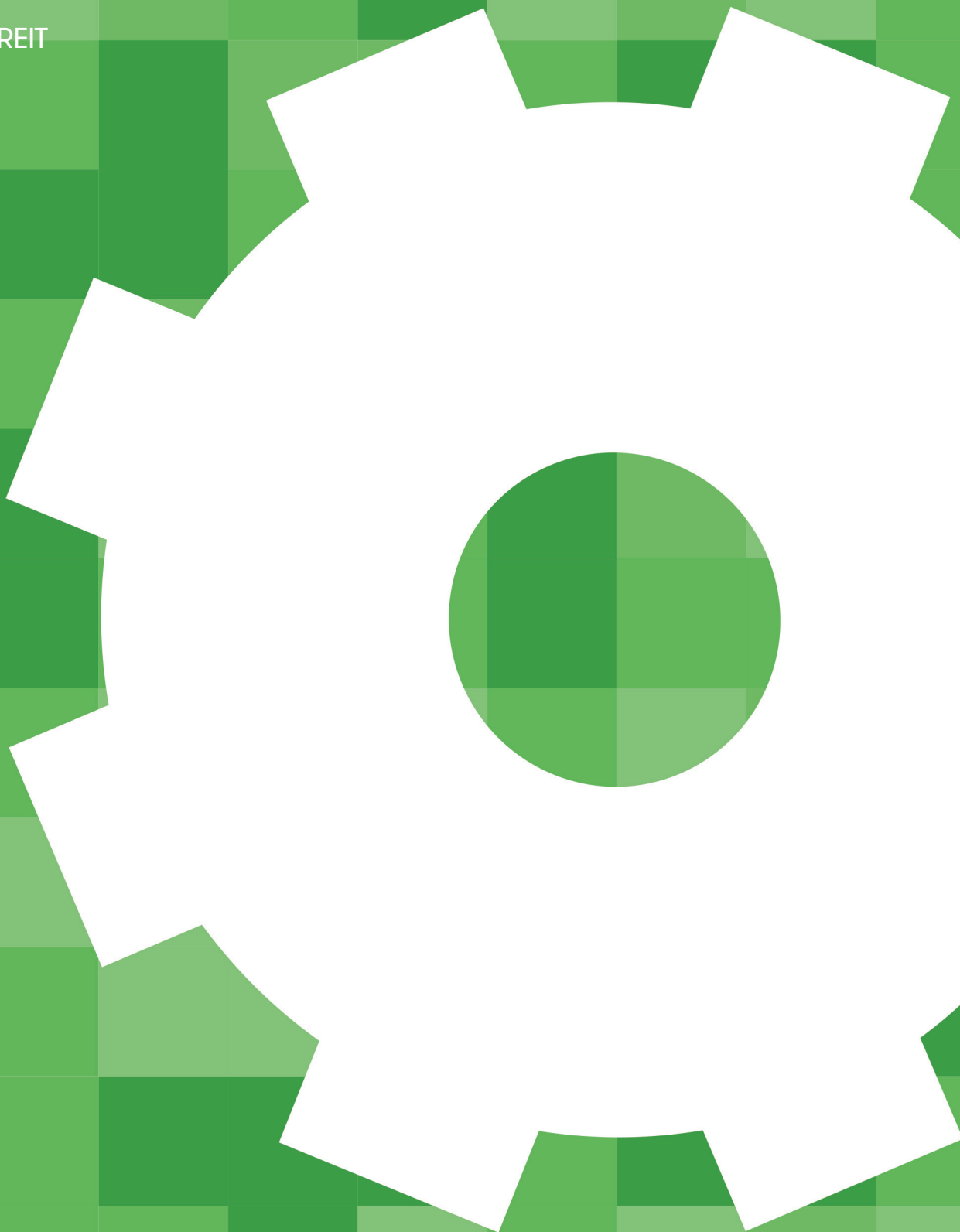


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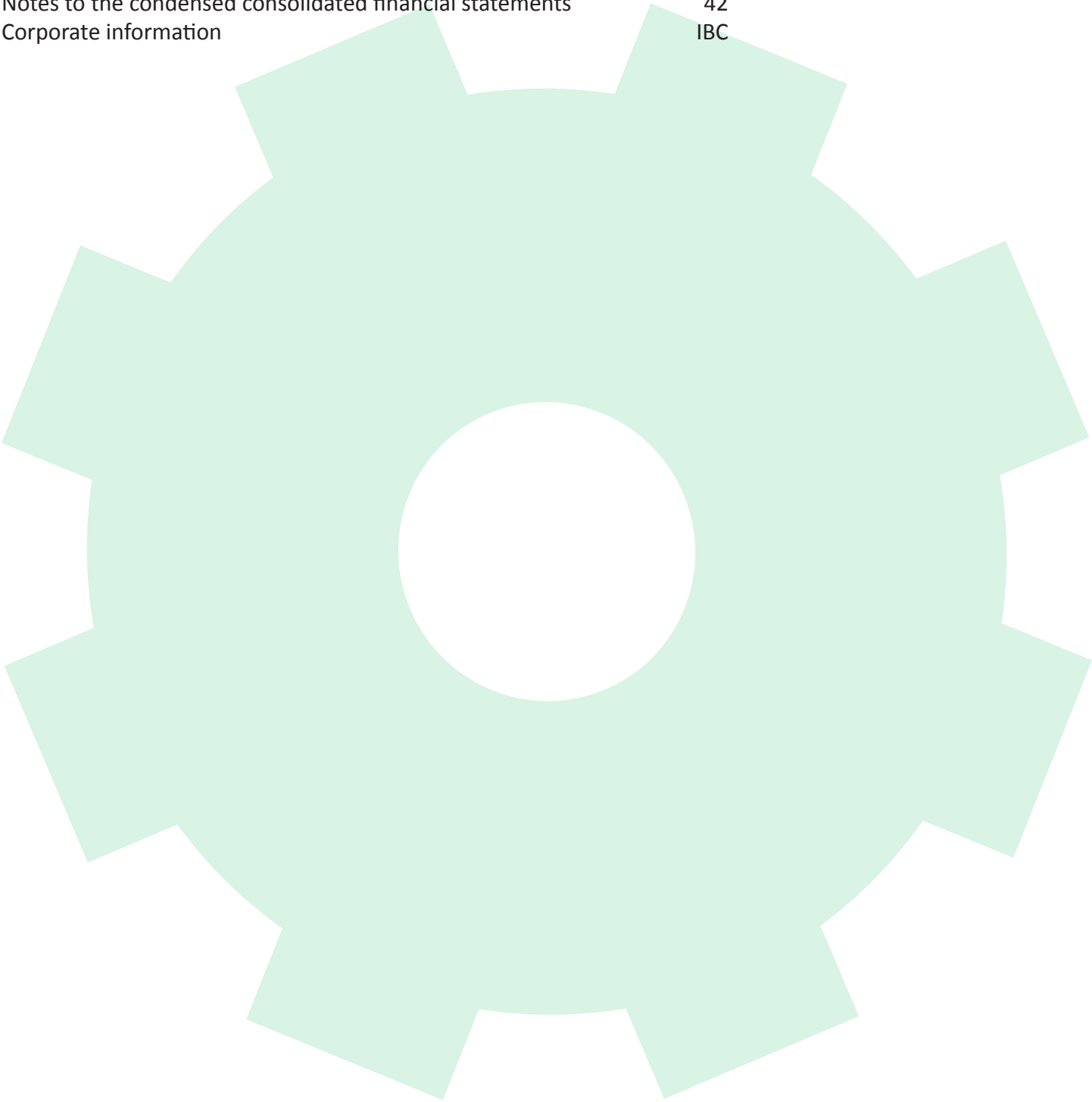
Dream Industrial REIT



dream 
industrial REIT

Table of contents

Management’s discussion and analysis	1
Condensed consolidated financial statements	38
Notes to the condensed consolidated financial statements	42
Corporate information	IBC



Management's discussion and analysis

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

SECTION I – FINANCIAL HIGHLIGHTS

KEY PERFORMANCE INDICATORS

Performance is measured by these and other key indicators:

	September 30, 2017 ⁽¹⁾		June 30, 2017 ⁽¹⁾	As at September 30, 2016 ⁽¹⁾
Total Portfolio				
Number of properties		212	212	217
Gross leasable area ("GLA") (in millions of sq. ft.)		16.1	16.1	16.6
Occupancy rate – including committed		96.7%	96.8%	94.5%
Occupancy rate – in-place		95.6%	94.9%	93.2%
Average occupancy for the period		95.3%	95.0%	93.3%
Average in-place base rent per sq. ft.	\$	7.19	\$ 7.19	\$ 7.13
Weighted average remaining lease term (years)		3.9	4.0	4.0
Estimated market rent in excess of in-place rent		1.0%	1.0%	1.5%

	Three months ended September 30, 2017		2016	Nine months ended September 30, 2017		2016
Operating results						
Investment properties revenue	\$	42,091	\$ 43,233	\$ 127,622	\$	131,974
NOI ⁽²⁾		29,037	29,426	86,374		88,611
FFO ⁽²⁾		18,708	18,191	54,969		54,632
AFFO ⁽²⁾		16,867	15,923	48,819		47,331
Net income		9,091	14,283	15,193		6,912
Distributions						
Declared distributions	\$	14,033	\$ 13,620	\$ 41,655	\$	40,748
DRIP participation rate		36.1%	10.2%	35.9%		9.8%
Per Unit amounts						
Distribution rate	\$	0.17	\$ 0.17	\$ 0.52	\$	0.52
Basic						
FFO ⁽³⁾		0.23	0.23	0.69		0.70
AFFO ⁽³⁾		0.21	0.20	0.62		0.61
Diluted						
FFO ⁽³⁾		0.23	0.23	0.68		0.69
AFFO ⁽³⁾		0.21	0.20	0.61		0.60
Payout ratio⁽⁴⁾						
FFO		76.1%	76.4%	77.1%		76.1%
AFFO		84.1%	86.2%	86.1%		86.9%

	September 30, 2017		June 30, 2017	As at September 30, 2016
Financing				
Weighted average effective interest rate ⁽⁵⁾		3.91%	3.91%	3.88%
Weighted average face interest rate ⁽⁵⁾		3.81%	3.81%	3.83%
Weighted average remaining term to maturity (years)		3.8	3.8	4.2
Interest coverage ratio (times) ⁽²⁾		3.3	3.3	3.1
Debt-to-adjusted EBITDA ⁽²⁾		8.1	8.0	8.3
Unencumbered assets	\$	99,251	\$ 126,756	\$ 120,080

(1) Excludes property or properties held for sale at each quarter.

- (2) 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.
- (3) A description of the determination of basic and diluted amounts per Unit can be found under the heading “Non-GAAP measures and other disclosures”.
- (4) 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.
- (5) 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, 2016 and the condensed consolidated financial statements for the period ended September 30, 2017.

This MD&A is dated as at November 7, 2017.

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 real estate investment Trust (“REIT”) exemption under the specified investment flow-through trust (“SIFT”) legislation; and other risks and factors described from time to time in the documents filed by the Trust with securities regulators.

All forward-looking information is as of November 7, 2017. 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, pure-play industrial REIT. Our REIT Units are listed on the Toronto Stock Exchange under the trading symbol DIR.UN.

At September 30, 2017, we owned 212 primarily light industrial income-producing properties totalling 16.1 million square feet of gross leasable area ("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 markets, based on an established platform;
- Providing predictable and sustainable cash distributions to unitholders while prudently managing our capital structure over time; and
- Maintaining a REIT that satisfies the REIT exception under the SIFT legislation in order to provide certainty to unitholders with respect to taxation of distributions.

OUR STRATEGY

Dream Industrial REIT is a growth-oriented owner of income-producing light industrial properties primarily 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 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, which we believe will provide us with the flexibility to pursue acquisitions in whichever Canadian markets offer compelling investment opportunities. Through an affiliate of PAULS Corp LLC ("PAULS Corp") and the Trust's asset manager, Dream Unlimited Corp., the Trust has access to the U.S. market and PAULS Corp's operational platform in the U.S.

Seeking accretive growth opportunities

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

FINANCIAL OVERVIEW

Dream Industrial's financial metrics remained stable with the value of our investment properties at \$1.6 billion and debt-to-total assets (a non-GAAP measure) at 52.6%.

Net income for the three months ended September 30, 2017 was \$9.1 million (nine months ended September 30, 2017 – \$15.2 million), compared to \$14.3 million and \$6.9 million, respectively, in 2016, primarily driven by net rental income and fair value adjustments to investment properties and financial instruments.

Diluted funds from operations (“FFO”) per Unit (a non-GAAP measure) for the quarter ended September 30, 2017 was \$0.23, unchanged from the prior year comparative quarter. For the nine months ended September 30, 2017, diluted FFO per Unit was \$0.68 compared to \$0.69 in the prior year comparative period. Diluted FFO per Unit for the nine months decreased due to accounting adjustments such as straight-line rent and fair value adjustments on assumed debt.

Diluted adjusted funds from operations (“AFFO”) per Unit (a non-GAAP measure) for the quarter ended September 30, 2017 was \$0.21, compared to \$0.20 for the prior year comparative quarter. For the nine months ended September 30, 2017, diluted AFFO was \$0.61, compared to \$0.60 in the prior year comparative period. The overall movements are due to higher comparative properties net operating income, savings in general and administrative expenses, offset by the impact of sold properties in 2016.

In-place occupancy (including committed space) for our portfolio was 96.7% at September 30, 2017, compared to 96.8% at June 30, 2017. Our occupancy at September 30, 2017 includes 168,000 square feet of commitments on vacant space, with the majority of these leases commencing in the next two quarters. In-place occupancy has increased over the past four quarters.

Leasing activity during the quarter consisted of 897,000 square feet of new leases and renewals, compared to 780,000 square feet of expiries and terminations. Approximately 77.7% of our expiries were renewed during the quarter, and, including the relocation of tenants within our portfolio, the retention ratio was 81.8%. The year-to-date retention ratio was 81.1%, the highest in our history. To date, we have effectively addressed all of our 2017 expiries and terminations as we have obtained commitments exceeding the amount of space that expires or terminates this year.

In-place rents remained at \$7.19 per square foot, compared to June 30, 2017. Renewals for the quarter were completed at \$6.89 per square foot, or 3.8% lower than expiring rates. The main drivers of the negative spreads were renewals of mid-bay and flex-office tenants in Western Canada and a built-to-suit property in Ontario. New leases were completed at \$7.07 per square foot.

Estimated market rents were stable at \$7.26, compared to June 30, 2017.

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

Comparative properties net operating income (“NOI”) (a non-GAAP measure) for the three months ended September 30, 2017 was \$29.3 million, compared to \$28.9 million for the prior year comparative quarter. For the nine months ended September 30, 2017, comparative properties NOI was \$87.1 million, compared to \$85.8 million for the prior year comparative period. On a regional basis, during the third quarter, comparative properties NOI increased in Ontario from higher occupancy and recoveries, while Western Canada, Québec and Eastern Canada were relatively consistent with the prior year comparative quarter.

Investment properties at September 30, 2017 totalled 16.1 million square feet and was valued at \$1.6 billion, reflecting a weighted average capitalization rate of 6.61% on stabilized NOI (a non-GAAP measure). The capitalization rate at September 30, 2017 was 6.61%, compared to 6.64% at June 30, 2017, largely driven by capitalization rate decreases in Ontario. Compared to the prior quarter, our comparative property values in the Ontario and Eastern Canada regions increased by \$10.1 million and \$2.0 million, respectively, and decreased in Western Canada and Québec by \$3.2 million and \$0.3 million, respectively.

Total debt as at September 30, 2017 was \$883.9 million. The total level of debt (debt-to-total assets) (a non-GAAP measure) stood at 52.6%, down 10 basis points compared to the prior year comparative quarter. The weighted average remaining term on our debt was 3.8 years, and the weighted average face interest rate (a non-GAAP measure) was 3.81%, which is higher than the market rate for comparable mortgage debt. Our debt profile remains balanced with maturities well-distributed. As at September 30, 2017, \$99.3 million of the Trust's assets were unencumbered and \$98.0 million was available to be drawn on the revolving credit facility, which provide additional sources of financial flexibility.

