounts per condensed consolidated financial statements	September 30, 2016	December 31, 2015
Non-current debt	\$ 802,737	\$ 750,584
Current debt	76,125	172,517
Total debt	878,862	923,101
Add (deduct):		
Unamortized financing costs	6,158	5,375
Unamortized fair value adjustments	(1,589)	(2,601)
Total debt at principal amount outstanding	\$ 883,431	\$ 925,875
Total assets	\$ 1,676,100	\$ 1,720,920
Debt-to-total assets	52.7%	53.8%

Debt-to-adjusted EBITDA

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

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

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

Amounts per condensed consolidated financial statements	Three months ended September 30, 2016	Three months ended December 31, 2015
Non-current debt	\$ 802,737	\$ 750,584
Current debt	76,125	172,517
Total debt	878,862	923,101
Add (deduct):		
Unamortized financing costs	6,158	5,375
Unamortized fair value adjustments	(1,589)	(2,601)
Total debt at principal amount outstanding	\$ 883,431	\$ 925,875
Income (loss) before income taxes	\$ 13,958	\$ (14,674)
Add (deduct):		
Fair value adjustments to investment properties	18,648	7,300
Fair value adjustments to financial instruments	(19,497)	(13,193)
Net losses on transactions and other activities	1,796	36,112
Interest – debt	8,792	8,892
Interest – subsidiary redeemable units	3,246	3,247
Depreciation and amortization	14	16
Other items included in investment properties revenues ⁽¹⁾	(483)	(547)
Adjusted EBITDA – quarterly	26,474	27,153
Normalized NOI of acquired property for the quarter ⁽²⁾	—	36
Adjusted EBITDA – quarterly	\$ 26,474	\$ 27,189
Adjusted EBITDA – annualized	\$ 105,896	\$ 108,756
Debt-to-adjusted EBITDA (years)	8.3	8.5

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

(2) Represents the incremental NOI had the acquisition occurred on October 1, 2015, determined using average daily NOI times the number of days the Trust did not own the properties.

Interest coverage ratio

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

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

Amounts per condensed consolidated financial statements	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Net rental income	\$ 29,426	\$ 29,872	\$ 88,611	\$ 89,533
Add (deduct):				
Interest and other	4	11	27	15
General and administrative expenses	(2,473)	(2,215)	(7,428)	(6,747)
Deferred unit compensation expense	347	316	1,074	1,093
	27,304	27,984	82,284	83,894
Interest expense incurred, at contractual rate	\$ 8,669	\$ 9,049	\$ 26,486	\$ 27,264
Interest coverage ratio (times)	3.1	3.1	3.1	3.1

Adjusted cash generated from (utilized in) operating activities

In any given period, actual distributions declared may differ from cash generated from (utilized in) operating activities, primarily due to seasonal fluctuations in non-cash working capital and the impact of lease incentives and initial direct leasing costs, which fluctuate with lease maturities, renewal terms and the type of asset being leased. These seasonal or short-term fluctuations are funded, if necessary, with our cash and cash equivalents and revolving credit facility. The Trust determines distributions and the distribution rate by, among other considerations, its assessment of cash flow as determined using adjusted cash generated from (utilized in) operating activities (a non-GAAP measure), which excludes the fluctuations in non-cash working capital, transaction costs on business combinations and investment in lease incentives and initial direct leasing costs. As such, the Trust believes the cash distributions are not an economic return of capital, but a distribution of sustainable adjusted cash generated from (utilized in) operating activities. Adjusted cash generated from (utilized in) operating activities is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

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

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

As the Trust uses adjusted cash generated from (utilized in) operating activities in determining its cash available for distribution, the following table also outlines the difference between adjusted cash generated from (utilized in) operating activities and distributions paid and payable:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Net income	\$ 14,283	\$ 15,835	\$ 6,912	\$ 49,920
Cash generated from (utilized in) operating activities	16,720	19,214	47,491	46,482
Add (deduct):				
Investment in lease incentives and initial direct leasing costs	3,430	1,734	8,468	4,806
Change in non-cash working capital	(2,702)	(3,378)	(4,178)	833
Adjusted cash generated from (utilized in) operating activities	17,448	17,570	51,781	52,121
Distributions paid and payable⁽¹⁾	13,646	13,505	40,851	40,430
Excess of adjusted cash generated from (utilized in) operating activities over distributions paid and payable	3,802	4,065	10,930	11,691
Excess (shortfall) of net income over distributions paid and payable	637	2,330	(33,939)	9,490
Excess (shortfall) of cash generated from (utilized in) operating activities over distributions paid and payable	\$ 3,074	\$ 5,709	\$ 6,640	\$ 6,052

(1) Includes distributions on LP B Units.

For the three months ended September 30, 2016, adjusted cash generated from (utilized in) operating activities exceeded distributions paid and payable by \$3.8 million (\$10.9 million for the nine months ended September 30, 2016) compared to \$4.1 million for the three months ended September 30, 2015 (\$11.7 million for the nine months ended September 30, 2015).

Excess of cash generated from (utilized in) operating activities over distributions paid and payable was \$3.1 million for the three months ended September 30, 2016 (\$6.6 million for the nine months ended September 30, 2016) compared to a \$5.7 million excess for the three months ended September 30, 2015 (\$6.1 million for the nine months ended September 30, 2015).

For the three months ended September 30, 2016, net income exceeded distributions paid and payable by \$0.6 million (a \$33.9 million shortfall for the nine months ended September 30, 2016) compared to a \$2.3 million excess for the three months ended September 30, 2015 (\$9.5 million for the nine months ended September 30, 2015). Net income is net of distributions paid and payable on subsidiary redeemable units of \$3.2 million for the three months ended September 30, 2016 (\$9.7 million for the nine months ended September 30, 2016), which amounts are also included in distributions paid and payable. The shortfalls for the nine months ended September 30, 2016 were primarily driven by the fair value adjustments to financial instruments and investment properties. As this is a non-cash item and does not affect cash generated from (utilized in) operating activities and adjusted cash generated from (utilized in) operating activities (a non-GAAP term), the Trust does not believe that the distributions for the affected periods represent a return of capital and, accordingly, the Trust does not anticipate cash distributions will be suspended in the foreseeable future.

Of the distributions paid and payable for the three months ended September 30, 2016, \$1.4 million (\$4.1 million for the nine months ended September 30, 2016) was reinvested into the DRIP. Over time, reinvestments pursuant to the DRIP will increase the number of Units outstanding, which may result in upward pressure on the total amount of cash distributions. Our Declaration of Trust provides our trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust, which allows for any unforeseen expenditures and the variability in cash distributions as a result of additional Units issued pursuant to the Trust's DRIP.

Cash generated from (utilized in) operating activities to AFFO reconciliation

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 (utilized in) operating activities:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Cash generated from (utilized in) operating activities	\$ 16,720	\$ 19,214	\$ 47,491	\$ 46,482
Add (deduct):				
Initial direct leasing costs and lease incentives incurred	3,430	1,734	8,468	4,806
Change in non-cash working capital	(2,702)	(3,378)	(4,178)	833
Amortization of financing costs on debt	(385)	(328)	(1,102)	(903)
Depreciation of property and equipment	(14)	(11)	(40)	(32)
Investment in business transformation activities	125	145	375	435
Internal leasing costs	981	914	3,037	2,894
Normalized initial direct leasing costs and non-recoverable recurring capital expenditures	(2,232)	(2,246)	(6,720)	(6,731)
AFFO	\$ 15,923	\$ 16,044	\$ 47,331	\$ 47,784

SECTION III – DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

At September 30, 2016, the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of the Trust, along with the assistance of senior management, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to Dream Industrial REIT is made known to the CEO and CFO in a timely manner and information required to be disclosed by Dream Industrial REIT is recorded, processed, summarized and reported within the time periods specified in securities legislation; and have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the condensed consolidated financial statements in accordance with IFRS.

During the nine months ended September 30, 2016, there have not been any changes that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting.

SECTION IV – RISKS AND OUR STRATEGY TO MANAGE

We are exposed to various risks and uncertainties, many of which are beyond our control and could have an impact on our business, financial condition, operating results and prospects. Unitholders should consider these risks and uncertainties when assessing our outlook in terms of investment potential. For a discussion of the risks and uncertainties identified by Dream Industrial REIT, please refer to our 2015 Annual Report and our 2015 Annual Information Form 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 financial statements for the year ended December 31, 2015.

CHANGES IN ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

Future accounting policy changes

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

Additional information

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

SECTION VI – SUPPLEMENTARY INFORMATION

The following tables within this section below include supplementary information on our portfolio as at September 30, 2016.