The Trust closed its first U.S. asset acquisition and a multi-tenant industrial property acquisition in Calgary. On October 31, 2017, the Trust completed the purchase of the previously announced acquisition of a 717,000 square foot distribution centre in Nashville, Tennessee, for \$60.9 million. The purchase price was funded by assumed mortgage debt of \$29.7 million, the Trust's revolving credit facility and working capital. On October 5, 2017, the Trust also completed the acquisition of a 189,000 square foot multi-tenant property in Calgary, Alberta, for \$17 million. The acquisition was funded by the Trust's revolving credit facility.

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, 2017, our portfolio consists of 212 properties comprising 16.1 million square feet of GLA. Our properties are located in desirable business parks, situated close to highways and generally considered functional and well suited for their respective markets. The occupancy rate across our portfolio is 96.7%. Our occupancy rate includes lease commitments totalling approximately 168,000 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, 2017 ⁽¹⁾			December 31, 2016 ⁽¹⁾		
	Number of properties	Owned GLA (sq. ft.)	% of owned GLA	Number of properties	Owned GLA (sq. ft.)	% of owned GLA
Western Canada	82	4,869	30.3	82	4,868	30.1
Ontario	57	4,794	29.8	58	4,890	30.2
Québec	36	3,765	23.4	36	3,765	23.3
Eastern Canada	37	2,660	16.5	37	2,659	16.4
Total	212	16,088	100.0	213	16,182	100.0

(1) Excludes property or properties held for sale at each quarter.

Our portfolio, totalling 16.1 million square feet, consists of 10.7 million square feet, or 66% of total GLA, of multi-tenant buildings, and 5.4 million square feet, or 34% of total GLA, of single-tenant buildings. Of the 5.4 million square feet of single-tenant space, 4.6 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:

Occupancy

At September 30, 2017, the overall percentage of occupied and committed space across our portfolio remained high at 96.7%, which was 0.1% lower than the occupancy at June 30, 2017, and 2.2% higher than the occupancy at September 30, 2016.

On a comparative properties basis, occupancy at September 30, 2017 decreased 0.1% and increased 1.1%, respectively, when compared to June 30, 2017 and September 30, 2016.

(percentage)	Total portfolio ⁽¹⁾			Comparative properties ⁽²⁾		
	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	June 30, 2017	September 30, 2016
Western Canada	96.5	96.5	96.8	96.5	96.5	96.8
Ontario	99.7	99.5	96.3	99.7	99.5	98.4
Québec	95.4	96.7	95.0	95.4	96.7	96.3
Eastern Canada	93.5	92.5	86.2	93.5	92.5	87.7
Total	96.7	96.8	94.5	96.7	96.8	95.6
Portfolio size (millions of sq. ft.)	16.1	16.1	16.6	16.1	16.1	16.1

(1) Excludes property or properties held for sale at each quarter.

(2) Comparative properties include assets owned by the Trust as at September 30, 2016, and excludes properties sold in 2016 and properties held for sale as at September 30, 2017.

Occupancy roll-forward

Leasing activity for the quarter included approximately 572,000 square feet of renewals and approximately 325,000 square feet of new leases.

The following table details the change in occupancy (including committed) during the three and nine months ended September 30, 2017:

	Weighted average rate per sq. ft.	For the three months ended September 30, 2017		Weighted average rate per sq. ft.	For the nine months ended September 30, 2017	
		(sq. ft.)	As a % of total GLA		(sq. ft.)	As a % of total GLA
Occupancy (including committed) at beginning of period		15,566	96.8%		15,412	95.2%
Vacancy committed for future occupancy		(297)	(1.9%)		(233)	(1.4%)
Change due to property held for sale ⁽¹⁾		—	0.0%		—	0.6%
Occupancy at beginning of period – restated		15,269	94.9%		15,179	94.4%
Expiries (all leases)	\$ 7.14	(736)	(4.6%)	\$ 7.21	(2,077)	(12.9%)
Early terminations and bankruptcies	\$ 8.24	(44)	(0.3%)	\$ 8.90	(138)	(1.0%)
New leases	\$ 7.07	325	2.0%	\$ 7.07	834	5.2%
Renewals	\$ 6.89	572	3.6%	\$ 6.94	1,588	9.9%
Occupancy – September 30, 2017		15,386	95.6%		15,386	95.6%
Vacancy committed for future occupancy		168	1.1%		168	1.1%
Occupancy (including committed) – September 30, 2017		15,554	96.7%		15,554	96.7%

(1) Vacant property; only impacts % of total GLA.

The committed occupancy on vacant space based on existing contractual commitments at September 30, 2017 totalled 168,000 square feet. Of this committed space, 96% will become occupied in the next two quarters.

	For the three months ended September 30, 2017	For the nine months ended September 30, 2017
Tenant renewal ratio ⁽¹⁾	77.7%	76.5%
Expiring rents on renewed space (per sq. ft.)	\$ 7.16	\$ 7.06
Renewal to expiring rent spread (per sq. ft.) ⁽²⁾	\$ (0.27)	\$ (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 commenced and the expiring rents on the renewed space.

The tenant renewal ratio for the portfolio was 77.7% during the quarter. Including relocations of existing tenants (excluding their expansion space), the retention ratio was 81.8%. Completed renewals for the quarter commenced at \$6.89 per square foot, or 3.8% lower than the expiring rates.

The main drivers of the negative spread were renewals of mid-bay and flex-office tenants in Western Canada and a built-to-suit building in Ontario that we renewed and expanded at current market rents. In Western Canada, we retained 82.3% of our tenants with renewals completed at \$10.34 per square foot, or 6.3% below expiring rates. We are continuing to see downward pressure on market rents in that region and in particular on mid- to large-bay units and units with a significant office component. We will continue our efforts to drive rental growth through contractual rent steps over the term of the lease to offset the impact of lower renewal rates.

The tenant renewal ratio for the portfolio was 76.5% for the nine months ended September 30, 2017. Including relocations of existing tenants (excluding their expansion space), the retention ratio was 81.1%. Renewals for the nine months ended September 30, 2017 were completed at \$6.94 per square foot compared to the expiring rate of \$7.06 per square foot, or 1.7% lower than the expiring rates.

In-place rental rates

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

During the third quarter, market rents were stable at \$7.26 compared to June 30, 2017.

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

	September 30, 2017 ⁽¹⁾			June 30, 2017 ⁽¹⁾			September 30, 2016 ⁽¹⁾		
	Average in-place base rent	Estimated market rent ⁽²⁾	Average remaining lease term (years)	Average in-place base rent	Estimated market rent ⁽²⁾	Average remaining lease term (years)	Average in-place base rent	Estimated market rent ⁽²⁾	Average remaining lease term (years)
Total portfolio									
Western Canada	\$ 9.00	\$ 9.19	3.7	\$ 9.03	\$ 9.19	3.8	\$ 9.06	\$ 9.25	2.1
Ontario	6.17	6.16	3.7	6.16	6.16	3.9	5.99	6.05	1.0
Québec	6.14	6.08	4.6	6.14	6.08	4.7	6.12	6.15	0.5
Eastern Canada	7.23	7.42	3.5	7.24	7.42	3.6	7.21	7.41	2.8
Total	\$ 7.19	\$ 7.26	3.9	\$ 7.19	\$ 7.26	4.0	\$ 7.13	\$ 7.24	1.5

(1) Excludes property or properties held for sale at each quarter.

(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

Overall, our average remaining lease term is 3.9 years and our average tenant size is 12,000 square feet. Our single-tenant buildings have an average remaining lease term of 4.9 years and our multi-tenant buildings have an average remaining lease term of 3.3 years.

The following table details our lease maturity profile, net of renewals, by region at September 30, 2017:

(in sq. ft., except %)	Vacancy	Remainder of						Total
		2017	2018	2019	2020	2021	2022+	
Western Canada	172	119	546	605	766	652	2,009	4,869
Ontario	17	22	654	976	802	567	1,756	4,794
Québec	173	39	221	569	185	384	2,194	3,765
Eastern Canada	172	66	385	472	232	399	934	2,660
Total portfolio								
Total GLA	534	246	1,806	2,622	1,985	2,002	6,893	16,088
Percentage of total GLA (%)	3.3	1.5	11.2	16.3	12.3	12.5	42.9	100.0

Our lease maturity profile, net of renewals, remains staggered. Lease expiries, net of committed occupancy as a percentage of total GLA between 2017 and 2021, range from 1.5% to 16.3%.

2017 lease expiry profile

(in sq. ft., except %)	Western Canada	Ontario	Québec	Eastern Canada	Total portfolio
2017 expiries (as at September 30, 2017)	(167)	(235)	(245)	(160)	(807)
Expiries committed for renewals	48	213	206	94	561
Expiries, net of renewals (as at September 30, 2017)	(119)	(22)	(39)	(66)	(246)
2017 vacancy (as at September 30, 2017)	(220)	(33)	(201)	(248)	(702)
Vacancy committed for future occupancy	48	16	28	76	168
2017 vacancy, net of commitments for occupancy (as at September 30, 2017)	(172)	(17)	(173)	(172)	(534)
Total commitments as a % of expiries (as at September 30, 2017)	57.5%	97.4%	95.5%	106.3% ⁽¹⁾	90.3%

(1) In Eastern Canada, we have obtained leasing commitments on 106.3% of the remaining 2017 expiring tenancies, which translates into addressing 100% of the remaining 2017 expiring tenancies and increasing occupancy by approximately 11,000 square feet, or 6.3%, of the remaining 2017 expiring tenancies.

As at September 30, 2017, leasing commitments of approximately 90.3% of remaining 2017 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, 2017. For remaining 2017 expiries, estimated market rents are 3.8% below expiring rents, largely driven by flex-office units in our Western Canada portfolio. Flex-office spaces compete directly with the suburban office market, which has been negatively impacted with low demand and high vacancy rates. In our Ontario portfolio, estimated market rents are higher than expiring rents, representing an opportunity to increase rents as spaces are re-leased. The spreads in Québec and Eastern Canada are related to only a few tenants, and do not represent the market conditions of our portfolio in these regions.

Average	Western Canada			Ontario	Québec	Eastern Canada		Total portfolio		
Expiring rents – remaining 2017 expiries	\$	9.87	\$	6.47	\$	6.21	\$	6.43	\$	8.06
Market rents ⁽¹⁾ – remaining 2017 expiries	\$	9.20	\$	7.13	\$	5.96	\$	6.41	\$	7.75

(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.

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, 2017, a total of 2,422,000 square feet was leased and occupied with related costs of \$5.9 million, representing an average rate of \$2.45 per square foot leased (September 30, 2016 – \$2.86 per square foot). Excluded from these amounts is \$1.3 million in costs related to a single-tenant occupancy in Eastern Canada, which is fully recoverable over the term of the lease, in addition to our contractual base rent.

Performance indicators	Total
Operating activities	
Portfolio size (sq. ft.)	16,088
Occupied and committed	96.7%
Square footage leased and occupied in 2017	2,422
Lease incentives and initial direct leasing costs for square footage leased and occupied in 2017	\$ 5,934

Tenant base profile

Our tenant base consists of a diverse range of high-quality businesses and, with 1,323 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 82,000 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.	656	4.1	4.0	7.6
TC Transcontinental	523	3.3	3.4	4.5
Gienow Windows & Doors Inc.	371	2.3	2.5	5.0
Molson Breweries Properties	225	1.4	2.2	5.3
United Agri Products Canada Inc.	275	1.7	1.2	6.0
Nellson Nutraceutical Canada	235	1.4	1.2	1.9
Clean Harbors Industrial	96	0.6	1.2	2.4
Array Canada Inc.	210	1.3	1.1	3.3
Royal Group Inc.	177	1.1	0.9	7.3
Lowe-Martin Company Inc. ⁽¹⁾	115	0.7	0.8	7.6
Total	2,883	17.9	18.5	5.4

(1) Formerly known as The Dollco Corporation.

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 5.4 years.

OUR RESOURCES AND FINANCIAL CONDITION

Investment properties

At September 30, 2017, the fair value of our investment property portfolio was \$1.6 billion, reflecting a weighted average cap rate of 6.61% on stabilized NOI (a non-GAAP measure), excluding property management income.

The valuation approach for investment properties uses both the direct capitalization method and the discounted cash flow method. The results of both methods are evaluated by considering the reasonableness of the range of values calculated under both methods. Fair value of a property is determined at the point within that range that is most representative of the fair value in the circumstances. The direct capitalization method applies a cap rate to stabilized NOI and incorporates allowances for vacancy and management fees. The resulting capitalized value is further adjusted for extraordinary costs to stabilize income and non-recoverable capital expenditures, where applicable. Individual properties were valued using cap rates in the range of 4.00% to 9.25%. The discounted cash flow method discounts the expected future cash flows, generally over a term of ten years, and uses discount rates and terminal capitalization rates specific to each property.

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

	September 30, 2017	Comparative portfolio ⁽¹⁾	
		June 30, 2017	December 31, 2016
Western Canada	\$ 624,200	\$ 627,442	\$ 636,855
Ontario	457,796	447,681	433,560
Québec	292,115	292,380	296,190
Eastern Canada	251,570	249,595	259,010
Total	\$ 1,625,681	\$ 1,617,098	\$ 1,625,615

(1) Excludes properties held for sale.

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

	September 30, 2017		June 30, 2017		December 31, 2016	
	Range (%)	Weighted average (%)	Range (%)	Weighted average (%)	Range (%)	Weighted average (%)
Western Canada	6.00–8.00	6.66	6.00–8.00	6.62	6.00–8.00	6.62
Ontario	4.00–7.75	6.04	4.00–7.75	6.19	5.50–7.75	6.43
Québec	6.25–7.50	6.94	6.25–7.50	6.94	6.25–7.50	7.03
Eastern Canada	6.50–9.25	7.15	6.50–9.25	7.11	6.50–9.25	7.01
Total	4.00–9.25	6.61	4.00–9.25	6.64	5.50–9.25	6.71

(1) Excludes properties held for sale.

Overall, the fair value of our investment properties at September 30, 2017 was \$1.6 billion at a weighted average capitalization rate of 6.61%.

The fair value of our comparative portfolio increased by \$8.6 million compared to June 30, 2017, primarily due to building improvements and lease incentives and initial direct leasing costs of \$7.7 million and fair value gains of \$1.1 million. On a regional basis, the total fair value increase comprises increases of \$10.1 million in Ontario and \$2.0 million in Eastern Canada, offset by decreases of \$3.2 million in Western Canada and \$0.3 million in Québec.

During the quarter, the Trust obtained external appraisals on 26 properties and obtained external input from its appraisers on the market assumptions used for internally valued properties. On a regional basis, external appraisals were completed for 18 properties in Western Canada, two in Ontario, one in Québec and five in Eastern Canada. The fair value of externally appraised properties increased by \$6.6 million from \$232.5 million at June 30, 2017 to \$239.1 million at September 30, 2017. On a regional basis, the movement in externally valued properties comprises increases of \$9.0 million in Ontario and \$1.7 million in Eastern Canada, offset by decreases of \$3.5 million in Western Canada and \$0.6 million in Québec. The value changes in externally appraised properties were primarily driven by capitalization rates, market rents and property-specific changes in leasing activity.

The fair value of the internally appraised properties increased by \$2.0 million from \$1,384.5 million at June 30, 2017 to \$1,386.5 million at September 30, 2017. On a regional basis, the movement in internally valued properties comprises increases of \$1.1 million in Ontario, \$0.3 million in Québec, \$0.3 million in Eastern Canada and \$0.3 million in Western Canada. The value changes in internally appraised properties were primarily driven by capitalization rates and property-specific changes in leasing activity.

In Western Canada, the fair value of the investment properties declined by \$3.2 million, of which \$3.0 million relates to Alberta and \$0.2 million relates to Saskatchewan. 18 properties were externally appraised in Calgary, resulting in a fair value decrease of \$3.5 million due to changes in market rents and capitalization rates.

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,	
	2017	2016	2017	2016
Building improvements				
Recoverable capital expenditures	\$ 3,459	\$ 4,169	\$ 7,777	\$ 8,115
Other capital expenditures	2,086	1,930	3,958	3,808
Initial direct leasing costs and lease incentives				
Leasing costs	680	1,144	2,249	2,781
Landlord's work	1,161	1,667	3,765	3,931
Tenant improvements	361	324	1,021	1,112
Other leasing costs	—	295	254	644
Total	\$ 7,747	\$ 9,529	\$ 19,024	\$ 20,391

Other capital expenditures for the nine months ended September 30, 2017 includes \$3.1 million in upgrades completed on certain properties that are expected to increase the Trust's ability to attract tenants and obtain higher rental rates. Landlord's work for the nine months ended September 30, 2017 includes \$0.8 million in relation to a ten-year lease at one of our single-tenant properties in Eastern Canada which is fully recoverable over the term of the lease. For the nine months ended September 30, 2017, \$0.3 million of other leasing costs were incurred towards various major reconfigurations of units to attract and put in place high value tenancies or to improve quality of the assets.

OUR FINANCING

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

Summary of debt

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

	As at	
	September 30, 2017	December 31, 2016
Financing metrics		
Debt	\$ 883,941	\$ 868,347
Weighted average effective interest rate ⁽¹⁾	3.91%	3.89%
Weighted average face interest rate ⁽¹⁾	3.81%	3.81%
Interest coverage ratio (times) ⁽²⁾⁽³⁾	3.3	3.1
Debt-to-adjusted EBITDA (years) ⁽²⁾	8.1	8.4
Level of debt (debt-to-total assets) ⁽²⁾	52.6%	52.6%
Liquidity metrics		
Maximum proportion of debt maturities and principal repayments due in any one year	20.6% (2019)	20.8% (2019)
Weighted average term to maturity (years)	3.8	4.2
Cash on hand	\$ 2,599	\$ 6,595
Unencumbered assets ⁽⁴⁾	99,251	121,210
Undrawn lines of credit	98,000	98,000

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

(2) 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.

(3) Calculated for the three months ended September 30, 2017.

(4) Includes assets held for sale.

We currently use cash flow performance and debt level indicators to assess our ability to meet our financing obligations. Our current interest coverage ratio is 3.3 times, demonstrating our ability to more than adequately cover interest expense requirements. At September 30, 2017, our weighted average face rate of interest is 3.81% and, after accounting for market adjustments and financing costs, the weighted average effective interest rate for outstanding debt is 3.91%.

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 \$139.0 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 \$22.5 million, and debt maturities that are due within one year amount to \$119.1 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, 2017 is \$99.3 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, 2017.

The total debt as at September 30, 2017 is as follows:

	September 30, 2017	December 31, 2016
Total debt	\$ 883,941	\$ 868,347
Average term to maturity (years)	3.8	4.2

Financing activities

New mortgage financing is highlighted in the table below:

	Nine months ended September 30, 2017		
	Amount ⁽¹⁾	Term to maturity (years)	Weighted average face interest rate (%)
New mortgages	\$ 59,500	6.5	3.57%

(1) Excludes financing costs.

On April 3, 2017, we completed a \$14.5 million financing on a portfolio of two properties located in Edmonton with a term of five years at a face interest rate of 3.98% and an effective interest rate of 4.17%.

On August 30, 2017, we completed a \$45.0 million financing on a portfolio of six properties located in the Ontario and Eastern Canada regions with a term of seven years at a face interest rate of 3.44% and an effective interest rate of 3.57%.

Revolving credit facility

At September 30, 2017, no amounts were drawn from the \$100 million available on the revolving credit facility and all other terms and conditions on the facility remained unchanged from December 31, 2016. The amounts available to be drawn at September 30, 2017 after the \$2 million letter of credit and forward agreement reserve was \$98 million (December 31, 2016 – \$98 million). The maturity date on the revolving credit facility is June 30, 2019.

Composition and continuity of debt

The composition of debt as at September 30, 2017 and the continuity of debt for the three and nine months ended September 30, 2017 are as follows:

	Weighted average face interest rate	Three months ended September 30, 2017		
		Mortgages	Convertible debentures	Total
Debt as at June 30, 2017	3.81%	\$ 733,664	\$ 127,513	\$ 861,177
New debt placed	3.44%	45,000	—	45,000
Scheduled repayments	—	(5,952)	—	(5,952)
Lump sum repayments	3.16%	(16,223)	—	(16,223)
Other adjustments ⁽¹⁾	—	(279)	218	(61)
Debt as at September 30, 2017	3.81%	\$ 756,210	\$ 127,731	\$ 883,941

(1) Other adjustments include amortization of finance costs and fair value adjustments.

	Weighted average face interest rate	Nine months ended September 30, 2017		
		Mortgages	Convertible debentures	Total
Debt as at January 1, 2017	3.81%	\$ 741,265	\$ 127,082	\$ 868,347
New debt placed	3.57%	59,500	—	59,500
Scheduled repayments	—	(17,813)	—	(17,813)
Lump sum repayments	3.48%	(26,510)	—	(26,510)
Other adjustments ⁽¹⁾	—	(232)	649	417
Debt as at September 30, 2017	3.81%	\$ 756,210	\$ 127,731	\$ 883,941

(1) Other adjustments include amortization of finance costs and fair value adjustments.

Our current debt profile is balanced with maturities well-distributed over the next ten years. The following is our debt maturity profile as at September 30, 2017:

	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 (%)
2017	\$ 39,094	\$ 6,105	\$ 45,199	5.1	4.82	5.34
2018	92,607	21,801	114,408	12.9	3.59	3.43
2019	163,225	19,928	183,153	20.6	5.29	4.66
2020	88,820	17,636	106,456	12.0	3.34	3.19
2021	116,221	15,157	131,378	14.8	3.67	4.13
2022 and thereafter	282,606	24,910	307,516	34.6	3.52	3.39
Total	\$ 782,573	\$ 105,537	\$ 888,110	100.0	3.96	3.85
Unamortized financing costs			(5,150)			
Unamortized fair value adjustments			981			
Total			\$ 883,941			

Mortgages payable include \$3.8 million of financing costs, net of \$2.5 million of fair value adjustments. At September 30, 2017, the convertible debentures include \$1.4 million of financing costs and a \$1.5 million discount allocated to the conversion features on issuance and fair value adjustments. 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.

Convertible debentures

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

	Date issued	Maturity date	Conversion price	Outstanding principal September 30, 2017	Outstanding principal November 7, 2017	REIT Units if converted November 7, 2017
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 fair value changes recorded in comprehensive income. At September 30, 2017, the conversion feature is valued at \$2.8 million (December 31, 2016 – \$3.3 million), and 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, 2017, the Trust has entered into lease agreements with tenants that may require leasing and tenant improvement costs of approximately \$1.5 million (September 30, 2016 – \$2.5 million).

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, 2017		Unitholders' equity December 31, 2016	
	Number of Units	Amount	Number of Units	Amount
REIT Units	61,542,636	\$ 605,672	59,633,237	\$ 589,252
Retained earnings (deficit)	—	(14,099)	—	2,727
Add: LP B Units	18,551,855	168,822	18,551,855	158,247
Accumulated other comprehensive loss	—	(126)	—	(869)
Total equity⁽¹⁾	80,094,491	\$ 760,269	78,185,092	\$ 749,357

(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.

During the three months ended September 30, 2017, under the Distribution Reinvestment and Unit Purchase Plan ("DRIP") for LP B Units and REIT Units, the Trust issued 414,443 REIT Units (1,250,507 for the nine months ended September 30, 2017) to the subsidiaries of Dream Office REIT for a total cost of \$3.7 million (\$10.9 million for the nine months ended September 30, 2017). As at September 30, 2017, Dream Office REIT, directly and indirectly through its wholly owned subsidiaries, held 2,132,980 REIT Units and 18,551,855 LP B Units, representing approximately 25.8% ownership in the Trust.

The following table summarizes the changes in our outstanding equity:

	REIT Units	LP B Units	Total
Total Units outstanding on January 1, 2017	59,633,237	18,551,855	78,185,092
Units issued pursuant to DRIP	1,776,871	—	1,776,871
Units issued pursuant to Unit Purchase Plan	940	—	940
Units issued pursuant to Deferred Unit Incentive Plan ("DUIP")	131,588	—	131,588
Total Units outstanding on September 30, 2017	61,542,636	18,551,855	80,094,491
Percentage of all Units	76.8%	23.2%	100.0%
Units issued pursuant to Unit Purchase Plan	110	—	110
Units issued pursuant to DRIP on October 16, 2017	199,387	—	199,387
Total Units outstanding on November 7, 2017⁽¹⁾	61,742,133	18,551,855	80,293,988
Percentage of all Units	76.9%	23.1%	100.0%

(1) The date of this report.

Normal course issuer bid

The Trust renewed its normal course issuer bid, which commenced on December 19, 2016 and will remain in effect until the earlier of December 18, 2017 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 5,803,445 REIT Units (representing 10% of the REIT's public float of 58,034,459 REIT Units as at December 1, 2016) 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 29,969 REIT Units except where purchases are made in accordance with block purchase exemptions under applicable TSX rules. To the date of this MD&A, 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, which allows for any unforeseen expenditures.

We currently pay monthly distributions of \$0.058 per Unit, or \$0.70 per Unit on an annual basis. For the quarter ended September 30, 2017, approximately 36.1% of our total Units were enrolled in the DRIP.

	2017			2016			2015	
	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	\$ 9.10	\$ 8.70	\$ 8.22	\$ 8.53	\$ 7.85	\$ 8.73	\$ 8.04	\$ 7.18
Annualized distribution yield on closing price (%) ⁽¹⁾	7.7%	8.0%	8.5%	8.2%	8.9%	8.0%	8.7%	9.7%

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

The table below summarizes the distributions for the three and nine months ended September 30, 2017:

	Three months ended September 30, 2017			Nine months ended September 30, 2017		
	Declared distributions	3% bonus distributions ⁽¹⁾	Total	Declared distributions	3% bonus distributions ⁽¹⁾	Total
2017 distributions						
Paid in cash or reinvested in Units	\$ 9,328	99	\$ 9,427	\$ 36,950	396	\$ 37,346
Payable at September 30, 2017	4,705	—	4,705	4,705	—	4,705
Total distributions⁽²⁾	\$ 14,033	99	\$ 14,132	\$ 41,655	396	\$ 42,051
2017 reinvestment						
Reinvested to September 30, 2017	\$ 3,305	99	\$ 3,404	\$ 13,179	396	\$ 13,575
Reinvested on October 16, 2017	1,767	53	1,820	1,767	53	1,820
Total distributions reinvested	\$ 5,072	152	\$ 5,224	\$ 14,946	449	\$ 15,395
Distributions paid in cash	\$ 8,961			\$ 26,709		
Reinvestment to distribution ratio	36.1%			35.9%		
Ratio of distributions paid in cash	63.9%			64.1%		

(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, 2017 were \$14.0 million. Distributions declared for the nine months ended September 30, 2017 were \$41.7 million. Of the distributions declared for the three months ended September 30, 2017, \$5.1 million, or 36.1%, was reinvested in additional units resulting in a ratio of distributions paid in cash of 63.9%. For the nine months ended September 30, 2017, \$14.9 million, or approximately 35.9%, was reinvested in additional Units resulting in a ratio of distributions paid in cash of 64.1%.

OUR RESULTS OF OPERATIONS

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Investment properties revenue	\$ 42,091	\$ 43,233	\$ 127,622	\$ 131,974
Investment properties operating expenses	(13,054)	(13,807)	(41,248)	(43,363)
Net rental income	29,037	29,426	86,374	88,611
Other income				
Interest and fee income	548	4	605	27
	548	4	605	27
Other expenses				
General and administrative	(2,296)	(2,473)	(6,569)	(7,428)
Interest:				
Interest expense on debt	(8,679)	(8,792)	(25,875)	(26,601)
Subsidiary redeemable units	(3,344)	(3,246)	(10,032)	(9,739)
Depreciation and amortization	(12)	(14)	(40)	(40)
	(14,331)	(14,525)	(42,516)	(43,808)
Fair value adjustments and other items				
Fair value adjustments to investment properties	3,651	(18,648)	(16,015)	(24,249)
Fair value adjustments to financial instruments	(8,145)	19,497	(10,368)	(8,966)
Net losses on transactions and other activities	(720)	(1,796)	(2,453)	(5,282)
	(5,214)	(947)	(28,836)	(38,497)
Income before income taxes	10,040	13,958	15,627	6,333
Deferred and current income taxes	(949)	325	(434)	579
Net income for the period	\$ 9,091	\$ 14,283	\$ 15,193	\$ 6,912

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 \$42.1 million for the quarter, a decrease of \$1.1 million, or 2.6%, over the prior year comparative quarter. The decrease is due to the impact of sold properties during 2016, straight-line rent and lower recoveries in Eastern Canada. For the nine months ended September 30, 2017, investment properties revenue decreased by \$4.4 million, or 3.3%, compared to the prior year comparative period, due to the impact of sold properties during 2016, lower straight-line rent and higher tenant improvement amortization expense.

Investment properties operating expenses

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

Investment properties operating expenses decreased by \$0.8 million, or 5.5%, compared to the prior year comparative quarter. The decrease is due to the impact of sold properties during 2016 and lower recoverable operating expenses on the remaining portfolio. For the nine months ended September 30, 2017, investment properties operating expenses decreased by \$2.1 million, or 4.9%, compared to the prior year comparative period due to the impact of sold properties in 2016 and lower recoverable operating expenses on the remaining portfolio.

Interest and fee income

Interest and fee income primarily consists of an interest bearing deposit related to the purchase of the distribution centre in Nashville, Tennessee, from Dream Office REIT.

General and administrative

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

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Asset management fee	\$ 1,003	\$ 1,025	\$ 3,008	\$ 3,117
Deferred compensation expenses	530	347	1,208	1,074
Professional fees	287	394	911	1,122
General corporate expenses ⁽¹⁾	476	707	1,442	2,115
Total	\$ 2,296	\$ 2,473	\$ 6,569	\$ 7,428

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

General and administrative expenses decreased by \$0.2 million, or 7.2%, compared to the prior year comparative quarter (decrease of \$0.9 million, or 11.6%, compared to the nine months ended September 30, 2016), primarily due to savings as a result of the cost reduction program implemented during the fourth quarter of 2016.

Interest expense – debt

Interest expense on debt decreased by \$0.1 million, or 1.3%, compared to the prior year comparative quarter (\$0.7 million, or 2.7%, compared to the nine months ended September 30, 2016), primarily due to debt repayments from the proceeds of 2016 dispositions. This is offset by additional refinancing and mark-to-market amortizations on matured mortgages.

Fair value adjustments to investment properties

During the three and nine months ended September 30, 2017, the Trust recorded a fair value gain of \$3.7 million and a fair value loss of \$16.0 million to investment properties, respectively. The fair value adjustments include a fair value gain of \$2.5 million on assets held for sale for the three and nine months ended September 30, 2017. On a regional basis, for the three months ended September 30, 2017, there was a fair value gain of \$10.5 million in Ontario and \$0.3 million gain in Eastern Canada, offset by a fair value loss of \$5.5 million in Western Canada and \$1.6 million loss in Québec. For the nine months ended September 30, 2017, there was a fair value loss of \$18.4 million in Western Canada, \$12.8 million loss in Eastern Canada and \$6.8 million loss in Québec, offset by a \$22.0 million gain in Ontario.

Fair value adjustments to financial instruments

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

During the three and nine months ended September 30, 2017, the Trust recorded a loss of \$1.2 million and \$0.5 million, respectively, on the remeasurement of the conversion feature related to convertible debentures, due to changes in the trading price of the convertible debentures.

During the three and nine months ended September 30, 2017, the Trust recorded a loss of \$7.4 million and \$10.6 million, respectively, on the remeasurement of the subsidiary redeemable units, due to an increase in the trading price of REIT Units.

During the three and nine months ended September 30, 2017, the Trust recorded a loss of \$0.4 million and \$0.7 million, respectively, on the remeasurement of deferred trust units, primarily due to an increase in the trading price of REIT Units.

The Trust entered into two interest rate swap agreements to effectively fix the interest rate on two variable rate mortgages for an initial notional value of \$50 million in August 2015 and \$45 million in August 2017, respectively. The Trust did not apply hedge accounting to these relationships; therefore the fair value adjustment on the interest rate swaps is recognized in net income. For the three months ended September 30, 2017, the fair value adjustment resulted in a gain of \$0.9 million (\$1.4 million for the nine months ended September 30, 2017).