PROPERTY LIST AND SELECTED DATA

Property	Ownership	Total GLA in square feet	Owned share of total GLA in square feet	Year built/renovated	Clear ceiling height (warehouse component) in feet	Total site area in acres	Owned share of site area in acres	No. of tenants	Weighted average remaining lease term in years	In-place and committed occupancy
7140 40th Street SE, Calgary	100%	351,306	351,306	1978/2007	30.0	13.8	13.8	1	6.1	100.0%
1919 84th Avenue (Park 19) , Edmonton	100%	48,365	48,365	1975/1987	21.0	3.7	3.7	1	2.7	100.0%
2721 Hopewell Place NE, Calgary	100%	37,690	37,690	2006	22.0	1.9	1.9	1	6.0	100.0%
204 26229 Township Road 531A (Parkland County), Edmonton	100%	34,904	34,904	2005	24.0	9.0	9.0	1	3.4	100.0%
6908 6th Street SE (Glenmore Business Park), Calgary	100%	31,467	31,467	1978	18.0	3.2	3.2	1	3.0	100.0%
3917 81st Avenue, Edmonton	100%	30,353	30,353	2006	28.0	5.5	5.5	1	4.6	100.0%
2876 Sunridge Way NE (Sunridge Business Park), Calgary	100%	30,000	30,000	2000	16.0	2.3	2.3	1	4.2	100.0%
3250 Sunridge Way NE (Sunridge Business Park), Calgary	100%	27,180	27,180	2000	24.0	2.1	2.1	1	3.8	100.0%
15301 100th Street, Grand Prairie	100%	27,058	27,058	2005	24.0	27.3	27.3	1	3.4	100.0%
2240 Premier Way (GE Turbine), Edmonton	100%	26,381	26,381	2003	30.0	1.5	1.5	1	1.8	100.0%
1802 Stock Road, Regina	50%	46,157	23,079	2012	28.0	3.6	1.8	1	6.7	100.0%
7121 6th Street SE (Glenmore Business Park), Calgary	100%	19,274	19,274	1984	20.0	0.9	0.9	1	5.2	100.0%
120 Pond Street East, Brooks	100%	14,305	14,305	2006	24.0	5.2	5.2	1	5.0	100.0%
363 Maxwell Crescent, Regina	50%	23,415	11,708	1984/1997	24.0	0.4	0.2	1	4.4	100.0%
1105 Pettigrew Avenue, Regina	50%	12,234	6,117	1980/2012	18.0	2.1	1.1	1	1.6	100.0%
2190 Industrial Drive, Regina	50%	11,677	5,838	2006	18.0	2.7	1.4	1	0.7	100.0%
1640 Broder Street, Regina	50%	11,169	5,584	1989/1997	16.0	1.1	0.5	1	7.3	100.0%
Western Canada Single-tenant	93.3%	782,935	730,609		26.1	86.3	81.4	17	5.0	100.0%
310 Henderson Drive, Regina	100%	373,284	373,284	1976	24.0	24.0	24.0	2	7.0	100.0%
15303 128th Avenue, Edmonton	100%	177,058	177,058	1977/2004	25.0	12.4	12.4	3	7.3	100.0%
611-615 71st Avenue SE & 7515 6th Street SE (Glenmore Business Park), Calgary	100%	167,971	167,971	1979	20.0	6.5	6.5	17	3.3	96.9%
628 668 Henderson Drive (Chestermere), Regina	100%	164,251	164,251	1975	19.0	9.1	9.1	18	3.7	85.3%
7504 30th Street SE, Calgary	100%	138,729	138,729	1976	22.0	6.0	6.0	2	3.5	100.0%
11445 163rd Street (Alberta Park), Edmonton	100%	130,142	130,142	1981	22.0	5.2	5.2	7	1.7	100.0%
9603-9699 45th Avenue NW, Edmonton	100%	110,854	110,854	1975	22.0	6.0	6.0	22	2.4	95.2%
603 Park Street, Regina	100%	109,691	109,691	1978	19.0	6.8	6.8	18	2.6	97.4%
3916 61st Avenue, Calgary	100%	99,978	99,978	1976	26.0	5.1	5.1	2	3.5	100.0%
7004-7042 30th Street SE, Calgary	100%	94,055	94,055	1976	18.0	5.3	5.3	7	3.3	100.0%
651 Henderson Drive (Henderson Business Centre), Regina	100%	90,242	90,242	1982	19.0	5.0	5.0	19	1.9	90.4%
26229 Township Road 531, Parkland County	100%	89,242	89,242	1968	24.7	6.5	6.5	11	1.9	81.9%
7008 5th Street SE (Glenmore Business Park), Calgary	100%	85,961	85,961	1975	17.0	3.7	3.7	7	1.8	100.0%
11404 Winterburn Rd NW, Edmonton	100%	80,909	80,909	2004	23.8	6.3	6.3	15	2.1	93.9%
7004 5th Street SE (Glenmore Business Park), Calgary	100%	79,355	79,355	1975	20.0	3.4	3.4	11	3.9	96.6%
9451 45th Avenue (Southwood Centre), Edmonton	100%	75,172	75,172	1998	28.0	4.5	4.5	2	1.9	100.0%
4710-4760 14th Street NE (McCall Industrial Park), Calgary	100%	73,023	73,023	1976	18.0	4.0	4.0	21	3.2	100.0%
2777 23rd Avenue NE (Sunridge Business Park), Calgary	100%	67,250	67,250	2001	24.0	3.8	3.8	3	2.3	100.0%
3510 29th Street NE (ACC Centre), Calgary	100%	65,022	65,022	1998	24.0	3.0	3.0	7	3.8	100.0%
7111 6th Street SE (Glenmore Business Park), Calgary	100%	64,939	64,939	1985	20.0	2.9	2.9	4	4.9	100.0%
3401 19th Street, Calgary	100%	63,962	63,962	1976	22.0	4.1	4.1	6	2.1	100.0%
2150 29th Street NE (Sunridge Business Park), Calgary	100%	59,865	59,865	1999	24.0	3.3	3.3	7	4.4	100.0%
7710 5th Street SE (Glenmore Business Park), Calgary	100%	59,208	59,208	1980	20.0	2.3	2.3	23	2.8	90.2%
2175 29th Street NE (Sunridge Business Park), Calgary	100%	58,184	58,184	2000	24.0	3.5	3.5	3	3.9	100.0%
2256 29th Street NE (Sunridge Business Park), Calgary	100%	58,015	58,015	1998	24.0	3.5	3.5	5	2.5	100.0%
4403-4435 97th Street NW, Edmonton	100%	57,813	57,813	1975	24.0	3.2	3.2	5	5.6	100.0%
550 71st Avenue SE (Glenmore Business Park), Calgary	100%	57,776	57,776	1982	12.0	2.6	2.6	9	2.4	86.8%
1139-1165 40th Avenue NE, Calgary	100%	57,466	57,466	1974	20.0	2.9	2.9	5	3.6	85.7%
2928 Sunridge Way NE (Sunridge Business Park), Calgary	100%	57,243	57,243	2003	24.0	4.1	4.1	4	2.3	100.0%
2151 32nd Street NE (Sunridge Business Park), Calgary	100%	57,225	57,225	1999	24.0	3.4	3.4	6	3.4	100.0%
501-529 36th Avenue SE, Calgary	100%	57,191	57,191	1974	18.0	2.9	2.9	6	3.2	100.0%
4504-4576 14th Street NE, Calgary	100%	57,080	57,080	1976	16.0	4.1	4.1	30	3.1	96.9%
2121 29th Street NE (Sunridge Business Park), Calgary	100%	56,979	56,979	2000	24.0	3.8	3.8	3	2.6	100.0%
6812 6th Street SE (Glenmore Business Park), Calgary	100%	56,970	56,970	1978	20.0	5.7	5.7	6	2.4	100.0%
402 McDonald Street (Imperial Business Centre), Regina	100%	56,177	56,177	1984	18.0	2.8	2.8	16	2.4	100.0%