Net losses on transactions and other activities

Net losses on transactions and other activities decreased by \$1.1 million compared to the prior year comparative quarter (\$2.8 million compared to the nine months ended September 30, 2016). The decrease is due to business transformation charges which have ceased since October 2016, lower internal leasing costs from the cost reduction program, no debt settlement costs in 2017, and the loss on sale of investment properties in 2016.

Related party transactions

Dream Industrial and its subsidiaries enter into transactions with related parties that are disclosed in Note 13 to the condensed consolidated financial statements.

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 ventures, if any. As a result of the Trust not having any net rental income from investments in joint ventures during the period ended September 30, 2017, 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,			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
Western Canada	\$ 10,900	38%	\$ 11,216	38%	\$ 33,328	39%	\$ 34,238	39%
Ontario	7,879	27%	7,732	26%	23,171	27%	23,013	25%
Québec	5,605	19%	5,790	20%	16,884	20%	17,579	20%
Eastern Canada	4,653	16%	4,688	16%	12,991	14%	13,781	16%
NOI	\$ 29,037	100%	\$ 29,426	100%	\$ 86,374	100%	\$ 88,611	100%
Net rental income reported per condensed consolidated financial statements	\$ 29,037		\$ 29,426		\$ 86,374		\$ 88,611	

For the three months ended September 30, 2017, NOI decreased by \$0.4 million, or 1.3%, when compared to the prior year comparative quarter. The decrease is primarily due to the impact of sold properties during 2016, lower straight-line rent, and higher amortization of lease incentives. The decrease is partially offset by an increase in comparative properties NOI and lower bad debt expenses. For the nine months ended September 30, 2017, NOI decreased by \$2.2 million, or 2.5%, over the prior year comparative period, for the same reasons described for the prior year comparative quarter.

Comparative properties NOI

NOI shown below details comparative and other 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, 2016 and exclude the properties sold during 2016 and properties classified as held for sale as at September 30, 2017. Comparative properties NOI excludes lease termination fees, other rental income, straight-line rent, bad debt expenses and amortization of lease incentives.

For the three months ended September 30, 2017, comparative properties NOI increased by \$0.4 million, or 1.4%, compared to the prior year comparative quarter (increased by \$1.3 million, or 1.5%, compared to the nine months ended September 30, 2016). Ontario increased due to higher average occupancy, as well as higher recoveries on capital spending in 2016. This was offset by a decrease in Western Canada due to lower average occupancy. Comparative properties NOI remained stable in Québec and Eastern Canada. For the nine months ended September 30, 2017, Ontario and Québec increased due to higher average occupancy, offset by lower average occupancy in Western Canada and lower recoveries in Eastern Canada.

	Three months ended September 30,				Nine months ended September 30,			
	2017	2016	Growth		2017	2016	Growth	
			\$	%			\$	%
Western Canada	\$ 11,119	\$ 11,276	\$ (157)	(1)	\$ 33,484	\$ 34,061	\$ (577)	(2)
Ontario	7,967	7,461	506	7	23,377	21,845	1,532	7
Québec	5,544	5,531	13	—	16,978	16,341	637	4
Eastern Canada	4,708	4,658	50	1	13,260	13,582	(322)	(2)
Comparative properties NOI	29,338	28,926	412	1	87,099	85,829	1,270	1
Lease termination fees	—	34	(34)		60	105	(45)	
Other rental income	103	162	(59)		106	298	(192)	
Straight-line rent	(15)	273	(288)		378	1,098	(720)	
Bad debt expenses	(55)	(241)	186		(182)	(424)	242	
Amortization of lease incentives	(300)	(192)	(108)		(821)	(493)	(328)	
NOI excluding properties held for sale and sold properties	\$ 29,071	\$ 28,962	\$ 109	—	\$ 86,640	\$ 86,413	\$ 227	—
NOI from properties held for sale	(34)	36	(70)		(266)	190	(456)	
NOI from sold properties	—	428	(428)		—	2,008	(2,008)	
NOI	\$ 29,037	\$ 29,426	\$ (389)	(1)	\$ 86,374	\$ 88,611	\$ (2,237)	(3)
Net rental income reported per condensed consolidated financial statements	\$ 29,037	\$ 29,426			\$ 86,374	\$ 88,611		
Average occupancy (comparative properties)	95.3%	94.5%			94.9%	94.5%		
In-place rental rates (per sq. ft.) at quarter-end (comparative properties excluding committed space)	\$ 7.20	\$ 7.18			\$ 7.20	\$ 7.18		

NOI prior quarter comparison

The comparative properties discussed in the following table include properties acquired prior to April 1, 2017 and properties classified as assets held for sale at September 30, 2017.

Overall, the comparative properties NOI increased by \$0.2 million, or 0.7%, when compared to the previous quarter. Comparative properties NOI increased in Ontario and Eastern Canada due to an increase in average occupancy. Comparative properties NOI decreased in Western Canada and Québec due to a decrease in average occupancy.

	September 30, 2017	June 30, 2017	Three months ended	
			Growth	
			\$	%
Western Canada	\$ 11,119	\$ 11,235	\$ (116)	(1)
Ontario	7,967	7,786	181	2
Québec	5,544	5,754	(210)	(4)
Eastern Canada	4,708	4,361	347	8
Comparative properties NOI	29,338	29,136	202	1
Lease termination fees	—	33	(33)	
Other rental income	103	3	100	
Straight-line rent	(15)	169	(184)	
Bad debt expenses	(55)	(10)	(45)	
Amortization of lease incentives	(300)	(278)	(22)	
NOI excluding properties held for sale	\$ 29,071	\$ 29,053	\$ 18	—
NOI from properties held for sale	(34)	(117)	83	
NOI	\$ 29,037	\$ 28,936	\$ 101	—
Net rental income reported per condensed consolidated financial statements	\$ 29,037	\$ 28,936		
Average occupancy (comparative properties)	95.3%	95.0%		
In-place rental rates (per sq. ft.) at quarter-end (comparative properties excluding committed space)	\$ 7.20	\$ 7.20		

Funds from operations and adjusted funds from operations

The following table presents a reconciliation of net income to FFO and AFFO:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Net income	\$ 9,091	\$ 14,283	\$ 15,193	\$ 6,912
Add (deduct):				
Amortization of lease incentives	300	192	821	493
Interest expense on subsidiary redeemable units	3,344	3,246	10,032	9,739
Fair value adjustments to investment properties	(3,651)	18,648	16,015	24,249
Fair value adjustments to financial instruments	8,145	(19,497)	10,368	8,966
Transaction costs	—	—	—	969
Net loss on sale of investment properties	—	472	—	687
Fair value adjustments of DUIP included in general and administrative expenses	34	(27)	27	(55)
Debt settlement costs (gains)	—	218	—	214
Internal leasing costs	720	981	2,303	3,037
(Recovery of) deferred income taxes	725	(325)	210	(579)
FFO	\$ 18,708	\$ 18,191	\$ 54,969	\$ 54,632
FFO	\$ 18,708	\$ 18,191	\$ 54,969	\$ 54,632
Add (deduct):				
Amortization of fair value adjustments on assumed debt	(126)	(262)	(365)	(987)
Deferred unit compensation expense excluding fair value adjustments	496	374	1,181	1,129
Straight-line rent	15	(273)	(378)	(1,098)
Investment in business transformation activities	—	125	—	375
	19,093	18,155	55,407	54,051
Deduct:				
Normalized initial direct leasing costs and non-recoverable recurring capital expenditures	2,226	2,232	6,588	6,720
AFFO	\$ 16,867	\$ 15,923	\$ 48,819	\$ 47,331

The Trust compares the normalized initial direct leasing costs and non-recoverable recurring capital expenditures used in the AFFO calculation against the actual building improvements and leasing costs incurred, adjusted for recoverable capital expenditures and costs incurred towards upgrades to its properties and major reconfiguration of units to obtain higher rental rates and attract and put in place high value tenancies. For the nine months ended September 30, 2017, the building improvements and leasing costs adjusted for \$7.8 million of recoverable capital expenditures and \$4.1 million in recoverable leasing costs, upgrades and major reconfigurations were \$7.1 million, compared to the normalized costs of \$6.6 million. The difference is primarily as a result of the Trust's concentrated efforts to increase leasing activities in Eastern and Western Canada. The nine-month average of the adjusted actual building improvement and leasing costs calculated based on the past three years was \$6.6 million, which is in line with the normalized costs for the nine months ended September 30, 2017.

Funds from operations

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
FFO	\$ 18,708	\$ 18,191	\$ 54,969	\$ 54,632
FFO per Unit – basic ⁽¹⁾	\$ 0.23	\$ 0.23	\$ 0.69	\$ 0.70
FFO per Unit – diluted ⁽¹⁾	\$ 0.23	\$ 0.23	\$ 0.68	\$ 0.69

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

Basic FFO per Unit for the three months ended September 30, 2017 remained unchanged compared to the prior year comparative quarter. For the nine months ended September 30, 2017, basic FFO per Unit decreased by \$0.01, or 1.6%, compared to the prior year comparative period.

Diluted FFO per Unit for the three months ended September 30, 2017 remained unchanged compared to the prior year comparative quarter. For the nine months ended September 30, 2017, diluted FFO decreased by \$0.01, or 1.3%, compared to the prior year comparative period.

The increase in FFO for the three- and nine-month comparative periods is due to higher comparative properties NOI and savings in general and administrative expenses which offset the impact of sold properties in 2016 and lower straight-line rent. On a per unit basis, FFO has remained flat for the three-month period and decreased slightly for the nine-month period due to accounting adjustments such as straight-line rent.

Adjusted funds from operations

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
AFFO	\$ 16,867	\$ 15,923	\$ 48,819	\$ 47,331
AFFO per Unit – basic ⁽¹⁾	\$ 0.21	\$ 0.20	\$ 0.62	\$ 0.61
AFFO per Unit – diluted ⁽¹⁾	\$ 0.21	\$ 0.20	\$ 0.61	\$ 0.60

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

Basic AFFO per Unit for the three months ended September 30, 2017 increased by \$0.01, or 3.4%, compared to the prior year comparative quarter. Basic AFFO per Unit for the nine months ended September 30, 2017 increased by \$0.01, or 1.0%, compared to the prior year comparative period.

Diluted AFFO per Unit for the three months ended September 30, 2017 increased by \$0.01, or 2.5%, compared to the prior year comparative quarter. Diluted AFFO per Unit for the nine months ended September 30, 2017 increased by \$0.01, or 1.0%, compared to the prior year comparative period.

The movements in basic and diluted AFFO per Unit were primarily due to the same factors impacting FFO per Unit and the exclusion of certain accounting adjustments, such as straight-line rent and fair value adjustments on assumed debt.

QUARTERLY INFORMATION

The following tables show quarterly information since October 1, 2015:

Key leasing, financing and portfolio information

	2017				2016			2015
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Leasing								
Occupancy rate – including committed (period-end)	96.7%	96.8%	96.0%	95.2%	94.5%	94.7%	94.7%	95.0%
Occupancy rate – in-place (period-end)	95.6%	94.9%	93.9%	93.8%	93.2%	93.7%	93.5%	93.4%
Tenant renewal ratio	77.7%	67.4%	84.6%	66.1%	72.3%	59.6%	69.2%	63.2%
Average in-place base rent per sq. ft. (period-end)	\$ 7.19	\$ 7.19	\$ 7.19	\$ 7.19	\$ 7.13	\$ 7.14	\$ 7.15	\$ 7.14
Estimated market rent in excess of in-place rent (%)	1.0%	1.0%	1.4%	1.3%	1.5%	1.4%	2.7%	2.9%
Financing								
Weighted average face interest rate ⁽¹⁾	3.81%	3.81%	3.81%	3.81%	3.83%	3.86%	3.87%	3.91%
Interest coverage ratio (times) ⁽²⁾	3.3	3.3	3.2	3.1	3.1	3.1	3.1	3.1
Level of debt (debt-to-total assets) ⁽²⁾	52.6%	52.4%	52.3%	52.6%	52.7%	53.3%	53.7%	53.8%
Portfolio								
Number of properties ⁽³⁾	212	212	213	213	217	219	219	219
GLA (in millions of sq. ft.)	16.1	16.1	16.2	16.2	16.6	17.0	17.0	17.0

(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.

(3) Excludes property or properties held for sale at each quarter.

Results of operations

	2017			2016			2015	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Investment properties revenue	\$ 42,091	\$ 42,664	\$ 42,867	\$ 42,715	\$ 43,233	\$ 44,704	\$ 44,037	\$ 44,463
Investment properties operating expenses	(13,054)	(13,728)	(14,466)	(13,939)	(13,807)	(15,174)	(14,382)	(14,550)
Net rental income	29,037	28,936	28,401	28,776	29,426	29,530	29,655	29,913
Other income	548	32	25	41	4	7	16	7
Other expenses	(14,331)	(14,094)	(14,091)	(14,590)	(14,525)	(14,681)	(14,602)	(14,375)
Fair value adjustments and other items	(5,214)	(22,627)	(995)	(23,799)	(947)	(14,981)	(22,569)	(30,219)
Income (loss) before income taxes	10,040	(7,753)	13,340	(9,572)	13,958	(125)	(7,500)	(14,674)
Recovery of (deferred and current) income taxes	(949)	645	(130)	(30)	325	351	(97)	(57)
Net income (loss) for the period	\$ 9,091	\$ (7,108)	\$ 13,210	\$ (9,602)	\$ 14,283	\$ 226	\$ (7,597)	\$ (14,731)
Other comprehensive income								
Unrealized gain on interest rate swap	\$ 358	\$ 310	\$ 75	\$ 360	\$ 157	\$ 144	\$ 47	\$ 120
	358	310	75	360	157	144	47	120
Comprehensive income (loss) for the period	\$ 9,449	\$ (6,798)	\$ 13,285	\$ (9,242)	\$ 14,440	\$ 370	\$ (7,550)	\$ (14,611)

Calculation of funds from operations

	2017			2016			2015	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net income (loss) for the period	\$ 9,091	\$ (7,108)	\$ 13,210	\$ (9,602)	\$ 14,283	\$ 226	\$ (7,597)	\$ (14,731)
Add (deduct):								
Amortization of lease incentives	300	278	243	249	192	162	139	173
Interest expense on subsidiary redeemable units	3,344	3,344	3,344	3,311	3,246	3,247	3,246	3,247
Fair value adjustments to investment properties	(3,651)	13,606	6,060	7,784	18,648	2,465	3,136	7,300
Fair value adjustments to financial instruments	8,145	8,219	(5,996)	13,385	(19,497)	11,211	17,252	(13,193)
Net loss on sale of investment properties	—	—	—	130	472	145	70	41
Fair value adjustments of DUIP included in general and administrative expenses	34	6	(13)	2	(27)	10	(38)	(88)
Debt settlement costs (gains)	—	—	—	369	218	—	(4)	—
Internal leasing costs	720	802	781	1,019	981	1,035	1,021	1,023
Transaction costs	—	—	—	—	—	—	969	—
Impairment of goodwill	—	—	—	—	—	—	—	34,903
(Recovery of) deferred income taxes	725	(645)	130	30	(325)	(351)	97	57
FFO	\$ 18,708	\$ 18,502	\$ 17,759	\$ 16,677	\$ 18,191	\$ 18,150	\$ 18,291	\$ 18,732
FFO per Unit – basic ⁽¹⁾	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.21	\$ 0.23	\$ 0.23	\$ 0.24	\$ 0.24
FFO per Unit – diluted ⁽¹⁾⁽²⁾	\$ 0.23	\$ 0.23	\$ 0.22	\$ 0.21	\$ 0.23	\$ 0.23	\$ 0.23	\$ 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.

	2017			2016			2015	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Funds from operations (FFO)	\$ 18,708	\$ 18,502	\$ 17,759	\$ 16,677	\$ 18,191	\$ 18,150	\$ 18,291	\$ 18,732
Add (deduct):								
Amortization of fair value adjustment on assumed debt	(126)	(118)	(121)	(175)	(262)	(343)	(382)	(471)
Deferred unit compensation expense excluding fair value adjustments	496	369	316	345	374	373	382	378
Straight-line rent	15	(169)	(224)	(180)	(273)	(440)	(385)	(326)
Investment in business transformation activities	—	—	—	42	125	125	125	145
	19,093	18,584	17,730	16,709	18,155	17,865	18,031	18,458
Adjusted for:								
Normalized initial direct leasing costs and non-recoverable recurring capital expenditures	2,226	2,202	2,160	2,221	2,232	2,242	2,246	2,267
Adjusted funds from operations (AFFO)	\$ 16,867	\$ 16,382	\$ 15,570	\$ 14,488	\$ 15,923	\$ 15,623	\$ 15,785	\$ 16,191
AFFO per Unit – basic and diluted ⁽¹⁾⁽²⁾	\$ 0.21	\$ 0.21	\$ 0.20	\$ 0.19	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.21
Weighted average Units outstanding for FFO and AFFO⁽³⁾								
Basic (in thousands)	80,030	79,437	78,681	78,099	77,875	77,717	77,456	77,214
Diluted (in thousands)	90,215	89,299	88,892	88,302	88,096	87,931	87,608	87,318

(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 \$1.9 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.

In March 2017, the Real Property Association of Canada (“REALPAC”) published two white papers, dated February 2017, on “FFO and AFFO” and “ACFO”, with a recommended adoption date for fiscal years commencing on or after January 1, 2017 and with prior period amounts restated to conform to the new definition(s). The Trust is in the process of reviewing the white papers and the impact to its disclosures and expects to provide the results of the review in the first quarter of 2018.

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”.

The Trust’s calculation of FFO is consistent with REALPAC’s FFO definition, except for the treatment of debt settlement costs (gains) in 2016.

Adjusted funds from operations

Management believes AFFO is an important measure of our economic performance and 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.

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 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. We also evaluate the impact of leasing activity based on averages of our portfolio from time to time.

Management believes that the use of a capital reserve for the calculation of AFFO serves as a better proxy and reflection of average annual spending levels. The Trust is in the process of reviewing the capital reserve in conjunction with the review of white papers and the impact to its AFFO calculation.

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

The Trust’s calculation of AFFO is consistent with REALPAC’s AFFO definition, except for the treatment of mark-to-market amortizations on debt, deferred compensation expenses, internal leasing costs and debt settlement costs (gains).

NOI

NOI is defined by the Trust as investment properties revenue, less investment properties operating expenses, plus the share of net rental income from investments in joint ventures, if any. This non-GAAP measure is an important measure used by the Trust in evaluating property operating performances; however, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers. As a result of the Trust not having any net rental income from investments in joint ventures during the periods ended September 30, 2017 and 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, excluding the properties held for sale at the period-end date. This non-GAAP measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers. Comparative properties NOI excludes lease termination fees, other rental income, straight-line rents, bad debt expenses and amortization of lease incentives.

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

Weighted average number of Units

The basic weighted average number of Units outstanding used in the FFO 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, 2017, there were 788,260 deferred trust units and income deferred trust units outstanding.

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Weighted average Units outstanding for basic per Unit amounts (in thousands)	80,030	77,875	79,399	77,686
Weighted average Units outstanding for diluted per Unit amounts (in thousands)	90,215	88,096	89,567	87,882

Level of debt (debt-to-total assets)

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

	September 30, 2017	December 31, 2016
Amounts per condensed consolidated financial statements		
Non-current debt	\$ 743,856	\$ 780,622
Current debt	140,085	87,725
Total debt	883,941	868,347
Add (deduct):		
Unamortized financing costs	5,150	5,932
Unamortized fair value adjustments	(981)	(1,346)
Total debt at principal amount outstanding	888,110	872,933
Total assets	\$ 1,687,994	\$ 1,658,076
Debt-to-total assets	52.6%	52.6%

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:

	Three months ended September 30, 2017	Three months ended December 31, 2016
Amounts per condensed consolidated financial statements		
Non-current debt	\$ 743,856	\$ 780,622
Current debt	140,085	87,725
Total debt	883,941	868,347
Add (deduct):		
Unamortized financing costs	5,150	5,932
Unamortized fair value adjustments	(981)	(1,346)
Total debt at principal amount outstanding	\$ 888,110	\$ 872,933
Income (loss) before income taxes	\$ 10,040	\$ (9,572)
Add (deduct):		
Fair value adjustments to investment properties	(3,651)	7,784
Fair value adjustments to financial instruments	8,145	13,385
Net losses on transactions and other activities	720	2,630
Interest – debt	8,679	8,762
Interest – subsidiary redeemable units	3,344	3,311
Depreciation and amortization	12	14
Other items included in investment properties revenues ⁽¹⁾	212	(361)
Adjusted EBITDA – quarterly	\$ 27,501	\$ 25,953
Adjusted EBITDA – annualized	\$ 110,004	\$ 103,812
Debt-to-adjusted EBITDA (years)	8.1	8.4

(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.

Interest coverage ratio

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

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

Amounts per condensed consolidated financial statements	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Net rental income	\$ 29,037	\$ 29,426	\$ 86,374	\$ 88,611
Add (deduct):				
Interest and other	548	4	605	27
General and administrative expenses	(2,296)	(2,473)	(6,569)	(7,428)
Deferred unit compensation expense	530	347	1,208	1,074
	27,819	27,304	81,618	82,284
Interest expense incurred, at contractual rate	\$ 8,390	\$ 8,669	\$ 25,014	\$ 26,486
Interest coverage ratio (times)	3.3	3.1	3.3	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 and timing of lease incentives and initial direct leasing costs. The Trust determines distributions and the distribution rate by, among other considerations, its assessment of cash flow as determined using adjusted cash generated from (utilized in) operating activities (a non-GAAP measure). Adjusted cash generated from (utilized in) operating activities excludes the fluctuations in 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 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.

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Net income	\$ 9,091	\$ 14,283	\$ 15,193	\$ 6,912
Cash generated from operating activities	20,368	16,720	51,736	47,491
Add (deduct):				
Investment in lease incentives and initial direct leasing costs	2,202	3,430	7,289	8,468
Change in non-cash working capital	(3,769)	(2,702)	(4,654)	(4,178)
Adjusted cash generated from operating activities	18,801	17,448	54,371	51,781
Distributions paid and payable⁽¹⁾	14,132	13,646	42,051	40,851
Excess of adjusted cash generated from operating activities over distributions paid and payable	4,669	3,802	12,320	10,930
Excess (shortfall) of net income over distributions paid and	(5,041)	637	(26,858)	(33,939)
Excess of cash generated from operating activities over distributions paid and payable	\$ 6,236	\$ 3,074	\$ 9,685	\$ 6,640

(1) Includes distributions on LP B Units.

For the three months ended September 30, 2017, adjusted cash generated from operating activities exceeded distributions paid and payable by \$4.7 million (\$3.8 million for the three months ended September 30, 2016). For the nine months ended September 30, 2017, adjusted cash generated from operating activities exceeded distributions paid and payable by \$12.3 million (\$10.9 million for the nine months ended September 30, 2016).

For the three months ended September 30, 2017, distributions paid and payable exceeded net income by \$5.0 million (shortfall of \$0.6 million for the three months ended September 30, 2016). For the nine months ended September 30, 2017, distributions paid and payable exceeded net income by \$26.9 million (exceeded by \$33.9 million for the nine months ended September 30, 2016). Net income is net of distributions paid and payable on subsidiary redeemable units of \$3.4 million for the three months ended September 30, 2017 (\$10.0 million for the nine months ended September 30, 2017), which amounts are also included in distributions paid and payable.

The net income shortfalls for the three and nine months ended September 30, 2017 were primarily driven by fair value adjustments to financial instruments and investment properties. As this is a non-cash item and does not affect cash generated from operating activities and adjusted cash generated from operating activities, 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, 2017, \$5.2 million (\$15.4 million for the nine months ended September 30, 2017) was reinvested into the DRIP. Over time, reinvestments pursuant to the DRIP will increase the number of Units outstanding, which may result in upward pressure on the total amount of cash distributions. Our Declaration of Trust provides our trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust, which allows for any unforeseen expenditures and the variability in cash distributions as a result of additional Units issued pursuant to the Trust's DRIP.

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

At September 30, 2017, 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, 2017, there have not been any changes that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

SECTION IV – RISKS AND OUR STRATEGY TO MANAGE

We are exposed to various risks and uncertainties, many of which are beyond our control and could have an impact on our business, financial condition, operating results and prospects. Unitholders should consider these risks and uncertainties when assessing our outlook in terms of investment potential. For a discussion of the risks and uncertainties identified by Dream Industrial REIT, please refer to our 2016 Annual Report and our 2016 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, revenues and expenses, and the disclosures of contingent liabilities. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but that are inherently uncertain and unpredictable, the result of which is the basis of the carrying amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment in the future to the carrying amounts of the asset or liability affected. Dream Industrial's critical accounting judgments, estimates and assumptions in applying accounting policies are described in Note 4 to the condensed consolidated financial statements and also in our annual consolidated financial statements for the year ended December 31, 2016.

CHANGES IN ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

Future accounting policy changes

The following are the accounting policy changes to be implemented by the Trust in future years.

Revenue recognition

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), provides a comprehensive five-step revenue recognition model for all contracts with customers. The IFRS 15 revenue recognition model requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Trust has not early adopted IFRS 15. The Trust has formed an internal working group which is responsible for overseeing the Trust's transition to IFRS 15. The working group is performing an in-depth assessment of IFRS 15 and the impact the adoption of the standard will have on the Trust's consolidated financial statements.

The working group is in the process of reviewing contracts with its tenants and is focused on assessing the impact the adoption of IFRS 15 will have on service revenue (common area maintenance charges). Currently, the Trust does not expect there to be a material impact to the timing and amount of service revenue recognized in a given reporting period under IFRS 15. Rental revenue earned from leases is outside of the scope of IFRS 15 and will therefore not be impacted by its adoption. Additional disclosures will be required to comply with IFRS 15. The Trust will provide an update in the year-end consolidated financial statements.

Financial instruments

The final version of IFRS 9, "Financial Instruments" ("IFRS 9"), was issued by the IASB in July 2014 and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 introduces a model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of an entity's own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. The entity's own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. Lastly, a third measurement category for financial assets, "fair value through other comprehensive income", will exist. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Trust has formed an internal working group which is responsible for overseeing the Trust's transition to IFRS 9. The working group is performing an in-depth assessment of IFRS 9 and the impact the adoption of the standard will have on the Trust's consolidated financial statements. The working group is focused on identifying mortgages which were previously accounted for as a debt modification; IFRS 9 requires that a gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. The Trust is also focused on developing an impairment model that takes into consideration forward-looking information, as required by IFRS 9. Currently, the Trust does not expect there to be a material impact to the carrying value of its trade receivables given past default rates and receivable balances. The Trust does not expect changes to the measurement of its financial assets or liabilities. Additional disclosures will be required to comply with IFRS 9. The Trust will provide an update in the year-end consolidated financial statements.

Financial instruments – disclosures

IFRS 7, “Financial Instruments: Disclosures” (“IFRS 7”), has been amended by the IASB to require additional disclosures on transition from IAS 39 to IFRS 9. The amendment to IFRS 7 is effective for periods beginning on or after January 1, 2018. The Trust is currently evaluating the impact of adopting this standard on the consolidated financial statements.

Leases

IFRS 16, “Leases” (“IFRS 16”), sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15. The Trust has not early adopted IFRS 16. The Trust is currently evaluating the impact of adopting this standard on the 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 tables in this section include supplementary information on our portfolio as at September 30, 2017.