Property	Ownership	Total GLA in square feet	Owned share of total GLA in square feet	Year built/renovated	Clear ceiling height (warehouse component) in feet	Total site area in acres	Owned share of site area in acres	No. of tenants	Weighted average remaining lease term in years	In-place and committed occupancy
2985 23rd Avenue NE (Sunridge Business Park), Calgary	100%	54,065	54,065	2000	24.0	3.0	3.0	3	3.3	100.0%
4402-4434 10th Street NE, Calgary	100%	53,992	53,992	1974	16.0	3.1	3.1	7	3.0	100.0%
7003 5th Street SE (Glenmore Business Park), Calgary	100%	52,862	52,862	1975	20.0	2.7	2.7	13	5.9	90.4%
16134-114th Avenue NW, Edmonton	100%	48,004	48,004	2006	26.8	4.4	4.4	8	3.4	91.0%
2886 Sunridge Way NE (Sunridge Business Park), Calgary	100%	44,433	44,433	2001	24.0	3.5	3.5	3	1.9	100.0%
610 70th Avenue SE (Glenmore Business Park), Calgary	100%	44,218	44,218	1985	20.0	3.5	3.5	12	3.4	100.0%
1512-1514 8th Street, Edmonton	100%	42,670	42,670	1980	20.0	10.2	10.2	2	3.2	100.0%
535-561 36th Avenue SE, Calgary	100%	41,400	41,400	1974	16.0	1.9	1.9	3	9.4	100.0%
5824 Burbank Road SE, Calgary	100%	39,837	39,837	1972	20.0	2.4	2.4	4	6.2	77.7%
310 Hoffer Drive (McDonald Business Centre), Regina	100%	37,995	37,995	1985	18.0	2.8	2.8	7	2.5	75.2%
4001 19th Street, Calgary	100%	36,939	36,939	1978	22.0	2.5	2.5	7	2.7	100.0%
6810 6th Street SE (Glenmore Business Park), Calgary	100%	31,726	31,726	1978	19.0	3.2	3.2	3	3.7	100.0%
6804-6818 30th Street SE, Calgary	100%	30,027	30,027	1976	16.0	1.2	1.2	2	3.5	40.1%
7131 6th Street SE (Glenmore Business Park), Calgary	100%	29,002	29,002	1982	20.0	1.3	1.3	2	4.6	100.0%
6023-6039 Centre Street South, Calgary	100%	28,792	28,792	1973	15.0	1.5	1.5	5	3.2	87.5%
4502-4516 10th Street NE, Calgary	100%	28,641	28,641	1974	16.0	1.4	1.4	6	2.5	100.0%
16104-114th Avenue NW, Edmonton	100%	28,624	28,624	1972	20.0	4.4	4.4	8	2.6	100.0%
3030 Sunridge Way NE (Sunridge Business Park), Calgary	100%	26,967	26,967	2000	24.0	2.1	2.1	5	3.5	100.0%
6043-6055 Centre Street South, Calgary	100%	25,234	25,234	1973	15.0	1.3	1.3	5	3.4	100.0%
530-544 38A Avenue SE, Calgary	100%	23,987	23,987	1974	16.0	1.2	1.2	7	2.5	100.0%
7007 5th Street SE (Glenmore Business Park), Calgary	100%	23,371	23,371	1974	19.0	1.2	1.2	3	2.7	100.0%
616 71st Avenue SE (Glenmore Business Park), Calgary	100%	21,894	21,894	1985	21.0	1.0	1.0	2	1.9	50.0%
1135-1149 45th Avenue NE, Calgary	100%	21,552	21,552	1974	16.0	1.3	1.3	5	2.6	100.0%
6910 6th Street SE (Glenmore Business Park), Calgary	100%	21,268	21,268	1978	16.0	2.1	2.1	4	2.5	100.0%
4620-4640 11th Street NE, Calgary	100%	21,161	21,161	1971	16.0	1.4	1.4	11	3.2	100.0%
102-114 61st Avenue SW, Calgary	100%	18,890	18,890	1973	14.0	1.1	1.1	4	2.3	100.0%
4001-4019 23rd Street NE, Calgary	100%	15,767	15,767	1976	16.0	1.1	1.1	5	5.0	100.0%
2915-2925 58th Avenue SE, Calgary	100%	15,590	15,590	1976	16.0	1.0	1.0	6	3.2	100.0%
3503-3521 62nd Avenue SE, Calgary	100%	13,413	13,413	1975	13.0	1.2	1.2	7	2.1	100.0%
125 McDonald Street, Regina	50%	14,080	7,040	1975	13.0	1.2	0.6	2	2.7	71.9%
Western Canada Multi-tenant	99.8%	4,144,683	4,137,643		21.1	251.9	251.3	493	3.7	96.2%
Western Canada	98.8%	4,927,618	4,868,252		21.9	338.2	332.5	510	3.9	96.8%
275 Wellington Street East, Aurora	100%	317,000	317,000	1986	27.0	16.3	16.3	1	5.5	100.0%
45 Progress Avenue, Toronto	100%	209,754	209,754	1965/2000	24.0	10.3	10.3	1	4.3	100.0%
3230 Mainway Drive, Burlington	100%	207,703	207,703	1965	21.0	9.9	9.9	1	9.0	100.0%
290 Humberline Drive, Etobicoke	100%	180,329	180,329	1981/2010	20.0	6.9	6.9	1	6.3	100.0%
750 Creditstone Road, Vaughan	100%	176,535	176,535	1999	24.0	9.0	9.0	1	1.3	100.0%
121 Pippin Road, Vaughan	100%	169,500	169,500	1999	24.0	8.6	8.6	1	3.3	100.0%
700 Ormont Drive, Toronto	100%	123,370	123,370	1974	21.0	4.7	4.7	1	3.0	100.0%
580 Industrial Road, London	100%	113,595	113,595	1972/2002	24.0	12.7	12.7	1	1.3	100.0%
441 Chrislea Road, Vaughan	100%	100,626	100,626	1998	22.0	4.1	4.1	1	2.0	100.0%
2130 South Service Road West, Oakville	100%	98,175	98,175	1986/2005	24.0	4.4	4.4	0	-	0.0%
970 Fraser Drive, Burlington	100%	95,444	95,444	1999	28.0	6.9	6.9	1	11.3	100.0%
274 Humberline Drive, Etobicoke	100%	80,540	80,540	1981	20.0	3.9	3.9	1	3.6	100.0%
2226 South Service Road West, Oakville	100%	79,174	79,174	1980	22.0	3.5	3.5	1	4.3	100.0%
439 Sovereign, London	100%	77,877	77,877	1988	22.0	5.6	5.6	1	2.1	100.0%
9305 Twin Oaks Drive, Windsor	100%	74,239	74,239	1996	28.0	5.2	5.2	1	3.9	100.0%
2 Lone Oak Court, Toronto	100%	72,197	72,197	2001	24.0	4.4	4.4	1	5.8	100.0%
6885-6895 Menway Court, Mississauga	100%	66,383	66,383	1988	20.0	3.4	3.4	1	0.4	100.0%
896 Meyerside Drive, Mississauga	100%	46,774	46,774	1986	20.0	2.4	2.4	1	9.7	100.0%
880 Rangeview Road, Mississauga	100%	45,600	45,600	1977/2005	24.0	3.2	3.2	1	6.1	100.0%
135 Pinebush Road, Cambridge	100%	44,470	44,470	2001	60.0	5.6	5.6	1	3.8	100.0%
5905 Kennedy Road, Mississauga	100%	38,158	38,158	1988	22.0	2.1	2.1	1	4.3	100.0%
6045 Kestrel Road, Mississauga	100%	34,879	34,879	1986	20.0	1.8	1.8	1	2.6	100.0%
2946 Walker Road, Windsor	100%	32,264	32,264	1960	22.0	4.0	4.0	1	3.3	100.0%
781 Westgate Road, Oakville	100%	29,850	29,850	1985	22.0	4.2	4.2	1	3.9	100.0%
6520 Gottardo Court, Mississauga	100%	25,932	25,932	1987	18.0	1.2	1.2	1	5.3	100.0%
750 Barmac Drive, Toronto	100%	23,959	23,959	1979	18.0	1.5	1.5	1	2.4	100.0%
7420 Pacific Circle, Mississauga	100%	23,777	23,777	1987	18.0	1.2	1.2	1	2.7	100.0%
1300 Fewster Road, Mississauga	100%	23,500	23,500	1969	14.0	1.2	1.2	1	4.8	100.0%
5805 Kennedy Road, Mississauga	100%	21,780	21,780	1986	18.0	1.0	1.0	1	0.7	100.0%
5380 Timberlea Boulevard, Mississauga	100%	19,988	19,988	1986	18.0	1.0	1.0	1	3.3	100.0%
5462 Timberlea Boulevard, Mississauga	100%	17,708	17,708	1977	18.0	1.0	1.0	1	3.7	100.0%
5370 Timberlea Boulevard, Mississauga	100%	16,682	16,682	1986	18.0	0.8	0.8	0	-	0.0%

Property	Ownership	Total GLA in square feet	Owned share of total GLA in square feet	Year built/renovated	Clear ceiling height (warehouse component) in feet	Total site area in acres	Owned share of site area in acres	No. of tenants	Weighted average remaining lease term in years	In-place and committed occupancy
5750 Coopers Avenue, Mississauga	100%	16,366	16,366	1987	18.0	0.9	0.9	1	4.4	100.0%
5444 Timberlea Boulevard, Mississauga	100%	15,316	15,316	1977	18.0	0.9	0.9	1	1.3	100.0%
Ontario Single-tenant	100%	2,719,444	2,719,444		23.5	153.8	153.8	32	4.5	95.8%
6581-6601 Kitimat Road, Mississauga	100%	318,363	318,363	1986	25.0	16.9	16.9	15	3.0	100.0%
2360 Cornwall Road, Oakville	100%	199,736	199,736	2004	28.0	10.3	10.3	3	4.1	100.0%
45 A & B West Wilmot Street, Richmond Hill	100%	189,128	189,128	1986	19.0	8.0	8.0	40	2.8	99.7%
255 Wicksteed Avenue, Toronto	100%	177,562	177,562	1955	24.0	8.0	8.0	4	2.4	100.0%
2140-2150 Winston Park Drive, Mississauga	100%	172,331	172,331	1987	19.0	7.5	7.5	44	2.1	92.1%
5900 Finch Avenue East, Scarborough	100%	164,708	164,708	1993	24.0	7.6	7.6	5	6.5	92.6%
90 Nolan Court, Markham	100%	124,890	124,890	1982	18.0	7.0	7.0	29	2.6	100.0%
55 Horner Avenue, Etobicoke	100%	93,516	93,516	1988	22.0	6.2	6.2	4	2.1	100.0%
4515/4525 Rhodes Drive, Windsor	100%	91,774	91,774	1999	22.0	9.0	9.0	6	2.7	97.5%
3 & 5 Blair Drive, Brampton	100%	82,232	82,232	2001	28.0	6.4	6.4	2	2.7	100.0%
1111 Tristar Drive, Mississauga	100%	77,726	77,726	1986	22.0	3.7	3.7	2	2.2	100.0%
903-951 Matheson Boulevard, Mississauga	100%	77,420	77,420	1977	18.0	3.8	3.8	5	3.9	68.7%
1100 Courtney Park Drive, Mississauga	100%	72,393	72,393	1981	22.0	3.4	3.4	4	0.7	100.0%
100 Lingard Road, Cambridge	100%	70,154	70,154	2003	46.0	5.4	5.4	2	2.3	100.0%
5825-5895 Kennedy Road, Mississauga	100%	67,846	67,846	1988	15.0	3.4	3.4	8	4.5	100.0%
6400 Shawson Drive, Mississauga	100%	61,817	61,817	1981	22.0	2.9	2.9	3	2.2	100.0%
5554 Tomken Road, Mississauga	100%	61,623	61,623	1979	18.0	3.2	3.2	9	1.9	100.0%
6300 Viscount Road, Mississauga	100%	60,179	60,179	1966	16.0	4.3	4.3	4	3.2	99.7%
845 Harrington Court, Burlington	100%	55,118	55,118	1982	15.0	4.0	4.0	6	3.8	61.1%
5716-5730 Coopers Avenue, Mississauga	100%	53,668	53,668	1987	14.0	3.4	3.4	23	2.3	100.0%
855 Matheson Boulevard, Mississauga	100%	46,652	46,652	1986	18.0	2.0	2.0	13	2.2	100.0%
5448 Timberlea Boulevard, Mississauga	100%	32,025	32,025	1977	16.0	1.8	1.8	2	3.1	100.0%
5430 Timberlea Boulevard, Mississauga	100%	31,448	31,448	1977	17.0	1.8	1.8	2	1.8	100.0%
5466 Timberlea Boulevard, Mississauga	100%	28,657	28,657	1977	18.0	1.6	1.6	2	7.1	100.0%
135 East Beaver Creek, Richmond Hill	100%	28,506	28,506	1986	17.0	1.8	1.8	2	1.4	100.0%
5420 Timberlea Boulevard, Mississauga	100%	19,816	19,816	1977	18.0	1.1	1.1	2	2.6	100.0%
Ontario Multi-tenant	100%	2,459,288	2,459,288		22.1	134.5	134.5	241	3.0	97.0%
Ontario	100%	5,178,732	5,178,732		22.8	288.3	288.3	273	3.8	96.3%
1411, 1421 and 1451 Rue Ampère, Boucherville	100%	457,875	457,875	1998/2002	27.0	21.6	21.6	1	8.7	100.0%
1900 Dickson Street (Molson Distribution Centre), Montréal	100%	225,000	225,000	2003	26.0	17.1	17.1	1	6.3	100.0%
2350 Rue de la Province, Longueuil	100%	222,464	222,464	1967	20.0	11.5	11.5	1	5.3	100.0%
1125 50th Avenue, Montréal	100%	210,710	210,710	2000	26.0	13.3	13.3	1	3.0	100.0%
8000 Avenue Blaise-Pascal, Montréal	100%	206,345	206,345	1993	23.0	13.8	13.8	1	5.5	100.0%
1313 Autoroute Chomedey, Laval	100%	184,493	184,493	1999	26.0	8.1	8.1	1	8.7	100.0%
650 Rue Bergeron, Drummondville	100%	181,000	181,000	2007	28.0	10.5	10.5	1	1.2	100.0%
2340 St. Laurent Boulevard, Ottawa	100%	114,724	114,724	1989	24.0	6.2	6.2	1	8.6	100.0%
101 Autoroute 440, Laval	100%	68,444	68,444	1977	22.0	4.6	4.6	1	1.7	100.0%
1805 50 ^e Avenue, Lachine	100%	60,750	60,750	1986	19.0	2.3	2.3	1	4.7	100.0%
1421 Rue Nobel, Sainte-Julie	100%	50,878	50,878	1998	22.0	4.3	4.3	1	5.1	100.0%
3800 Trans Canada Highway, Pointe-Claire	100%	50,000	50,000	1966	18.0	3.4	3.4	0	-	0.0%
3700-3720 AutoRoute des Laurentides, Laval	100%	49,500	49,500	2002	24.0	3.6	3.6	1	5.8	100.0%
1870 Boulevard Saint-Régis, Dollard-des-Ormeaux	100%	40,231	40,231	1984	22.0	1.8	1.8	1	4.7	100.0%
29 Rue de Varennes, Gatineau	100%	23,959	23,959	2006	20.0	3.4	3.4	1	4.3	100.0%
361 Boulevard Montpellier, St. Laurent	100%	19,220	19,220	1987	18.0	1.2	1.2	1	10.0	100.0%
Québec Single-tenant	100%	2,165,593	2,165,593		24.5	126.7	126.7	15	5.9	97.7%
2995 Boulevard le Corbusier, Laval	100%	130,824	130,824	1975	24.0-29.0	4.7	4.7	5	6.0	98.1%
5000 Rue Fairway & 1645 50 ^e Avenue, Lachine	100%	106,517	106,517	1978	18.0	5.5	5.5	4	0.5	85.5%
1700-1764 50 ^e Avenue, Lachine	100%	94,569	94,569	1989	24.0	4.2	4.2	2	0.9	100.0%
1100-1154 Rue Berlier, Laval	100%	91,843	91,843	1975	18.0	4.5	4.5	7	2.6	81.7%
9090-9100 Boulevard Canvendish, St Laurent	100%	89,322	89,322	1987	18.0	7.5	7.5	6	2.3	100.0%
333 Chemin du Tremblay, Boucherville	100%	86,842	86,842	1987	18.0	3.8	3.8	6	5.5	100.0%
1876-1936 32 ^e Avenue, Lachine	100%	84,659	84,659	1987	18.0	4.7	4.7	3	3.0	82.8%
1500 Rue Nobel, Boucherville	100%	82,081	82,081	1989	18.0	4.1	4.1	6	2.9	90.5%
2000 32 ^e Avenue, Lachine	100%	81,288	81,288	1985	18.0	4.8	4.8	3	4.1	84.5%
1624-1692 50 ^e Avenue, Lachine	100%	79,094	79,094	1975	19.0	4.3	4.3	7	3.1	100.0%
1151-1179 Autoroute 440, Laval	100%	78,938	78,938	1975	19.0	3.9	3.9	14	3.7	99.0%
10001-10091 Renaude-Lapointe, Montréal	100%	77,846	77,846	1987	18.0	3.7	3.7	4	5.6	100.0%
2101 Rue Nobel, Sainte-Julie	100%	73,411	73,411	1992	20.0	4.8	4.8	4	3.1	70.4%
1950 32 ^e Avenue, Montréal	100%	71,923	71,923	1988	18.0	4.5	4.5	8	3.5	100.0%
1825-1865 32 ^e Avenue, Montréal	100%	71,616	71,616	1986	18.0	4.9	4.9	9	2.6	100.0%