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	5.1	100.0%
1919 84th Avenue (Park 19), Edmonton	100%	48,365	48,365	1975/1987	21.0	3.7	3.7	1	1.7	100.0%
2721 Hopewell Place NE, Calgary	100%	37,690	37,690	2006	22.0	1.9	1.9	1	5.0	100.0%
204 - 26229 Township Road 531A (Parkland County), Edmonton	100%	34,904	34,904	2005	24.0	9.0	9.0	1	2.4	100.0%
6908 6th Street SE (Glenmore Business Park), Calgary	100%	31,467	31,467	1978	18.0	3.2	3.2	1	2.0	100.0%
3917 81st Avenue, Edmonton	100%	30,353	30,353	2006	28.0	5.5	5.5	1	3.6	100.0%
2876 Sunridge Way NE (Sunridge Business Park), Calgary	100%	30,000	30,000	2000	16.0	2.3	2.3	1	3.2	100.0%
3250 Sunridge Way NE (Sunridge Business Park), Calgary	100%	27,180	27,180	2000	24.0	2.1	2.1	1	2.8	100.0%
9601 156th Avenue, Grand Prairie	100%	27,058	27,058	2005	24.0	27.3	27.3	1	2.4	100.0%
2240 Premier Way (GE Turbine), Edmonton	100%	26,381	26,381	2003	30.0	1.5	1.5	1	4.8	100.0%
1802 Stock Road, Regina	50%	46,157	23,079	2012	28.0	3.6	1.8	1	5.7	100.0%
7121 6th Street SE (Glenmore Business Park), Calgary	100%	19,274	19,274	1984	20.0	0.9	0.9	1	4.2	100.0%
120 Pond Street East, Brooks	100%	14,305	14,305	2006	24.0	5.2	5.2	1	4.0	100.0%
363 Maxwell Crescent, Regina	50%	23,415	11,708	1984/1997	24.0	0.4	0.2	1	3.4	100.0%
1105 Pettigrew Avenue, Regina	50%	12,234	6,117	1980/2012	18.0	2.1	1.1	1	0.6	100.0%
2190 Industrial Drive, Regina	50%	11,677	5,839	2006	18.0	2.7	1.4	1	4.7	100.0%
1640 Broder Street, Regina	50%	11,169	5,585	1989/1997	16.0	1.1	0.5	1	6.3	100.0%
Western Canada Single-tenant	93.3%	782,935	730,611		26.1	86.3	81.4	17	4.2	100.0%
310 Henderson Drive, Regina	100%	373,284	373,284	1976	24.0	24.0	24.0	2	6.0	100.0%
15303 128th Avenue, Edmonton	100%	177,058	177,058	1977/2004	25.0	12.4	12.4	3	6.3	100.0%
611-615 71st Avenue SE & 7515 6th Street SE (Glenmore Business Park), Calgary	100%	167,779	167,779	1979	20.0	6.5	6.5	16	2.7	96.9%
628-668 Henderson Drive (Chestermere), Regina	100%	164,055	164,055	1975	19.0	9.1	9.1	21	2.8	96.2%
7504 30th Street SE, Calgary	100%	138,729	138,729	1976	22.0	6.0	6.0	2	5.0	100.0%
11445 163rd Street (Alberta Park), Edmonton	100%	131,227	131,227	1981	22.0	5.2	5.2	7	2.9	62.0%
9603-9699 45th Avenue NW, Edmonton	100%	110,397	110,397	1975	22.0	6.0	6.0	21	2.2	88.2%
603 Park Street, Regina	100%	109,774	109,774	1978	19.0	6.8	6.8	18	3.4	77.1%
3916 61st Avenue, Calgary	100%	99,978	99,978	1976	26.0	5.1	5.1	2	4.1	100.0%
7004-7042 30th Street SE, Calgary	100%	94,176	94,176	1976	18.0	5.3	5.3	7	5.7	94.6%
651 Henderson Drive (Henderson Business Centre), Regina	100%	90,259	90,259	1982	19.0	5.0	5.0	18	3.3	92.5%
26229 Township Road 531, Parkland County	100%	89,104	89,104	1968	24.7	6.5	6.5	12	1.6	97.8%
7008 5th Street SE (Glenmore Business Park), Calgary	100%	86,023	86,023	1975	17.0	3.7	3.7	7	3.3	100.0%
11404 Winterburn Road NW, Edmonton	100%	80,909	80,909	2004	23.8	6.3	6.3	15	2.4	83.9%
7004 5th Street SE (Glenmore Business Park), Calgary	100%	79,369	79,369	1975	20.0	3.4	3.4	11	3.7	100.0%
9451 45th Avenue (Southwood Centre), Edmonton	100%	75,172	75,172	1998	28.0	4.5	4.5	2	3.3	100.0%
4710-4760 14th Street NE (McCall Industrial Park), Calgary	100%	73,031	73,031	1976	18.0	4.0	4.0	20	2.6	90.1%
2777 23rd Avenue NE (Sunridge Business Park), Calgary	100%	67,250	67,250	2001	24.0	3.8	3.8	3	2.9	90.2%
3510 29th Street NE (ACC Centre), Calgary	100%	65,022	65,022	1998	24.0	3.0	3.0	7	2.8	100.0%
7111 6th Street SE (Glenmore Business Park), Calgary	100%	64,939	64,939	1985	20.0	2.9	2.9	4	4.6	100.0%
3401 19th Street, Calgary	100%	63,950	63,950	1976	22.0	4.1	4.1	6	3.2	100.0%
2150 29th Street NE (Sunridge Business Park), Calgary	100%	59,814	59,814	1999	24.0	3.3	3.3	7	3.4	100.0%
7710 5th Street SE (Glenmore Business Park), Calgary	100%	58,786	58,786	1980	20.0	2.3	2.3	23	3.1	69.5%
2175 29th Street NE (Sunridge Business Park), Calgary	100%	58,184	58,184	2000	24.0	3.5	3.5	3	4.7	100.0%
2256 29th Street NE (Sunridge Business Park), Calgary	100%	58,015	58,015	1998	24.0	3.5	3.5	5	2.3	100.0%
4403-4435 97th Street North West, Edmonton	100%	57,813	57,813	1975	24.0	3.2	3.2	5	4.6	100.0%
550 71st Avenue SE (Glenmore Business Park), Calgary	100%	58,294	58,294	1982	12.0	2.6	2.6	10	3.5	100.0%
1139-1165 40th Avenue NE, Calgary	100%	57,479	57,479	1974	20.0	2.9	2.9	6	3.1	100.0%
2928 Sunridge Way NE (Sunridge Business Park), Calgary	100%	57,196	57,196	2003	24.0	4.1	4.1	4	3.2	100.0%
2151 32nd Street NE (Sunridge Business Park), Calgary	100%	57,225	57,225	1999	24.0	3.4	3.4	6	2.9	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
501-529 36th Avenue SE, Calgary	100%	57,200	57,200	1974	18.0	2.9	2.9	6	3.1	100.0%
4504-4576 14th Street NE, Calgary	100%	57,147	57,147	1976	16.0	4.1	4.1	31	2.1	100.0%
2121 29th Street NE (Sunridge Business Park), Calgary	100%	56,979	56,979	2000	24.0	3.8	3.8	3	1.6	100.0%
6812 6th Street SE (Glenmore Business Park), Calgary	100%	56,970	56,970	1978	20.0	5.7	5.7	6	2.6	100.0%
402 McDonald Street (Imperial Business Centre), Regina	100%	56,138	56,138	1984	18.0	2.8	2.8	15	2.0	95.3%
2985 23rd Avenue NE (Sunridge Business Park), Calgary	100%	54,065	54,065	2000	24.0	3.0	3.0	3	2.7	100.0%
4402-4434 10th Street NE, Calgary	100%	53,992	53,992	1974	16.0	3.1	3.1	7	3.6	100.0%
7003 5th Street SE (Glenmore Business Park), Calgary	100%	52,825	52,825	1975	20.0	2.7	2.7	14	5.1	100.0%
16134 114th Avenue NW, Edmonton	100%	47,925	47,925	2006	26.8	4.4	4.4	9	2.6	100.0%
2886 Sunridge Way NE (Sunridge Business Park), Calgary	100%	44,433	44,433	2001	24.0	3.5	3.5	3	0.9	100.0%
610 70th Avenue SE (Glenmore Business Park), Calgary	100%	44,263	44,263	1985	20.0	3.5	3.5	12	3.2	100.0%
1512-1514 8th Street, Edmonton	100%	42,670	42,670	1980	20.0	10.2	10.2	2	2.2	100.0%
535-561 36th Avenue SE, Calgary	100%	41,440	41,440	1974	16.0	1.9	1.9	2	8.4	100.0%
5824 Burbank Road SE, Calgary	100%	39,845	39,845	1972	20.0	2.4	2.4	6	5.9	100.0%
310 Hoffer Drive (McDonald Business Centre), Regina	100%	38,050	38,050	1985	18.0	2.8	2.8	5	2.6	100.0%
4001 19th Street, Calgary	100%	36,939	36,939	1978	22.0	2.5	2.5	7	1.7	100.0%
6810 6th Street SE (Glenmore Business Park), Calgary	100%	31,726	31,726	1978	19.0	3.2	3.2	3	2.7	100.0%
6804-6818 30th Street SE, Calgary	100%	29,986	29,986	1976	16.0	1.2	1.2	4	3.6	100.0%
7131 6th Street SE (Glenmore Business Park), Calgary	100%	29,002	29,002	1982	20.0	1.3	1.3	2	3.8	100.0%
6023-6039 Centre Street South, Calgary	100%	28,795	28,795	1973	15.0	1.5	1.5	6	3.1	100.0%
4502-4516 10th Street NE, Calgary	100%	28,641	28,641	1974	16.0	1.4	1.4	5	2.3	75.4%
16104 114th Avenue NW, Edmonton	100%	28,624	28,624	1972	20.0	4.4	4.4	8	2.2	100.0%
3030 Sunridge Way NE (Sunridge Business Park), Calgary	100%	26,967	26,967	2000	24.0	2.1	2.1	5	3.3	100.0%
6043-6055 Centre Street South, Calgary	100%	25,234	25,234	1973	15.0	1.3	1.3	5	2.8	100.0%
530-544 38A Avenue SE, Calgary	100%	23,988	23,988	1974	16.0	1.2	1.2	7	2.2	100.0%
7007 5th Street SE (Glenmore Business Park), Calgary	100%	23,371	23,371	1974	19.0	1.2	1.2	2	2.0	90.6%
616 71st Avenue SE (Glenmore Business Park), Calgary	100%	21,957	21,957	1985	21.0	1.0	1.0	3	5.5	100.0%
1135-1149 45th Avenue NE, Calgary	100%	21,575	21,575	1974	16.0	1.3	1.3	6	3.6	100.0%
6910 6th Street SE (Glenmore Business Park), Calgary	100%	21,268	21,268	1978	16.0	2.1	2.1	4	1.5	100.0%
4620-4640 11th Street NE, Calgary	100%	21,171	21,171	1971	16.0	1.4	1.4	11	2.2	100.0%
102-114 61st Avenue SW, Calgary	100%	18,890	18,890	1973	14.0	1.1	1.1	4	4.3	100.0%
4001-4019 23rd Street NE, Calgary	100%	15,764	15,764	1976	16.0	1.1	1.1	5	4.7	100.0%
2915-2925 58th Avenue SE, Calgary	100%	15,599	15,599	1976	16.0	1.0	1.0	6	2.6	100.0%
3503-3521 62nd Avenue SE, Calgary	100%	13,413	13,413	1975	13.0	1.2	1.2	9	2.0	100.0%
125 McDonald Street, Regina	50%	14,080	7,041	1975	13.0	1.2	0.6	2	1.7	71.9%
Western Canada Multi-tenant	99.8%	4,145,223	4,138,184		21.1	251.9	251.3	501	3.6	95.8%
Western Canada	98.8%	4,928,158	4,868,795		21.9	338.2	332.7	518	3.7	96.5%
275 Wellington Street East, Aurora	100%	317,000	317,000	1986	27.0	16.3	16.3	1	4.5	100.0%
45 Progress Avenue, Toronto	100%	209,754	209,754	1965/2000	24.0	10.3	10.3	1	3.3	100.0%
3230 Mainway Drive, Burlington	100%	207,703	207,703	1965	21.0	9.9	9.9	1	8.0	100.0%
290 Humberline Drive, Etobicoke	100%	180,329	180,329	1981/2010	20.0	6.9	6.9	1	5.3	100.0%
750 Creditstone Road, Vaughan	100%	176,535	176,535	1999	24.0	9.0	9.0	1	7.3	100.0%
121 Pippin Road, Vaughan	100%	169,500	169,500	1999	24.0	8.6	8.6	1	2.3	100.0%
580 Industrial Road, London	100%	113,595	113,595	1972/2002	24.0	12.7	12.7	1	10.3	100.0%
441 Chrislea Road, Vaughan	100%	100,626	100,626	1998	22.0	4.1	4.1	1	2.0	100.0%
970 Fraser Drive, Burlington	100%	95,444	95,444	1999	28.0	6.9	6.9	1	10.3	100.0%
274 Humberline Drive, Etobicoke	100%	80,540	80,540	1981	20.0	3.9	3.9	1	2.6	100.0%
2226 South Service Road West, Oakville	100%	79,174	79,174	1980	22.0	3.5	3.5	1	3.3	100.0%
439 Sovereign, London	100%	77,877	77,877	1988	22.0	5.6	5.6	1	1.1	100.0%
9305 Twin Oaks Drive, Windsor	100%	74,239	74,239	1996	28.0	5.2	5.2	1	2.9	100.0%
2 Lone Oak Court, Toronto	100%	72,197	72,197	2001	24.0	4.4	4.4	1	4.8	100.0%
6885-6895 Menway Court, Mississauga	100%	66,383	66,383	1988	20.0	3.4	3.4	1	2.4	100.0%
896 Meyerside Drive, Mississauga	100%	46,774	46,774	1986	20.0	2.4	2.4	1	8.7	100.0%
880 Rangeview Road, Mississauga	100%	45,600	45,600	1977/2005	24.0	3.2	3.2	1	5.1	100.0%
135 Pinebush Road, Cambridge	100%	44,470	44,470	2001	60.0	5.6	5.6	1	2.8	100.0%
5905 Kennedy Road, Mississauga	100%	38,158	38,158	1988	22.0	2.1	2.1	1	3.3	100.0%
6045 Kestrel Road, Mississauga	100%	34,879	34,879	1986	20.0	1.8	1.8	1	1.6	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
2946 Walker Road, Windsor	100%	32,264	32,264	1960	22.0	4.0	4.0	1	2.3	100.0%
781 Westgate Road, Oakville	100%	29,850	29,850	1985	22.0	4.2	4.2	1	2.9	100.0%
6520 Gottardo Court, Mississauga	100%	25,932	25,932	1987	18.0	1.2	1.2	1	4.3	100.0%
750 Barmac Drive, Toronto	100%	23,959	23,959	1979	18.0	1.5	1.5	1	1.4	100.0%
7420 Pacific Circle, Mississauga	100%	23,777	23,777	1987	18.0	1.2	1.2	1	1.7	100.0%
1300 Fewster Road, Mississauga	100%	23,500	23,500	1969	14.0	1.2	1.2	1	3.8	100.0%
5805 Kennedy Road, Mississauga	100%	21,780	21,780	1986	18.0	1.0	1.0	1	0.3	100.0%
5380 Timberlea Boulevard, Mississauga	100%	19,988	19,988	1986	18.0	1.0	1.0	1	2.3	100.0%
5462 Timberlea Boulevard, Mississauga	100%	17,708	17,708	1977	18.0	1.0	1.0	1	2.7	100.0%
5370 Timberlea Boulevard, Mississauga	100%	16,693	16,693	1986	18.0	0.8	0.8	1	2.4	100.0%
5750 Coopers Avenue, Mississauga	100%	16,366	16,366	1987	18.0	0.9	0.9	1	3.4	100.0%
5444 Timberlea Boulevard, Mississauga	100%	15,316	15,316	1977	18.0	0.9	0.9	1	0.3	100.0%
Ontario Single-tenant	100%	2,497,910	2,497,910		23.6	144.7	144.7	32	4.6	100.0%
6581-6601 Kitimat Road, Mississauga	100%	318,363	318,363	1986	25.0	16.9	16.9	15	2.3	100.0%
2360 Cornwall Road, Oakville	100%	199,736	199,736	2004	28.0	10.3	10.3	3	3.1	100.0%
45 A & B West Wilmot Street, Richmond Hill	100%	189,128	189,128	1986	19.0	8.0	8.0	38	3.1	99.8%
255 Wicksteed Avenue, Toronto	100%	177,562	177,562	1955	24.0	8.0	8.0	4	1.7	100.0%
2140-2150 Winston Park Drive, Mississauga	100%	172,331	172,331	1987	19.0	7.5	7.5	43	2.2	92.4%
90 Nolan Court, Markham	100%	124,890	124,890	1982	18.0	7.0	7.0	29	2.8	100.0%
55 Horner Avenue, Etobicoke	100%	94,695	94,695	1988	22.0	6.2	6.2	4	1.6	100.0%
4515/4525 Rhodes Drive, Windsor	100%	92,089	92,089	1999	22.0	9.0	9.0	7	1.9	100.0%
3 & 5 Blair Drive, Brampton	100%	82,232	82,232	2001	28.0	6.4	6.4	2	1.7	100.0%
1111 Tristar Drive, Mississauga	100%	77,726	77,726	1986	22.0	3.7	3.7	2	1.8	100.0%
903-951 Matheson Boulevard, Mississauga	100%	77,420	77,420	1977	18.0	3.8	3.8	8	3.9	100.0%
1100 Courtney Park Drive, Mississauga	100%	72,393	72,393	1981	22.0	3.4	3.4	4	3.8	100.0%
100 Lingard Road, Cambridge	100%	70,154	70,154	2003	46.0	5.4	5.4	2	1.3	100.0%
5825-5895 Kennedy Road, Mississauga	100%	67,846	67,846	1988	15.0	3.4	3.4	8	4.8	100.0%
6400 Shawson Drive, Mississauga	100%	61,715	61,715	1981	22.0	2.9	2.9	3	6.2	100.0%
5554 Tomken Road, Mississauga	100%	61,245	61,245	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	2.2	99.7%
845 Harrington Court, Burlington	100%	55,889	55,889	1982	15.0	4.0	4.0	10	3.9	94.5%
5716-5730 Coopers Avenue, Mississauga	100%	53,695	53,695	1987	14.0	3.4	3.4	23	2.4	100.0%
855 Matheson Boulevard, Mississauga	100%	46,652	46,652	1986	18.0	2.0	2.0	12	1.9	100.0%
5448 Timberlea Boulevard, Mississauga	100%	32,025	32,025	1977	16.0	1.8	1.8	2	2.1	100.0%
5430 Timberlea Boulevard, Mississauga	100%	31,448	31,448	1977	17.0	1.8	1.8	2	4.7	100.0%
5466 Timberlea Boulevard, Mississauga	100%	28,657	28,657	1977	18.0	1.6	1.6	2	6.1	100.0%
135 East Beaver Creek, Richmond Hill	100%	28,506	28,506	1986	17.0	1.8	1.8	2	0.8	100.0%
5420 Timberlea Boulevard, Mississauga	100%	19,816	19,816	1977	18.0	1.1	1.1	2	3.6	100.0%
Ontario Multi-tenant	100%	2,296,392	2,296,392		22.1	126.9	126.9	240	2.7	99.3%
Ontario	100%	4,794,302	4,794,302		22.9	271.6	271.6	272	3.7	99.7%
1411, 1421 and 1451 Rue Ampère, Boucherville	100%	457,875	457,875	1998/2002	27.0	21.6	21.6	1	7.7	100.0%
1900 Dickson Street (Molson Distribution Centre), Montréal	100%	225,000	225,000	2003	26.0	17.1	17.1	1	5.3	100.0%
2350 de la Province, Longueuil	100%	222,464	222,464	1967	20.0	11.5	11.5	1	4.3	100.0%
1125 50th Avenue, Montréal	100%	210,710	210,710	2000	26.0	13.3	13.3	1	2.0	100.0%
8000 Avenue Blaise-Pascal, Montréal	100%	206,345	206,345	1993	23.0	13.8	13.8	1	4.5	100.0%
1313 Autoroute Chomedey, Laval	100%	184,493	184,493	1999	26.0	8.1	8.1	1	7.7	100.0%
650 Rue Bergeron, Drummondville	100%	181,000	181,000	2007	28.0	10.5	10.5	1	5.2	100.0%
2340 St. Laurent Boulevard, Ottawa	100%	114,724	114,724	1989	24.0	6.2	6.2	1	7.6	100.0%
101 Autoroute 440, Laval	100%	68,444	68,444	1977	22.0	4.6	4.6	1	5.7	100.0%
1805 50 ^e Avenue, Lachine	100%	60,750	60,750	1986	19.0	2.3	2.3	1	3.7	100.0%
1421 Rue Nobel, Sainte-Julie	100%	50,878	50,878	1998	22.0	4.3	4.3	1	4.1	100.0%
3700-3720 Autoroute des Laurentides, Laval	100%	49,500	49,500	2002	24.0	3.6	3.6	1	4.8	100.0%
1870 Boulevard Saint-Régis, Dollard-des-Ormeaux	100%	40,231	40,231	1984	22.0	1.8	1.8	1	3.7	100.0%
29 Rue de Varennes, Gatineau	100%	23,959	23,959	2006	20.0	3.4	3.4	1	3.3	100.0%
361 Boulevard Montpellier, St-Laurent	100%	19,220	19,220	1987	18.0	1.2	1.2	1	9.0	100.0%
Québec Single-tenant	100%	2,115,593	2,115,593		24.7	123.3	123.3	15	5.5	100.0%
2995 Boulevard le Corbusier, Laval	100%	130,824	130,824	1975	24.0-29.0	4.7	4.7	6	5.0	99.6%
5000 Rue Fairway & 1645 50 ^e Avenue, Lachine	100%	106,517	106,517	1978	18.0	5.5	5.5	4	1.2	85.5%
1700-1764 50 ^e Avenue, Lachine	100%	94,569	94,569	1989	24.0	4.2	4.2	1	0.1	38.3%