Property	Ownership	Total GLA in square feet	Owned share of total GLA in square feet	Year built/renovated	Clear ceiling height (warehouse component) in feet	Total site area in acres	Owned share of site area in acres	No. of tenants	Weighted average remaining lease term in years	In-place and committed occupancy
4300-4400 Boulevard Bois-Franc, St Laurent	100%	68,575	68,575	1987	18.0	3.9	3.9	3	3.8	100.0%
4605-4645 Rue Fairway & 1405-1465 46 ^e Avenue, Lachine	100%	60,728	60,728	1974	19.0	4.0	4.0	6	5.8	94.2%
1010 Rue Berlier & 2854-2870 Boulevard Industriel, Laval	100%	58,622	58,622	1975	19.0	3.1	3.1	6	3.6	84.5%
1025-1087 Autoroute 440, Laval	100%	56,622	56,622	1979	18.0	2.8	2.8	11	2.6	100.0%
585-625 Avenue Meloche, Dorval	100%	54,667	54,667	1981	18.0	2.7	2.7	1	4.7	35.3%
135 Chemin du Tremblay, Boucherville	100%	49,808	49,808	1989	16.0	2.4	2.4	9	1.1	100.0%
Québec Multi-tenant	100%	1,649,795	1,649,795		17.1	88.8	88.8	124	3.4	91.5%
Québec	100%	3,815,388	3,815,388		21.3	215.5	215.5	139	4.9	95.0%
58 Wright Avenue (Burnside Business Park), Dartmouth	100%	43,000	43,000	1972	24.0	2.4	2.4	1	4.8	100.0%
50 Garland Avenue (Burnside Business Park), Dartmouth	100%	35,574	35,574	2006	10.0	2.5	2.5	0	-	0.0%
80 Thornhill Drive (Burnside Business Park), Dartmouth	100%	10,090	10,090	1984	20.0	1.1	1.1	1	3.1	100.0%
Eastern Canada Single-tenant	100%	88,664	88,664		17.9	6.0	6.0	2	4.4	59.9%
202 Brownlow Avenue (Burnside Business Park), Dartmouth	100%	212,388	212,388	1986	18.0	13.8	13.8	55	3.7	87.1%
320-340 Wright Avenue (Burnside Business Park), Dartmouth	100%	170,160	170,160	2007	24.0	10.6	10.6	12	3.5	100.0%
201 Brownlow Avenue (Burnside Business Park), Dartmouth	100%	160,234	160,234	1988	16.0	10.7	10.7	32	3.6	94.4%
7 Mellor Avenue, Dartmouth	100%	122,490	122,490	2007	24.0	7.2	7.2	12	4.5	100.0%
10 Morris Drive (Burnside Business Park), Dartmouth	100%	118,748	118,748	1979	18.0	7.5	7.5	17	3.2	65.1%
131 Thornhill Drive (Burnside Business Park), Dartmouth	100%	117,968	117,968	1986	18.0	4.7	4.7	1	5.8	51.5%
71 Thornhill Drive, Dartmouth	100%	100,322	100,322	1980	28.0	5.2	5.2	2	4.2	100.0%
131-135 Ilsley Avenue (Burnside Business Park), Dartmouth	100%	97,942	97,942	1984	18.0	6.6	6.6	14	2.1	75.2%
121 Ilsley Avenue, Dartmouth	100%	97,114	97,114	1983	19.0	8.0	8.0	19	2.3	89.8%
75 Akerley Boulevard, Dartmouth	100%	96,228	96,228	1982	19.0	7.8	7.8	19	3.0	95.6%
222 Edinburgh Drive, Moncton	100%	93,613	93,613	1977/1999	22.0	7.7	7.7	5	1.5	52.1%
11 Morris Drive (Burnside Business Park), Dartmouth	100%	89,872	89,872	1977	18.0	5.0	5.0	18	4.1	88.2%
120 Troop Avenue (Burnside Business Park), Dartmouth	100%	87,214	87,214	2004	24.0	5.7	5.7	6	5.2	100.0%
100 Ilsley Avenue (Burnside Business Park), Dartmouth	100%	76,178	76,178	1984	14.0	6.1	6.1	18	3.8	100.0%
100 Wright Avenue (Burnside Business Park), Dartmouth	100%	76,149	76,149	1979	18.0	4.4	4.4	11	3.0	76.8%
55 Akerley Boulevard, Dartmouth	100%	75,306	75,306	1975	19.0	5.8	5.8	6	4.6	65.0%
51 Raddall Avenue (Burnside Business Park), Dartmouth	100%	70,177	70,177	1986	18.0	4.7	4.7	10	3.7	100.0%
170 Joseph Zatzman Drive (Burnside Business Park), Dartmouth	100%	67,193	67,193	1981	16.0	4.0	4.0	10	2.1	72.6%
50 Akerley Boulevard (Burnside Business Park), Dartmouth	100%	62,765	62,765	1983	18.0	1.6	1.6	12	3.1	100.0%
10 Vido Drive, Dartmouth	100%	61,988	61,988	1980	22.0	2.7	2.7	2	2.6	100.0%
101 Thornhill Drive (Burnside Business Park), Dartmouth	100%	61,381	61,381	1982	18.0	3.8	3.8	6	1.6	68.8%
105 Akerley Boulevard (Burnside Business Park), Dartmouth	100%	57,850	57,850	1983	18.0	3.3	3.3	6	4.3	93.4%
30-58 Mosher Drive (Burnside Business Park), Dartmouth	100%	56,937	56,937	1972	18.0	2.6	2.6	3	1.9	80.1%
29-59 Mosher Drive (Burnside Business Park), Dartmouth	100%	54,367	54,367	1974	18.0	3.6	3.6	4	5.0	100.0%
50 Troop Avenue (Burnside Business Park), Dartmouth	100%	53,859	53,859	2001	24.0	3.6	3.6	3	2.5	100.0%
32 Troop Avenue (Burnside Business Park), Dartmouth	100%	47,790	47,790	2000	24.0	3.3	3.3	4	3.5	100.0%
109 Ilsley Avenue (Burnside Business Park), Dartmouth	100%	44,987	44,987	1987	16.0	3.1	3.1	14	2.4	83.2%
81 Wright Avenue (Burnside Business Park), Dartmouth	100%	44,366	44,366	1986	20.0	3.6	3.6	4	2.4	100.0%
95 Akerley Boulevard, Dartmouth	100%	38,106	38,106	1980	14.0	2.1	2.1	12	3.0	88.4%
30 Simmonds Drive (Burnside Business Park), Dartmouth	100%	37,875	37,875	1982	16.0	2.8	2.8	8	2.7	100.0%
40 Thornhill Drive (Burnside Business Park), Dartmouth	100%	32,186	32,186	1982	16.0	3.8	3.8	9	3.3	92.4%
50 Thornhill Drive (Burnside Business Park), Dartmouth	100%	32,065	32,065	1983	16.0	3.8	3.8	10	2.5	86.3%
60 Thornhill Drive (Burnside Business Park), Dartmouth	100%	32,002	32,002	1986	16.0	2.0	2.0	7	2.9	100.0%
10 Thornhill Drive, Dartmouth	100%	28,616	28,616	1983	15.0	3.4	3.4	9	1.7	90.5%
16 Garland Avenue (Burnside Business Park), Dartmouth	100%	10,888	10,888	2008	14.0	1.5	1.5	4	3.3	100.0%
Eastern Canada Multi-tenant	100%	2,687,324	2,687,324		19.3	176.1	176.1	384	3.4	87.1%
Eastern Canada	100%	2,775,988	2,775,988		19.2	182.1	182.1	386	3.4	86.2%
Total	99.6%	16,697,726	16,638,360		21.6	1,024.1	1,018.6	1,308	4.0	94.5%

LARGEST TENANTS BY GLA⁽¹⁾

Tenant	Total area in square feet	Properties	City	Province
Spectra Premium Industries Inc.	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
Gienow Windows & Doors Inc.	351,306	7140 40th Street SE	Calgary	Alberta
		628-668 Henderson Drive	Regina	Saskatchewan
United Agri Products Canada Inc.	275,335	310 Henderson Drive	Regina	Saskatchewan
Nellson Nutraceutical Canada	234,555	1125 50th Avenue	Montréal	Québec
		5000 Rue Fairway & 1645 50 ^e Avenue	Montréal	Québec
Molson Breweries Properties	225,000	1900 Dickson Street (Molson Distribution Centre)	Montréal	Québec
Hasbro Canada Corporation	222,464	2350 Rue de la Province	Longueuil	Québec
Array Canada Inc.	209,754	45 Progress Avenue	Toronto	Ontario
Pioneer Distribution Inc.	207,703	3230 Mainway Drive	Burlington	Ontario
McKesson Canada Corporation	181,000	650 Rue Bergeron	Drummondville	Québec
Alumicor Limited	180,329	290 Humberline Drive	Etobicoke	Ontario
Royal Group Inc.	176,535	750 Creditstone Road	Vaughan	Ontario
North American Profiles Canada	169,500	121 Pippin Road	Vaughan	Ontario
RockTenn-Container Canada/RockTenn-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 Solutions	122,419	7504 30th Street SE	Calgary	Alberta
The Dollco Corporation	114,724	2340 St. Laurent Boulevard	Ottawa	Ontario
Colabor Limited Partnership	113,595	580 Industrial Road	London	Ontario
Legendary Logistics Inc.	104,260	2360 Cornwall Road	Oakville	Ontario
Aquarium Services Warehouse	100,626	441 Chrislea Road	Vaughan	Ontario
Total	4,413,051			

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

Condensed consolidated balance sheets

(unaudited)

			September 30, 2016	December 31, 2015
(in thousands of Canadian dollars)	Note			
Assets				
NON-CURRENT ASSETS				
Investment properties	5	\$	1,659,015	\$ 1,700,992
Other non-current assets			5,364	315
			1,664,379	1,701,307
CURRENT ASSETS				
Amounts receivable			3,677	4,807
Prepaid expenses and other assets			6,058	5,234
Cash and cash equivalents			1,066	1,022
			10,801	11,063
Assets held for sale	10		920	8,550
Total assets		\$	1,676,100	\$ 1,720,920
Liabilities				
NON-CURRENT LIABILITIES				
Debt	6	\$	802,737	\$ 750,584
Subsidiary redeemable units			145,632	133,202
Deferred Unit Incentive Plan	7		3,579	2,807
Other non-current liabilities			14,998	13,733
			966,946	900,326
CURRENT LIABILITIES				
Debt	6		76,125	172,517
Amounts payable and accrued liabilities	8		25,062	21,194
			101,187	193,711
Total liabilities			1,068,133	1,094,037
Equity				
Unitholders' equity			586,412	581,476
Retained earnings			22,784	46,984
Accumulated other comprehensive loss			(1,229)	(1,577)
Total equity	9		607,967	626,883
Total liabilities and equity		\$	1,676,100	\$ 1,720,920

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 September 30,		Nine months ended September 30,	
		2016	2015	2016	2015
Investment properties revenue		\$ 43,233	\$ 43,634	\$ 131,974	\$ 132,529
Investment properties operating expenses		(13,807)	(13,762)	(43,363)	(42,996)
Net rental income		29,426	29,872	88,611	89,533
Other income					
Interest and fee income		4	11	27	15
		4	11	27	15
Other expenses					
General and administrative		(2,473)	(2,215)	(7,428)	(6,747)
Interest:					
Interest expense on debt		(8,792)	(8,845)	(26,601)	(26,417)
Subsidiary redeemable units		(3,246)	(3,247)	(9,739)	(9,739)
Depreciation and amortization		(14)	(11)	(40)	(32)
		(14,525)	(14,318)	(43,808)	(42,935)
Income before fair value adjustments and other items, and income taxes		14,905	15,565	44,830	46,613
Fair value adjustments and other items					
Fair value adjustments to investment properties	5, 10	(18,648)	(2,583)	(24,249)	(1,607)
Fair value adjustments to financial instruments	11	19,497	4,387	(8,966)	9,378
Net losses on transactions and other activities	12	(1,796)	(1,455)	(5,282)	(4,255)
		(947)	349	(38,497)	3,516
Income before income taxes		13,958	15,914	6,333	50,129
Recovery of (deferred) income taxes		325	(79)	579	(209)
Net income for the period		\$ 14,283	\$ 15,835	\$ 6,912	\$ 49,920
Other comprehensive income (loss)					
Unrealized gain (loss) on effective interest rate hedge		\$ 157	\$ (119)	\$ 348	\$ (1,175)
		157	(119)	348	(1,175)
Comprehensive income for the period		\$ 14,440	\$ 15,716	\$ 7,260	\$ 48,745

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, 2016		58,645,223	\$ 581,476	\$ 46,984	\$ (1,577)	\$	626,883
Net income for the period		—	—	6,912	—		6,912
Distributions paid and payable		—	—	(31,112)	—		(31,112)
Distribution Reinvestment Plan		521,091	4,087	—	—		4,087
REIT Units issued for vested deferred trust units	7	107,889	862	—	—		862
Unit Purchase Plan		1,484	12	—	—		12
Issue costs		—	(25)	—	—		(25)
Other comprehensive income		—	—	—	348		348
Balance at September 30, 2016		59,275,687	\$ 586,412	\$ 22,784	\$ (1,229)	\$	607,967

(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, 2015		58,035,125	\$ 576,399	\$ 52,774	\$ (522)	\$	628,651
Net income for the period		—	—	49,920	—		49,920
Distributions paid and payable		—	—	(30,691)	—		(30,691)
Distribution Reinvestment Plan		379,390	3,225	—	—		3,225
REIT Units issued for vested deferred trust units		66,771	610	—	—		610
Unit Purchase Plan		3,019	26	—	—		26
Issue costs		—	(23)	—	—		(23)
Other comprehensive loss		—	—	—	(1,175)		(1,175)
Balance at September 30, 2015		58,484,305	\$ 580,237	\$ 72,003	\$ (1,697)	\$	650,543

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 September 30,		Nine months ended September 30,	
		2016	2015	2016	2015
Generated from (utilized in) operating activities					
Net income for the period		\$ 14,283	\$ 15,835	\$ 6,912	\$ 49,920
Non-cash items:					
Depreciation and amortization	15	329	(58)	648	(481)
Other adjustments	15	(410)	(1,454)	34,482	(7,057)
Investment in lease incentives and initial direct leasing costs	5, 10	(3,430)	(1,734)	(8,468)	(4,806)
Interest on subsidiary redeemable units		3,246	3,247	9,739	9,739
Change in non-cash working capital	15	2,702	3,378	4,178	(833)
		16,720	19,214	47,491	46,482
Generated from (utilized in) investing activities					
Additions to property and equipment		(5)	(11)	(23)	(33)
Investment in building improvements	5	(6,099)	(3,230)	(11,923)	(4,267)
Transaction costs paid		(561)	(483)	(982)	(1,777)
Acquisition of investment properties		—	(926)	—	(9,016)
Net proceeds from disposal of investment properties		38,156	4,088	46,550	14,872
		31,491	(562)	33,622	(221)
Generated from (utilized in) financing activities					
Mortgage financings, net of financing costs	6	53,990	69,225	121,615	132,760
Draw on revolving credit facility, net of financing costs	6	10,000	2,500	38,250	33,200
Mortgage principal repayments		(6,065)	(6,031)	(18,376)	(17,880)
Mortgage lump sum repayments		(64,186)	(36,123)	(130,818)	(84,865)
Repayment of revolving credit facility	6	(29,000)	(39,000)	(55,000)	(71,628)
Distributions paid on Units		(9,134)	(9,107)	(26,988)	(27,440)
Interest on subsidiary redeemable units		(3,246)	(3,247)	(9,739)	(9,739)
Cash (paid) proceeds on issue of Units		(7)	—	(13)	3
		(47,648)	(21,783)	(81,069)	(45,589)
Change in cash and cash equivalents		563	(3,131)	44	672
Cash and cash equivalents, beginning of period		503	3,881	1,022	78
Cash and cash equivalents, end of period		\$ 1,066	\$ 750	\$ 1,066	\$ 750

See accompanying notes to the condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

(All dollar amounts in thousands of Canadian dollars, except as otherwise noted)

Note 1

ORGANIZATION

Dream Industrial Real Estate Investment Trust (“Dream Industrial REIT”, “Dream Industrial” or “the Trust”) is an open-ended investment trust created pursuant to a Declaration of Trust, as amended and restated, under the laws of the Province of Ontario. The condensed consolidated financial statements of Dream Industrial include the accounts of Dream Industrial and its subsidiaries. Dream Industrial’s portfolio comprises industrial properties located in 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 301, Toronto, Ontario, Canada M5C 3H1. The Trust is listed on the Toronto Stock Exchange under the symbol “DIR.UN”. Dream Industrial’s condensed consolidated financial statements for the three and nine months ended September 30, 2016 were authorized for issuance by the Board of Trustees on November 4, 2016, after which date they may be amended only with the Board of Trustees’ approval.