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
1100-1154 Rue Berlier, Laval	100%	91,843	91,843	1975	18.0	4.5	4.5	8	2.5	90.1%
9090-9100 Boulevard Cavendish, St-Laurent	100%	89,322	89,322	1987	18.0	7.5	7.5	5	3.5	83.6%
333 Chemin du Tremblay, Boucherville	100%	86,842	86,842	1987	18.0	3.8	3.8	5	4.5	100.0%
1876-1936 32 ^e Avenue, Lachine	100%	84,659	84,659	1987	18.0	4.7	4.7	4	2.0	100.0%
1500 Rue Nobel, Boucherville	100%	82,081	82,081	1989	18.0	4.1	4.1	7	2.5	100.0%
2000 32 ^e Avenue, Lachine	100%	81,288	81,288	1985	18.0	4.8	4.8	3	3.1	84.5%
1624-1692 50 ^e Avenue, Lachine	100%	79,094	79,094	1975	19.0	4.3	4.3	5	3.3	75.5%
1151-1179 Autoroute 440, Laval	100%	78,938	78,938	1975	19.0	3.9	3.9	13	3.8	89.8%
10001-10091 Renaude-Lapointe, Montréal	100%	77,846	77,846	1987	18.0	3.7	3.7	3	4.7	96.5%
2101 Rue Nobel, Sainte-Julie	100%	73,411	73,411	1992	20.0	4.8	4.8	4	2.1	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	8	4.3	100.0%
4300-4400 Boulevard Bois-Franc, St-Laurent	100%	68,575	68,575	1987	18.0	3.9	3.9	3	3.9	85.2%
4605-4645 Rue Fairway & 1405-1465 46 ^e Avenue, Lachine	100%	60,728	60,728	1974	19.0	4.0	4.0	5	5.1	100.0%
1010 Rue Berlier & 2854-2870 Boulevard Industriel, Laval	100%	58,622	58,622	1975	19.0	3.1	3.1	7	2.5	100.0%
1025-1087 Autoroute 440, Laval	100%	56,622	56,622	1979	18.0	2.8	2.8	11	1.8	100.0%
585-625 Avenue Meloche, Dorval	100%	54,667	54,667	1981	18.0	2.7	2.7	2	5.8	100.0%
135 Chemin du Tremblay, Boucherville	100%	49,808	49,808	1989	16.0	2.4	2.4	10	1.5	100.0%
Québec Multi-tenant	100%	1,649,795	1,649,795		17.1	88.8	88.8	122	3.3	89.5%
Québec	100%	3,765,388	3,765,388		21.3	212.1	212.1	137	4.6	95.4%
58 Wright Avenue (Burnside Business Park), Dartmouth	100%	43,000	43,000	1972	24.0	2.4	2.4	1	3.8	100.0%
50 Garland Avenue (Burnside Business Park), Dartmouth	100%	35,574	35,574	2006	10.0	2.5	2.5	1	9.6	79.8%
80 Thornhill Drive (Burnside Business Park), Dartmouth	100%	10,090	10,090	1984	20.0	1.1	1.1	1	2.1	100.0%
Eastern Canada Single-tenant	100%	88,664	88,664		17.9	6.0	6.0	3	5.6	91.9%
202 Brownlow Avenue (Burnside Business Park), Dartmouth	100%	212,763	212,763	1986	18.0	13.8	13.8	53	3.5	86.6%
320-340 Wright Avenue (Burnside Business Park), Dartmouth	100%	170,160	170,160	2007	24.0	10.6	10.6	12	2.8	100.0%
201 Brownlow Avenue (Burnside Business Park), Dartmouth	100%	160,082	160,082	1988	16.0	10.7	10.7	31	4.1	96.0%
7 Mellor Avenue, Dartmouth	100%	122,490	122,490	2007	24.0	7.2	7.2	12	3.5	100.0%
10 Morris Drive (Burnside Business Park), Dartmouth	100%	118,741	118,741	1979	18.0	7.5	7.5	23	3.1	94.9%
71 Thornhill Drive, Dartmouth	100%	100,322	100,322	1980	28.0	5.2	5.2	2	2.9	100.0%
131-135 Ilsley Avenue (Burnside Business Park), Dartmouth	100%	98,186	98,186	1984	18.0	6.6	6.6	15	4.8	99.0%
121 Ilsley Avenue, Dartmouth	100%	96,945	96,945	1983	19.0	8.0	8.0	18	4.6	87.6%
75 Akerley Boulevard, Dartmouth	100%	96,228	96,228	1982	19.0	7.8	7.8	19	2.6	95.6%
222 Edinburgh Drive, Moncton	100%	94,411	94,411	1977/1999	22.0	7.7	7.7	6	2.2	63.7%
11 Morris Drive (Burnside Business Park), Dartmouth	100%	89,891	89,891	1977	18.0	5.0	5.0	17	3.6	86.7%
120 Troop Avenue (Burnside Business Park), Dartmouth	100%	87,214	87,214	2004	24.0	5.7	5.7	6	4.2	100.0%
100 Ilsley Avenue (Burnside Business Park), Dartmouth	100%	76,178	76,178	1984	14.0	6.1	6.1	17	3.3	100.0%
100 Wright Avenue (Burnside Business Park), Dartmouth	100%	76,149	76,149	1979	18.0	4.4	4.4	11	3.2	93.3%
55 Akerley Boulevard, Dartmouth	100%	75,398	75,398	1975	19.0	5.8	5.8	8	6.5	100.0%
51 Raddall Avenue (Burnside Business Park), Dartmouth	100%	70,177	70,177	1986	18.0	4.7	4.7	11	3.6	100.0%
170 Joseph Zatzman Drive (Burnside Business Park), Dartmouth	100%	67,180	67,180	1981	16.0	4.0	4.0	12	2.5	74.2%
50 Akerley Boulevard (Burnside Business Park), Dartmouth	100%	62,765	62,765	1983	18.0	1.6	1.6	11	2.8	93.4%
10 Vidito Drive, Dartmouth	100%	61,988	61,988	1980	22.0	2.7	2.7	2	5.4	100.0%
101 Thornhill Drive (Burnside Business Park), Dartmouth	100%	61,570	61,570	1982	18.0	3.8	3.8	7	4.4	93.4%
105 Akerley Boulevard (Burnside Business Park), Dartmouth	100%	57,949	57,949	1983	18.0	3.3	3.3	7	3.6	100.0%
30-58 Mosher Drive (Burnside Business Park), Dartmouth	100%	56,937	56,937	1972	18.0	2.6	2.6	3	0.9	80.1%
29-59 Mosher Drive (Burnside Business Park), Dartmouth	100%	54,367	54,367	1974	18.0	3.6	3.6	4	4.0	100.0%
50 Troop Avenue (Burnside Business Park), Dartmouth	100%	53,879	53,879	2001	24.0	3.6	3.6	3	2.0	100.0%
32 Troop Avenue (Burnside Business Park), Dartmouth	100%	47,790	47,790	2000	24.0	3.3	3.3	4	2.5	100.0%
109 Ilsley Avenue (Burnside Business Park), Dartmouth	100%	45,009	45,009	1987	16.0	3.1	3.1	14	3.5	83.2%
81 Wright Avenue (Burnside Business Park), Dartmouth	100%	44,366	44,366	1986	20.0	3.6	3.6	4	1.9	100.0%
95 Akerley Boulevard, Dartmouth	100%	38,106	38,106	1980	14.0	2.1	2.1	14	2.6	100.0%
30 Simmonds Drive (Burnside Business Park), Dartmouth	100%	37,877	37,877	1982	16.0	2.8	2.8	7	2.4	88.6%
40 Thornhill Drive (Burnside Business Park), Dartmouth	100%	32,139	32,139	1982	16.0	3.8	3.8	10	2.7	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
50 Thornhill Drive (Burnside Business Park), Dartmouth	100%	32,065	32,065	1983	16.0	3.8	3.8	10	2.3	86.3%
60 Thornhill Drive (Burnside Business Park), Dartmouth	100%	32,002	32,002	1986	16.0	2.0	2.0	6	5.3	92.3%
10 Thornhill Drive, Dartmouth	100%	28,633	28,633	1983	15.0	3.4	3.4	10	1.8	100.0%
16 Garland Avenue (Burnside Business Park), Dartmouth	100%	10,888	10,888	2008	14.0	1.5	1.5	4	2.3	100.0%
Eastern Canada Multi-tenant	100%	2,570,845	2,570,845		19.4	171.4	171.4	393	3.4	93.6%
Eastern Canada	100%	2,659,509	2,659,509		19.3	177.4	177.4	396	3.5	93.5%
Total Multi-tenant buildings	99.9%	10,662,255	10,655,216		20.3	639.0	638.4	1,256	3.3	95.1%
Total Single-tenant buildings	99.0%	5,485,102	5,432,778		24.3	360.3	355.4	67	4.9	99.9%
Total	99.6%	16,147,357	16,087,994		21.6	999.3	993.8	1,323	3.9	96.7%

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.	370,691	7140 40th Street SE	Calgary	Alberta
		628-668 Henderson Drive	Regina	Saskatchewan
United Agri Products Canada Inc.	275,335	310 Henderson Drive	Regina	Saskatchewan
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
DIRTT Environmental Solutions	122,419	7504 30th Street SE	Calgary	Alberta
Lowe-Martin Company Inc.	114,724	2340 St. Laurent Boulevard	Ottawa	Ontario
Colabor Limited Partnership	113,595	580 Industrial Road	London	Ontario
Legendary Logistics Inc.	104,260	2360 Cornwall Road	Oakville	Ontario
Aquarium Services Warehouse	100,626	441 Chrislea Road	Vaughan	Ontario
Total	4,309,066			

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

Condensed consolidated balance sheets

(unaudited)

(in thousands of Canadian dollars)	Note	September 30, 2017	December 31, 2016
Assets			
NON-CURRENT ASSETS			
Investment properties	5	\$ 1,625,681	\$ 1,634,315
Other non-current assets	13	35,540	3,716
		1,661,221	1,638,031
CURRENT ASSETS			
Amounts receivable		2,580	4,088
Prepaid expenses and other assets		6,394	5,362
Cash and cash equivalents		2,599	6,595
		11,573	16,045
Assets held for sale	9	15,200	4,000
Total assets		\$ 1,687,994	\$ 1,658,076
Liabilities			
NON-CURRENT LIABILITIES			
Debt	6	\$ 743,856	\$ 780,622
Subsidiary redeemable units		168,822	158,247
Deferred Unit Incentive Plan	7	5,143	4,350
Other non-current liabilities		12,951	13,170
		930,772	956,389
CURRENT LIABILITIES			
Debt	6	140,085	87,725
Amounts payable and accrued liabilities	8	25,690	22,852
		165,775	110,577
Total liabilities		1,096,547	1,066,966
Equity			
Unitholders' equity		605,672	589,252
Retained earnings (deficit)		(14,099)	2,727
Accumulated other comprehensive loss		(126)	(869)
Total equity		591,447	591,110
Total liabilities and equity		\$ 1,687,994	\$ 1,658,076

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,	
		2017	2016	2017	2016
Investment properties revenue		\$ 42,091	\$ 43,233	\$ 127,622	\$ 131,974
Investment properties operating expenses		(13,054)	(13,807)	(41,248)	(43,363)
Net rental income		29,037	29,426	86,374	88,611
Other income					
Interest and fee income		548	4	605	27
		548	4	605	27
Other expenses					
General and administrative		(2,296)	(2,473)	(6,569)	(7,428)
Interest:					
Interest expense on debt		(8,679)	(8,792)	(25,875)	(26,601)
Subsidiary redeemable units		(3,344)	(3,246)	(10,032)	(9,739)
Depreciation and amortization	14	(12)	(14)	(40)	(40)
		(14,331)	(14,525)	(42,516)	(43,808)
Income before fair value adjustments and other items, and income taxes		15,254	14,905	44,463	44,830
Fair value adjustments and other items					
Fair value adjustments to investment properties	5, 9	3,651	(18,648)	(16,015)	(24,249)
Fair value adjustments to financial instruments	10	(8,145)	19,497	(10,368)	(8,966)
Net losses on transactions and other activities	11	(720)	(1,796)	(2,453)	(5,282)
		(5,214)	(947)	(28,836)	(38,497)
Income before income taxes		10,040	13,958	15,627	6,333
Deferred and current income taxes		(949)	325	(434)	579
Net income for the period		\$ 9,091	\$ 14,283	\$ 15,193	\$ 6,912
Other comprehensive income					
Unrealized gain on effective interest rate hedge		\$ 358	\$ 157	\$ 743	\$ 348
		358	157	743	348
Comprehensive income for the period		\$ 9,449	\$ 14,440	\$ 15,936	\$ 7,260

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of changes in equity

(unaudited)

(in thousands of Canadian dollars, except number of Units)	Note	Attributable to unitholders of the Trust					Total
		Number of Units	Unitholders' equity	Retained earnings (deficit)	Accumulated other comprehensive loss		
Balance at January 1, 2017		59,633,237	\$ 589,252	\$ 2,727	\$ (869)	\$	591,110
Net income for the period		—	—	15,193	—		15,193
Distributions paid and payable		—	—	(32,019)	—		(32,019)
Distribution Reinvestment Plan ⁽¹⁾		1,776,871	15,295	—	—		15,295
REIT Units issued for vested deferred trust units	7	131,588	1,133	—	—		1,133
Unit Purchase Plan		940	8	—	—		8
Issue costs		—	(16)	—	—		(16)
Other comprehensive income		—	—	—	743		743
Balance at September 30, 2017		61,542,636	\$ 605,672	\$ (14,099)	\$ (126)	\$	591,447

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

(in thousands of Canadian dollars, except number of Units)	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 ⁽¹⁾	521,091	4,087	—	—		4,087
REIT Units issued for vested deferred trust units	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

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

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of cash flows

(unaudited)

(in thousands of Canadian dollars)	Note	Three months ended September 30,		Nine months ended September 30,	
		2017	2016	2017	2016
Generated from (utilized in) operating activities					
Net income for the period		\$ 9,091	\$ 14,283	\$ 15,193	\$ 6,912
Non-cash items:					
Depreciation and amortization	14	602	329	1,723	648
Other adjustments	14	9,108	(410)	37,455	34,482
Investment in lease incentives and initial direct leasing costs	5	(2,202)	(3,430)	(7,289)	(8,468)
Interest on subsidiary redeemable units		—	3,246	—	9,739
Change in non-cash working capital	14	3,769	2,702	4,654	4,178
		20,368	16,720	51,736	47,491
Generated from (utilized in) investing activities					
Additions to property and equipment		(4)	(5)	(29)	(23)
Investment in building improvements	5	(5,545)	(6,099)	(11,735)	(11,923)
Deposit on investment properties	13	(31,150)	—	(31,150)	—
Transaction costs paid		(818)	(561)	(898)	(982)
Net proceeds from disposal of investment properties		—	38,156	—	46,550
		(37,517)	31,491	(43,812)	33,622
Generated from (utilized in) financing activities					
Mortgage financings, net of financing costs	6	44,650	53,990	59,055	121,615
Draw on revolving credit facility, net of financing costs	6	25,400	10,000	25,400	38,250
Mortgage principal repayments		(5,952)	(6,065)	(17,813)	(18,376)
Mortgage lump sum repayments		(16,223)	(64,186)	(26,510)	(130,818)
Repayment of revolving credit facility	6	(25,400)	(29,000)	(25,400)	(55,000)
Distributions paid on Units		(8,864)	(9,134)	(26,644)	(26,988)
Interest paid on subsidiary redeemable units		—	(3,246)	—	(9,739)
Cash (paid) proceeds on issue of Units		1	(7)	(8)	(13)
		13,612	(47,648)	(11,920)	(81,069)
Change in cash and cash equivalents		(3,537)	563	(3,996)	44
Cash and cash equivalents, beginning of period		6,136	503	6,595	1,022
Cash and cash equivalents, end of period		\$ 2,599	\$ 1,066	\$ 2,599	\$ 1,066

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 period ended September 30, 2017 were authorized for issuance by the Board of Trustees on November 7, 2017, after which date they may be amended only with the Board of Trustees’ approval.