Equity is described in Note 9; 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 B Units
- “Units”, meaning REIT Units and Special Trust Units, collectively

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

At September 30, 2016, Dream Office Real Estate Investment Trust (“Dream Office REIT”), directly and indirectly through its subsidiaries, held 18,551,855 (December 31, 2015 – 18,551,855) 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. These condensed consolidated financial statements should be read in conjunction with the Trust’s consolidated financial statements for the year ended December 31, 2015.

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, 2015.

Future changes in accounting standards

In addition to the accounting policy changes noted in the December 31, 2015 consolidated financial statements, the following accounting policy change will be implemented by the Trust in future years:

IAS 7, “Statement of Cash Flows” (“IAS 7”), has been amended by the IASB to introduce additional disclosure that will allow users to understand changes in liabilities arising from financing activities. This amendment to IAS 7 is effective for annual periods beginning on or after January 1, 2017. The Trust is currently evaluating the impact of adopting this standard on the financial statements.

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, 2015.

Note 5

INVESTMENT PROPERTIES

	Note	Nine months ended September 30, 2016	Year ended December 31, 2015
Balance at beginning of period		\$ 1,692,856	\$ 1,681,781
Straight-line rent receivable balance at beginning of period		8,136	6,302
Adjusted balance at beginning of period		1,700,992	1,688,083
Additions:			
Investment property acquisitions ⁽¹⁾		200	22,471
Building improvements		11,923	8,854
Lease incentives and initial direct leasing costs		8,468	7,564
Total additions to investment properties		20,591	38,889
Investment properties classified as held for sale and disposed during the period	10	(39,197)	(18,400)
Gains (losses) included in net income:			
Fair value adjustments to investment properties		(23,976)	(8,907)
Straight-line rent		1,098	1,834
Amortization of lease incentives		(493)	(507)
Total losses included in net income		(23,371)	(7,580)
Balance at end of period		\$ 1,659,015	\$ 1,700,992

(1) 2016 balance relates to post-closing adjustment on 2015 acquisition.

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

	September 30, 2016		December 31, 2015	
	Range (%)	Weighted average (%)	Range (%)	Weighted average (%)
Cap rate	5.75–9.25	6.72	6.00–8.00	6.69
Discount rate	6.75–9.00	7.59	7.00–8.75	7.61
Terminal rate	6.00–8.00	6.94	6.25–8.25	6.93

Investment properties with an aggregate fair value of \$559,360 for the nine months ended September 30, 2016 (for the year ended December 31, 2015 – \$285,140) were valued by qualified external valuation professionals.

If the cap rate were to increase by 25 basis points ("bps"), the value of investment properties would decrease by \$57,364. If the cap rate were to decrease by 25 bps, the value of investment properties would increase by \$61,626.

As at September 30, 2016, investment properties with a fair value of \$1,376,405 (December 31, 2015 – \$1,465,450) are pledged as first-ranking and/or second-ranking collateral for mortgages. As at September 30, 2016, investment properties with a fair value of \$162,530 (December 31, 2015 – \$123,520) are pledged as security for the Trust's revolving credit facility.

Note 6

DEBT

	September 30, 2016	December 31, 2015
Mortgages ⁽¹⁾	\$ 751,992	\$ 780,948
Revolving credit facility ⁽¹⁾	—	15,893
Convertible debentures	126,870	126,260
Total	878,862	923,101
Less: Current portion	(76,125)	(172,517)
Non-current debt	\$ 802,737	\$ 750,584

(1) Secured by charges on specific investment properties (refer to Note 5). Amount available to be drawn under the revolving credit facility as at September 30, 2016 is \$98,000.

Mortgage financing activities

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

	Nine months ended September 30, 2016			Nine months ended September 30, 2015		
	Amount ⁽¹⁾	Term to maturity (years)	Weighted average face interest rate (%)	Amount ⁽¹⁾	Term to maturity (years)	Weighted average face interest rate (%)
New mortgages	\$ 122,750	8.6	3.30	\$ 134,000	6.2	2.78

(1) Excludes financing costs.

Revolving credit facility

On June 30, 2016, the Trust amended its revolving credit facility to extend the maturity date to June 2019, reduce the interest rate by five basis points, increase the number of properties secured under the facility from 19 to 25, and increase the borrowing capacity to \$100,000 from \$75,000. The following table summarizes certain details of the Trust's revolving credit facility as at September 30, 2016:

	Borrowing capacity	Letter of credit and forward agreement	Principal amount outstanding	Available to be drawn ⁽¹⁾	Interest rate ⁽²⁾	Maturity date
Revolving credit facility ⁽³⁾	\$ 100,000	\$ 2,000	\$ —	\$ 98,000	—	June 30, 2019

(1) Formula-based amount available to be drawn as at September 30, 2016.

(2) Bankers' acceptance ("BA") rate plus 1.70% or the bank's prime rate plus 0.70%.

(3) Twenty-five properties are secured as first-ranking mortgages on the facility.

Interest rate swaps

The following table summarizes the details of the interest rate swaps that are outstanding at September 30, 2016:

Transaction date	Mortgage principal amount (notional)	Fixed interest rate	Maturity date	Financial instrument classification	Fair value
February 24, 2014	\$ 50,213	3.31%	March 1, 2019	Cash flow hedge ⁽¹⁾	\$ 1,229
August 26, 2015	48,440	2.93%	September 1, 2022	Fair value through profit or loss	1,479
Non-current debt	\$ 98,653	3.12%			\$ 2,708

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

Note 7

DEFERRED UNIT INCENTIVE PLAN

The movement in the Deferred Unit Incentive Plan ("DUIP") balance was as follows:

	Note	
As at January 1, 2016		\$ 2,807
Compensation expense during the period		1,074
REIT Units issued for vested deferred trust units		(862)
Remeasurement of carrying value	11	560
As at September 30, 2016		\$ 3,579

During the nine months ended September 30, 2016, \$1,074 of compensation expense was recorded (September 30, 2015 – \$1,093) and included in general and administrative expenses. For the same period, a fair value loss of \$560 (September 30, 2015 – fair value loss of \$62) was recognized in fair value adjustments to financial instruments representing the remeasurement of the DUIP liability for the period.

On February 16, 2016, 120,825 deferred trust units were granted to senior management and employees of the Trust. Of the units granted, 30,000 units relate to key management personnel. The grant date value of these deferred trust units was \$7.47 per Unit granted.

On March 31, 2016, 8,186 deferred trust units were granted to trustees who elected to receive their 2016 quarterly fees in the form of deferred trust units rather than in cash. The grant date value of these deferred trust units was \$7.94 per Unit granted.

On May 3, 2016, 40,000 deferred units were granted to trustees. The grant date value of these deferred trust units was \$8.28 per Unit granted.

On June 30, 2016, 6,628 deferred trust units were granted to Trustees who elected to receive their 2016 quarterly fees in the form of deferred trust units rather than in cash. The grant date value of these deferred trust units was \$8.68 per Unit granted.

On September 30, 2016, 7,213 deferred trust units were granted to Trustees who elected to receive their 2016 quarterly fees in the form of deferred trust units rather than in cash. The grant date value of these deferred trust units was \$7.97 per Unit granted.

Note 8

AMOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2016	December 31, 2015
Trade payables	\$ 925	\$ 559
Accrued liabilities and other payables	12,411	11,235
Accrued interest	5,269	3,635
Rent received in advance	2,999	2,344
Distributions payable	3,458	3,421
Total	\$ 25,062	\$ 21,194

On September 20, 2016, the Trust announced a cash distribution of \$0.05833 per REIT Unit for the month of September 2016. The September 2016 distribution was paid on October 15, 2016 to unitholders on record as at September 30, 2016.

Note 9

EQUITY

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 be issued only 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.

Note 10

ASSETS HELD FOR SALE AND DISPOSITIONS

Assets held for sale

At September 30, 2016, management has committed to sell one parcel of land located in Eastern Canada and has classified it as held for sale.

	September 30, 2016	December 31, 2015
Investment properties	\$ 920	\$ 8,550
Assets held for sale	\$ 920	\$ 8,550

The following table summarizes the movements in investment properties classified as assets held for sale during the nine months ended September 30, 2016 and the year ended December 31, 2015:

	Note	Nine months ended September 30, 2016	Year ended December 31, 2015
Balance at beginning of period		\$ 8,550	\$ 10,839
Straight-line rent receivable balance at beginning of period		—	61
Adjusted balance at beginning of period		8,550	10,900
Add (deduct):			
Capitalized costs		171	—
Investment properties classified as held for sale during the period	5	39,197	18,400
Fair value adjustments to investment properties		(273)	—
Straight-line rent		—	6
Investment properties disposed during the period		(46,725)	(20,756)
Balance at end of period		\$ 920	\$ 8,550

Dispositions

During the nine months ended September 30, 2016, the following dispositions were completed:

	Gross proceeds ⁽¹⁾	Loss on sale ⁽²⁾	Mortgage discharged	Date disposed
722 Edinburgh Drive, Moncton	\$ 1,625	\$ (70)	\$ 981	March 30, 2016
1155 Autoroute Chomedey, Laval	6,750	(145)	—	June 6, 2016
38 Rue de Valcourt, Gatineau	850	(20)	—	July 29, 2016
10001 Metropolitan Boulevard East, Montréal	37,500	(452)	16,633	August 4, 2016
Total	\$ 46,725	\$ (687)	\$ 17,614	

(1) Gross proceeds before transaction costs.

(2) Carrying value of assets approximated gross proceeds. The loss on sale arises entirely from transaction costs.

During the nine months ended September 30, 2015, the following dispositions were completed:

	Gross proceeds ⁽¹⁾	Loss on sale ⁽²⁾	Mortgage discharged	Date disposed
4501–4509 1st Street SE, Calgary	\$ 2,300	\$ (154)	\$ —	February 4, 2015
4515–4519 1st Street SE, Calgary	1,900	(229)	—	February 4, 2015
4523–4529 1st Street SE, Calgary	1,700	(59)	—	February 4, 2015
4021 9th Street SE, Calgary	5,000	(521)	3,277	February 17, 2015
6715 85th Avenue, Fort St. John	4,150	(281)	2,279	September 14, 2015
Total	\$ 15,050	\$ (1,244)	\$ 5,556	

(1) Gross proceeds before transaction costs.

(2) Carrying value of assets approximated gross proceeds. The loss on sale arises entirely from debt settlement costs, transaction costs and the write-off of allocated goodwill associated with the cash-generating unit.

Note 11

FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS

	Note	Three months ended September 30,		Nine months ended September 30,	
		2016	2015	2016	2015
Fair value adjustment on conversion feature of the convertible debentures		\$ 2,858	\$ (593)	\$ 5,004	\$ 6
Remeasurement of carrying value of subsidiary redeemable units		16,325	5,380	(12,430)	9,832
Remeasurement of carrying value of DUIP	7	242	(2)	(560)	(62)
Fair value adjustment on interest rate swap		72	(398)	(980)	(398)
Total		\$ 19,497	\$ 4,387	\$ (8,966)	\$ 9,378

Note 12

NET LOSSES ON TRANSACTIONS AND OTHER ACTIVITIES

	Note	Three months ended September 30,		Nine months ended September 30,	
		2016	2015	2016	2015
Investment in business transformation	14	\$ (125)	\$ (145)	\$ (375)	\$ (435)
Internal leasing costs		(981)	(914)	(3,037)	(2,894)
Debt settlement gains (costs)		(218)	(115)	(214)	318
Net loss on sale of investment properties	10	(472)	(281)	(687)	(1,244)
Transaction costs		—	—	(969)	—
Total		\$ (1,796)	\$ (1,455)	\$ (5,282)	\$ (4,255)

During the nine months ended September 30, 2016, the Trust recorded \$969 in transaction costs relating to business combinations completed in previous years.

During the nine months ended September 30, 2016, the Trust incurred \$375 pursuant to the Shared Services and Cost Sharing Agreement with DAM (see Note 14).

Note 13

SEGMENTED INFORMATION

For the three and nine months ended September 30, 2016 and September 30, 2015, the Trust's investment properties were segmented into geographic components, namely Western Canada, Ontario, Québec and Eastern Canada. The Trust did not allocate interest expense to these segments since financing is viewed as a corporate function. The decision as to where to incur the debt is largely based on minimizing the cost of debt and is not specifically related to the segments. Similarly, other revenue, other expenses, fair value adjustments to financial instruments, net losses on transactions and other activities and income taxes were not allocated to the segment expenses.

Three months ended September 30, 2016	Western Canada	Ontario	Québec	Eastern Canada	Segment total	Other ⁽¹⁾	Total
Operations							
Investment properties revenue	\$ 16,282	\$ 10,961	\$ 7,364	\$ 8,015	\$ 42,622	\$ 611	\$ 43,233
Investment properties operating expenses	(5,006)	(3,253)	(1,902)	(3,277)	(13,438)	(369)	(13,807)
Net rental income	11,276	7,708	5,462	4,738	29,184	242	29,426
Other income	—	—	—	—	—	4	4
Other expenses	—	—	—	—	—	(14,525)	(14,525)
Fair value adjustments and other items	(10,535)	898	(1,532)	(7,479)	(18,648)	17,701	(947)
Income (loss) before income taxes	741	8,606	3,930	(2,741)	10,536	3,422	13,958
Recovery of income taxes	—	—	—	—	—	325	325
Net income (loss) for the period	\$ 741	\$ 8,606	\$ 3,930	\$ (2,741)	\$ 10,536	\$ 3,747	\$ 14,283

(1) Includes revenue and expense items such as lease termination fees, other rental income, straight-line rent, bad debt expenses, amortization of tenant inducements, and net rental income from sold properties, which are included in the net rental income but not monitored at a regional level. Other income, other expenses, fair value adjustments to financial instruments and net losses on transactions and other activities are not monitored at a regional level.

Nine months ended September 30, 2016	Western Canada	Ontario	Québec	Eastern Canada	Segment total	Other ⁽¹⁾	Total
Operations							
Investment properties revenue	\$ 49,451	\$ 33,429	\$ 22,121	\$ 24,109	\$ 129,110	\$ 2,864	\$ 131,974
Investment properties operating expenses	(15,390)	(10,671)	(5,979)	(10,341)	(42,381)	(982)	(43,363)
Net rental income	34,061	22,758	16,142	13,768	86,729	1,882	88,611
Other income	—	—	—	—	—	27	27
Other expenses	—	—	—	—	—	(43,808)	(43,808)
Fair value adjustments and other items	(20,575)	1,673	7,668	(13,015)	(24,249)	(14,248)	(38,497)
Income (loss) before income taxes	13,486	24,431	23,810	753	62,480	(56,147)	6,333
Recovery of income taxes	—	—	—	—	—	579	579
Net income (loss) for the period	\$ 13,486	\$ 24,431	\$ 23,810	\$ 753	\$ 62,480	\$ (55,568)	\$ 6,912

(1) Includes revenue and expense items such as lease termination fees, other rental income, straight-line rent, bad debt expenses, amortization of tenant inducements, and net rental income from sold properties, which are included in the net rental income but not monitored at a regional level. Other income, other expenses, fair value adjustments to financial instruments and net losses on transactions and other activities are not monitored at a regional level.

Three months ended September 30, 2015	Western Canada	Ontario	Québec	Eastern Canada	Segment total	Other ⁽¹⁾	Total
Operations							
Investment properties revenue	\$ 16,540	\$ 10,658	\$ 7,477	\$ 7,555	\$ 42,230	\$ 1,404	\$ 43,634
Investment properties operating expenses	(5,137)	(3,429)	(1,973)	(2,957)	(13,496)	(266)	(13,762)
Net rental income	11,403	7,229	5,504	4,598	28,734	1,138	29,872
Other income	—	—	—	—	—	11	11
Other expenses	—	—	—	—	—	(14,318)	(14,318)
Fair value adjustments and other items	(2,036)	(597)	735	(685)	(2,583)	2,932	349
Income (loss) before income taxes	9,367	6,632	6,239	3,913	26,151	(10,237)	15,914
Deferred income taxes	—	—	—	—	—	(79)	(79)
Net income (loss) for the period	\$ 9,367	\$ 6,632	\$ 6,239	\$ 3,913	\$ 26,151	\$ (10,316)	\$ 15,835

(1) Includes revenue and expense items such as lease termination fees, other rental income, straight-line rent, bad debt expenses, amortization of tenant inducements, and net rental income from sold properties, which are included in the net rental income but not monitored at a regional level. Other income, other expenses, fair value adjustments to financial instruments and net losses on transactions and other activities are not monitored at a regional level.

Nine months ended September 30, 2015	Western Canada	Ontario	Québec	Eastern Canada	Segment total	Other ⁽¹⁾	Total
Operations							
Investment properties revenue	\$ 48,538	\$ 32,382	\$ 21,985	\$ 24,925	\$ 127,830	\$ 4,699	\$ 132,529
Investment properties operating expenses	(14,819)	(10,553)	(5,835)	(10,657)	(41,864)	(1,132)	(42,996)
Net rental income	33,719	21,829	16,150	14,268	85,966	3,567	89,533
Other income	—	—	—	—	—	15	15
Other expenses	—	—	—	—	—	(42,935)	(42,935)
Fair value adjustments and other items	(1,472)	(539)	2,051	(1,647)	(1,607)	5,123	3,516
Income (loss) before income taxes	32,247	21,290	18,201	12,621	84,359	(34,230)	50,129
Deferred income taxes	—	—	—	—	—	(209)	(209)
Net income (loss) for the period	\$ 32,247	\$ 21,290	\$ 18,201	\$ 12,621	\$ 84,359	\$ (34,439)	\$ 49,920

(1) Includes revenue and expense items such as lease termination fees, other rental income, straight-line rent, bad debt expenses, amortization of tenant inducements, and net rental income from sold properties, which are included in the net rental income but not monitored at a regional level. Other income, other expenses, fair value adjustments to financial instruments and net losses on transactions and other activities are not monitored at a regional level.

Investment properties

Nine months ended September 30, 2016	Western Canada	Ontario	Québec	Eastern Canada	Total
Investment properties	\$ 643,115	\$ 454,050	\$ 299,400	\$ 262,450	\$ 1,659,015
Total capital expenditures and leasing costs ⁽¹⁾	6,053	6,478	2,699	5,161	20,391

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

Year ended December 31, 2015	Western Canada	Ontario	Québec	Eastern Canada	Total
Investment properties	\$ 657,375	\$ 445,530	\$ 327,095	\$ 270,992	\$ 1,700,992
Total capital expenditures and leasing costs ⁽¹⁾	5,454	4,801	2,626	3,537	16,418

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

Note 14

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

From time to time, Dream Industrial and its subsidiaries enter into transactions with related parties. Dream Industrial, DILP (a wholly owned subsidiary of the Trust), 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") which is automatically renewed on October 4 of every year for additional one-year terms unless terminated by any party. 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.

Shared Services and Cost Sharing Agreement

The existing Asset Management Agreement provides the Trust and DAM, from time to time, the opportunity to agree on additional services to be provided to the Trust for which DAM is to be reimbursed for its costs. The Trust and DAM are party to an amended Shared Services and Cost Sharing Agreement as of April 2, 2015. According to the terms of the amended arrangement, DAM will continue to provide administrative and support services on an as-needed basis and will be reimbursed on a cost recovery basis for any expenses incurred. The Trust will continue to reimburse DAM for any shared costs allocated in each calendar year. This amended agreement provides for the automatic reappointment of DAM for additional one-year terms commencing on January 1 unless and until terminated in accordance with its terms or by mutual agreement of the parties.

As of January 1, 2016, the Shared Services and Cost Sharing Agreement was amended such that future funding costs in respect of technology personnel and technology related platforms ceased subsequent to December 31, 2015. There were no other material changes to the agreement. The Trust is committed to reimburse \$493 to DAM over the next two years for the costs incurred by DAM in relation to the Shared Services and Cost Sharing Agreement.

Effective January 1, 2016, Dream Technology Ventures LP ("DTV LP"), a limited partnership, was established by a wholly owned subsidiary of DAM acting as general partner and DAM, Dream Office LP, DILP, Dream Global REIT and Dream Alternatives Master LP as limited partners. Each of the limited partners, including the Trust, will contribute capital to DTV LP to fund costs incurred relating to technology personnel and technology related platforms. In addition, the Trust will be party to a licensing agreement in respect of the use of the developed technology. The Trust accounts for its investment in DTV LP on an equity basis. At September 30, 2016, the Trust recorded contributions of \$247 to DTV LP and recorded its share of loss of \$67 for the three months ended September 30, 2016 (loss of \$214 for the nine months ended September 30, 2016) in general and administrative expenses in the condensed consolidated financial statements. At September 30, 2016, the Trust's investment in DTV LP was \$33, which was included under other non-current assets.

Related party transactions

Fees and cost reimbursements paid and payable to related parties were as follows:

		Three months ended September 30,		Nine months ended September 30,	
	Note	2016	2015	2016	2015
Incurred under the Asset Management Agreement:					
Base annual management fee (included in general and administrative expenses)		\$ 1,025	\$ 1,046	\$ 3,117	\$ 3,134
Acquisition fee (included in acquisition related costs/investment properties)		—	10	—	96
Expense reimbursements related to financing arrangements (included in debt/unitholders' equity)		163	82	399	231
Total incurred under the Asset Management Agreement to DAM		\$ 1,188	\$ 1,138	\$ 3,516	\$ 3,461
Incurred under the Shared Services and Cost Sharing Agreement:					
Investment in business transformation	12	\$ 125	\$ 145	\$ 375	\$ 435
Strategic services and other		103	104	349	362
Total incurred under the Shared Services and Cost Sharing Agreement to DAM		\$ 228	\$ 249	\$ 724	\$ 797
Amounts paid and payable to Dream Office REIT:					
Costs reimbursed under the Services Agreement		\$ 901	\$ 755	\$ 2,709	\$ 2,665
Distributions paid to Dream Office REIT on subsidiary redeemable units		3,246	3,247	9,739	9,739
Amounts paid and payable to Dream Office REIT		\$ 4,147	\$ 4,002	\$ 12,448	\$ 12,404

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

	September 30, 2016	December 31, 2015
Amounts payable and accrued liabilities to DAM for:		
Asset Management Agreement	\$ (504)	\$ (784)
Shared Services and Cost Sharing Agreement	(87)	(252)
Funds received on behalf of DAM	(41)	(63)
Total payable to DAM	\$ (632)	\$ (1,099)
Amounts receivable from DAM for:		
Reimbursement of costs paid by the Trust	\$ 8	\$ 45
Total receivable from DAM	\$ 8	\$ 45
Amounts payable and accrued liabilities to Dream Office REIT for:		
Services Agreement	\$ (330)	\$ (255)
Distributions on subsidiary redeemable units	(1,082)	(1,082)
Total payable to Dream Office REIT	\$ (1,412)	\$ (1,337)
Amounts receivable from Dream Office REIT for:		
Deposits Dream Office REIT received on behalf of the Trust	\$ —	\$ 135
Total receivable from Dream Office REIT	\$ —	\$ 135

As at September 30, 2016, Dream Office REIT's retained interest in the Trust was 23.8%.

Compensation of key management personnel is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Unit-based awards granted during the period ⁽¹⁾	\$ —	\$ —	\$ 224	\$ 385
Total	\$ —	\$ —	\$ 224	\$ 385

(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 based on the grant date fair value of deferred trust units multiplied by the number of deferred trust units granted in the period. See Note 7 for details on deferred trust units granted to trustees.

Note 15

SUPPLEMENTARY CASH FLOW INFORMATION

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

	Note	Three months ended September 30,		Nine months ended September 30,	
		2016	2015	2016	2015
Amortization of lease incentives	5	\$ 192	\$ 135	\$ 493	\$ 334
Amortization of financing costs		385	328	1,102	903
Depreciation of property and equipment		14	11	40	32
Amortization of fair value adjustments on assumed debt		(262)	(532)	(987)	(1,750)
Total		\$ 329	\$ (58)	\$ 648	\$ (481)

The components of other adjustments under operating activities include:

	Note	Three months ended September 30,		Nine months ended September 30,	
		2016	2015	2016	2015
Deferred unit compensation expense	7	\$ 347	\$ 316	\$ 1,074	\$ 1,093
Straight-line rent adjustment	5, 10	(273)	(441)	(1,098)	(1,514)
Fair value adjustments to investment properties	5, 10	18,648	2,583	24,249	1,607
Fair value adjustments to financial instruments	11	(19,497)	(4,387)	8,966	(9,378)
Transaction costs	12	—	—	969	—
Net loss on sale of investment properties	10	472	281	687	1,244
(Recovery of) deferred income taxes		(325)	79	(579)	209
Debt settlement costs (gains)	12	218	115	214	(318)
Other adjustments to operating activities		\$ (410)	\$ (1,454)	\$ 34,482	\$ (7,057)

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Decrease (increase) in amounts receivable	\$ 1,053	\$ 1,006	\$ 1,130	\$ (388)
Decrease (increase) in prepaid expenses and other assets	1,133	687	(910)	(1,958)
Decrease (increase) in other non-current assets	46	(175)	30	(465)
Increase in amounts payable and accrued liabilities	353	2,032	2,770	1,770
Increase (decrease) in tenant security deposits	117	(172)	1,158	208
Change in non-cash working capital	\$ 2,702	\$ 3,378	\$ 4,178	\$ (833)

The following amounts were paid on account of interest:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Interest:				
Debt	\$ 6,927	\$ 7,139	\$ 24,852	\$ 25,512
Subsidiary redeemable units	3,246	3,247	9,739	9,739
Total	\$ 10,173	\$ 10,386	\$ 34,591	\$ 35,251

Note 16

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 \$2,484 (September 30, 2015 – \$2,941).

The Trust is committed to reimburse \$493 to DAM over the next two years for the costs incurred by DAM in relation to the Shared Services and Cost Sharing Agreement.

Note 17

FAIR VALUE MEASUREMENTS

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

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

	Carrying value as at September 30, 2016	Fair value as at September 30, 2016		
		Level 1	Level 2	Level 3
Recurring measurements				
Non-financial assets				
Investment properties	\$ 1,659,015	\$ —	\$ —	\$ 1,659,015
Financial assets				
Conversion feature on the convertible debentures	5,004	—	—	5,004
Financial liabilities				
Fair value of interest rate swaps	2,708	—	—	2,708

	Carrying value as at December 31, 2015	Fair value as at December 31, 2015		
		Level 1	Level 2	Level 3
Recurring measurements				
Non-financial assets				
Investment properties	\$ 1,700,992	\$ —	\$ —	\$ 1,700,992
Financial liabilities				
Conversion feature on the convertible debentures	—	—	—	—
Fair value of interest rate swaps	2,076	—	—	2,076

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

	Carrying value as at September 30, 2016	Fair value as at September 30, 2016		
		Level 1	Level 2	Level 3
Fair values disclosed				
Mortgages	\$ 751,992	\$ —	\$ —	\$ 768,462
Revolving credit facility	—	—	—	—
Convertible debentures	126,870	—	—	139,497

	Carrying value as at December 31, 2015	Fair value as at December 31, 2015		
		Level 1	Level 2	Level 3
Fair values disclosed				
Mortgages	\$ 780,948	\$ —	\$ —	\$ 791,386
Revolving credit facility	15,893	—	—	16,000
Convertible debentures	126,260	—	—	130,308

All gains and losses recorded in fair value adjustments to financial instruments (Note 11) are changes in unrealized gains and losses relating to the items on the condensed consolidated balance sheet.

The conversion feature of the convertible debentures and interest rate swaps are measured at fair value.

The fair value measurement of the interest rate swaps was valued by qualified independent valuation professionals based on the present value of the estimated future cash flows determined using the appropriate yield curve and credit spread. 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 September 30, 2016 and December 31, 2015 are the following:

	September 30, 2016		December 31, 2015	
	Credit spread	Volatility	Credit spread	Volatility
5.25% Debentures	1.905%	17.680%	4.403%	11.110%
6.75% Debentures	3.729%	20.591%	5.422%	11.830%

The change in the fair value of the conversion feature of the convertible debentures for the nine months ended September 30, 2016 is \$5,004 (September 30, 2015 – \$6). 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 18

COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

Certain comparative balances have been reclassified from the consolidated financial statements previously presented to conform to the presentation of the 2016 condensed consolidated financial statements.

(this page intentionally left blank)

Corporate information

HEAD OFFICE

**Dream Industrial
Real Estate Investment Trust**
State Street Financial Centre
30 Adelaide Street East, Suite 301
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, 8th 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

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600
Toronto, Ontario M5J 0B2

CORPORATE COUNSEL

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place, Suite 6200
Toronto, Ontario M5X 1B8

INVESTOR RELATIONS

Phone: (416) 365-3538
Toll free: 1 877 365-3535
E-mail: industrialinfo@dream.ca
Website: www.dreamindustrialreit.ca

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Listing symbols:
REIT Units: DIR.UN
5.25% Convertible Debentures: DIR.DB
6.75% Convertible Debentures: DIN.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 DRIP, you may invest in additional units in two ways:

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

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

To enrol, contact:

**Computershare Trust
Company of Canada**
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1
Attention: Dividend Reinvestment Services

Or call their Customer Contact Centre at
1 800 564-6253 (toll free)
or (514) 982-7555

Corporate Office

30 Adelaide Street East, Suite 301
Toronto, ON M5C 3H1
Phone: 416.365.3535
Fax: 416.365.6565
E-mail: info@dream.ca