Throughout the Notes, reference is made to the following:

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

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

At September 30, 2017, Dream Office Real Estate Investment Trust (“Dream Office REIT”), directly and indirectly through its subsidiaries, held 18,551,855 (December 31, 2016 – 18,551,855) subsidiary redeemable units, being all of the subsidiary redeemable units of the Trust. At September 30, 2017, Dream Office REIT, directly and indirectly through its subsidiaries, held 2,132,980 REIT Units (December 31, 2016 – 882,473).

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the IASB, have been omitted or condensed.

The condensed consolidated financial statements have been prepared using the same significant accounting policies and methods as those used in the consolidated financial statements for the year ended December 31, 2016.

These condensed consolidated financial statements should be read in conjunction with the Trust’s consolidated financial statements for the year ended December 31, 2016.

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, 2016.

Future changes in accounting standards

The following are the accounting policy changes to be implemented by the Trust in future years.

Revenue recognition

IFRS 15, “Revenue from Contracts with Customers” (“IFRS 15”), provides a comprehensive five-step revenue recognition model for all contracts with customers. The IFRS 15 revenue recognition model requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Trust has not early adopted IFRS 15. The Trust has formed an internal working group which is responsible for overseeing the Trust’s transition to IFRS 15. The working group is performing an in-depth assessment of IFRS 15 and the impact the adoption of the standard will have on the Trust’s consolidated financial statements.

The working group is in the process of reviewing contracts with its tenants and is focused on assessing the impact the adoption of IFRS 15 will have on service revenue (common area maintenance charges). Currently, the Trust does not expect there to be a material impact to the timing and amount of service revenue recognized in a given reporting period under IFRS 15. Rental revenue earned from leases is outside of the scope of IFRS 15 and will therefore not be impacted by its adoption. Additional disclosures will be required to comply with IFRS 15. The Trust will provide an update in the year-end consolidated financial statements.

Financial instruments

The final version of IFRS 9, “Financial Instruments” (“IFRS 9”), was issued by the IASB in July 2014 and will replace IAS 39, “Financial Instruments: Recognition and Measurement” (“IAS 39”). IFRS 9 introduces a model for classification and measurement, a single, forward-looking “expected loss” impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of an entity’s own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity’s own credit risk on such liabilities are no longer recognized in profit or loss. The entity’s own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. Lastly, a third measurement category for financial assets, “fair value through other comprehensive income”, will exist. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Trust has formed an internal working group which is responsible for overseeing the Trust’s transition to IFRS 9. The working group is performing an in-depth assessment of IFRS 9 and the impact the adoption of the standard will have on the Trust’s consolidated financial statements. The working group is focused on identifying mortgages which were previously accounted for as a debt modification; IFRS 9 requires that a gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. The Trust is also focused on developing an impairment model that takes into consideration forward-looking information, as required by IFRS 9. Currently, the Trust does not expect there to be a material impact to the carrying value of its trade receivables given past default rates and receivable balances. The Trust does not expect changes to the measurement of its financial assets or liabilities. Additional disclosures will be required to comply with IFRS 9. The Trust will provide an update in the year-end consolidated financial statements.

Financial instruments – disclosures

IFRS 7, “Financial Instruments: Disclosures” (“IFRS 7”), has been amended by the IASB to require additional disclosures on transition from IAS 39 to IFRS 9. The amendment to IFRS 7 is effective for periods beginning on or after January 1, 2018. The Trust is currently evaluating the impact of adopting this standard on the consolidated financial statements.

Leases

IFRS 16, “Leases” (“IFRS 16”), sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15. The Trust has not early adopted IFRS 16. The Trust is currently evaluating the impact of adopting this standard on the consolidated 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, 2016.

Note 5

INVESTMENT PROPERTIES

	Note	Nine months ended September 30, 2017	Year ended December 31, 2016
Balance at beginning of period		\$ 1,634,315	\$ 1,700,992
Additions:			
Investment property acquisitions ⁽¹⁾		—	200
Building improvements		11,735	18,522
Lease incentives and initial direct leasing costs		7,289	11,257
Total additions to investment properties		19,024	29,979
Investment properties classified as held for sale and disposed during the period	9	(8,700)	(65,432)
Gains (losses) included in net income:			
Fair value adjustments to investment properties ⁽²⁾		(18,515)	(31,760)
Straight-line rent		378	1,278
Amortization of lease incentives		(821)	(742)
Total losses included in net income		(18,958)	(31,224)
Balance at end of period		\$ 1,625,681	\$ 1,634,315

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

(2) Change in unrealized losses included in net income (loss) for the period ended September 30, 2017 and the year ended December 31, 2016 were \$16,015 and \$38,770, respectively. Unrealized losses include fair value adjustments on assets held for sale.

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

	September 30, 2017		December 31, 2016	
	Range (%)	Weighted average (%)	Range (%)	Weighted average (%)
Cap rate	4.00–9.25	6.61	5.50–9.25	6.71
Discount rate	5.00–9.00	7.48	6.25–9.00	7.58
Terminal rate	4.50–8.00	6.72	5.75–8.00	6.92

Investment properties with an aggregate fair value of \$418,541 for the nine months ended September 30, 2017 (for the year ended December 31, 2016 – \$706,760) 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 \$57,464. If the cap rate were to decrease by 25 bps, the value of investment properties would increase by \$61,835.

As at September 30, 2017, investment properties with a fair value of \$1,376,540 (December 31, 2016 – \$1,353,915) are pledged as first-ranking and/or second-ranking collateral for mortgages. As at September 30, 2017, investment properties with a fair value of \$165,090 (December 31, 2016 – \$163,190) are pledged as security for the Trust's revolving credit facility.

Note 6

DEBT

	September 30, 2017	December 31, 2016
Mortgages ⁽¹⁾	\$ 756,210	\$ 741,265
Revolving credit facility ⁽¹⁾	—	—
Convertible debentures	127,731	127,082
Total	883,941	868,347
Less: Current portion	(140,085)	(87,725)
Non-current debt	\$ 743,856	\$ 780,622

(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, 2017 is \$98,000 (December 31, 2016 – \$98,000).

Mortgage financing activities

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

	Nine months ended September 30, 2017			Nine months ended September 30, 2016		
	Amount ⁽¹⁾	Term to maturity (years)	Weighted average face interest rate (%)	Amount ⁽¹⁾	Term to maturity (years)	Weighted average face interest rate (%)
New mortgages	\$ 59,500	6.5	3.57	\$ 122,750	8.6	3.30

(1) Excludes financing costs.

On April 3, 2017, we completed a \$14.5 million refinancing on a portfolio of two properties located in Edmonton with a term of five years at a face interest rate of 3.98% and an effective interest rate of 4.17%.

On August 30, 2017, we completed a \$45.0 million refinancing on a portfolio of six properties located in the Ontario and Eastern Canada regions with a term of seven years at a face interest rate of 3.44% and an effective interest rate of 3.57%. The mortgage was financed alongside an interest rate swap described in the Interest Rate Swap section below.

Revolving credit facility

The following table summarizes certain details of the Trust's revolving credit facility as at September 30, 2017:

	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, 2017.

(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, 2017:

Transaction date	Mortgage principal amount (notional)	Fixed interest rate	Maturity date	Financial instrument classification	Fair value
February 24, 2014	\$ 47,973	3.31%	March 1, 2019	Cash flow hedge ⁽¹⁾	\$ 127
August 26, 2015	47,000	2.93%	September 1, 2022	Fair value through profit or loss	(1,109)
August 30, 2017	45,000	3.44%	August 30, 2024	Fair value through profit or loss	(162)
Non-current debt	\$ 139,973	3.22%			\$ (1,144)

(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.

On August 30, 2017, the Trust completed the financing of a maturing mortgage on a portfolio of six of its properties at a variable interest rate of one-month BA rate plus 1.36% for an initial term of seven years.

In order to manage the interest rate risk on the variable interest rate, the Trust also entered into a seven-year interest rate swap agreement for an initial notional amount of \$45 million, which effectively fixed the interest rate on this mortgage at 3.44% for the seven-year term.

At September 30, 2017, the aggregate fair value of the interest rate swap amounted to a \$162 financial asset. The Trust did not apply hedge accounting to this relationship; therefore, the change in fair value of the swap is recognized in net income.

Note 7

DEFERRED UNIT INCENTIVE PLAN

The DUIP provides for the grant of deferred trust units to trustees, officers and employees as well as affiliates and their service providers, including the asset manager. Deferred trust units are granted at the discretion of the trustees and earn income deferred trust units based on the payment of distributions. Once issued, each deferred trust unit, and the related distribution of income deferred trust units, vests evenly over a three- or five-year period on the anniversary date of the grant. Subject to an election option available for certain participants to defer receipt of REIT Units, such REIT Units will be issued immediately on vesting. As at September 30, 2017, up to a maximum of 1,500,000 (December 31, 2016 – 1,500,000) deferred trust units were issuable under the DUIP.

The movement in DUIP balance was as follows:

	Note	
As at January 1, 2017		\$ 4,350
Compensation expense during the period		1,208
REIT Units issued for vested deferred trust units ⁽¹⁾		(1,081)
Remeasurement of carrying value	10	666
As at September 30, 2017		\$ 5,143

(1) Excludes \$52 of REIT Units issued for vested deferred trust units as part of the fourth quarter 2016 cost reduction program.

During the nine months ended September 30, 2017, \$1,208 of compensation expense was recorded (September 30, 2016 – \$1,074) and included in general and administrative expenses. For the same period, a fair value loss of \$666 (September 30, 2016 – \$560) was recognized in fair value adjustments to financial instruments representing the remeasurement of the DUIP liability for the year.

On February 21, 2017, 103,050 deferred trust units were granted to senior management and employees of the Trust. Of the units granted, 50,000 units relate to key management personnel. The grant date value of these deferred trust units was \$8.75 per Unit granted.

On March 31, 2017, 6,997 deferred trust units were granted to trustees who elected to receive their 2017 quarterly fees in the form of deferred trust units rather than in cash. The grant date value of these deferred trust units was \$8.22 per Unit granted.

On May 2, 2017, 40,000 deferred trust units were granted to trustees. The grant date value of these deferred trust units was \$8.53 per Unit granted.

On June 30, 2017, 6,119 deferred trust units were granted to trustees who elected to receive their 2017 quarterly fees in the form of deferred trust units rather than in cash. The grant date value of these deferred trust units was \$8.75 per Unit granted.

On September 30, 2017, 5,600 deferred trust units were granted to trustees who elected to receive their 2017 quarterly fees in the form of deferred trust units rather than in cash. The grant date value of these deferred trust units was \$9.15 per Unit granted.

Note 8

AMOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2017	December 31, 2016
Trade payables	\$ 1,289	\$ 1,146
Accrued liabilities and other payables	12,869	12,416
Accrued interest	5,191	3,477
Rent received in advance	2,751	2,335
Distributions payable	3,590	3,478
Total	\$ 25,690	\$ 22,852

Note 9

ASSETS HELD FOR SALE AND DISPOSITIONS

Assets held for sale

As at September 30, 2017, management had committed to a plan to sell two investment properties. These properties are classified as assets held for sale.

	September 30, 2017	December 31, 2016
Investment properties	\$ 15,200	\$ 4,000
Assets held for sale	\$ 15,200	\$ 4,000

The following table summarizes the movements in investment properties classified as assets held for sale during the nine months ended September 30, 2017 and year ended December 31, 2016:

	Note	Nine months ended September 30, 2017	Year ended December 31, 2016
Balance at beginning of period		\$ 4,000	\$ 8,550
Add (deduct):			
Lease incentives and initial direct leasing costs		—	—
Capitalized costs		—	171
Investment properties classified as held for sale during the period	5	8,700	65,432
Fair value adjustments to investment properties		2,500	(273)
Balance at end of period		\$ 15,200	\$ 4,000

Dispositions

There were no dispositions during the nine months ended September 30, 2017. The following dispositions were completed during the nine months ended September 30, 2016:

	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 arose entirely from transaction costs.

Note 10

FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS

	Note	Three months ended September 30,		Nine months ended September 30,	
		2017	2016	2017	2016
Fair value adjustment on conversion feature of the convertible debentures		\$ (1,244)	\$ 2,858	\$ (535)	\$ 5,004
Remeasurement of carrying value of subsidiary redeemable units		(7,421)	16,325	(10,575)	(12,430)
Remeasurement of carrying value of DUIP	7	(356)	242	(666)	(560)
Fair value adjustment on interest rate swap		876	72	1,408	(980)
Total		\$ (8,145)	\$ 19,497	\$ (10,368)	\$ (8,966)

Note 11

NET LOSSES ON TRANSACTIONS AND OTHER ACTIVITIES

	Note	Three months ended September 30,		Nine months ended September 30,	
		2017	2016	2017	2016
Investment in business transformation	13	\$ —	\$ (125)	\$ —	\$ (375)
Internal leasing costs		(720)	(981)	(2,303)	(3,037)
Debt settlement gains		—	(218)	—	(214)
Net loss on sale of investment properties	9	—	(472)	—	(687)
Transaction costs		—	—	—	(969)
Cost reduction program charge		—	—	(150)	—
Total		\$ (720)	\$ (1,796)	\$ (2,453)	\$ (5,282)

Note 12

SEGMENTED INFORMATION

For the three and nine months ended September 30, 2017 and September 30, 2016, 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 income, other expenses, fair value adjustments to financial instruments, net losses on transactions and other activities, excluding internal leasing costs and income taxes were not allocated to the segment expenses.

Three months ended September 30, 2017	Western			Eastern		Segment								
	Canada	Ontario	Québec	Canada		total	Other ⁽¹⁾	Total						
Operations														
Investment properties revenue	\$	15,830	\$	11,120	\$	7,316	\$	7,825	\$	42,091	\$	—	\$	42,091
Investment properties operating expenses		(4,930)		(3,241)		(1,711)		(3,172)		(13,054)		—		(13,054)
Net rental income		10,900		7,879		5,605		4,653		29,037		—		29,037
Other income		—		—		—		—		—		548		548
Other expenses		—		—		—		—		—		(14,331)		(14,331)
Fair value adjustments and other items		(5,807)		10,282		(1,684)		140		2,931		(8,145)		(5,214)
Income (loss) before income taxes		5,093		18,161		3,921		4,793		31,968		(21,928)		10,040
Deferred and current income taxes		—		—		—		—		—		(949)		(949)
Net income (loss) for the period	\$	5,093	\$	18,161	\$	3,921	\$	4,793	\$	31,968	\$	(22,877)	\$	9,091

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

Nine months ended September 30, 2017	Western Canada	Ontario	Québec	Eastern Canada	Segment total	Other ⁽¹⁾	Total
Operations							
Investment properties revenue	\$ 48,615	\$ 33,084	\$ 22,541	\$ 23,382	\$ 127,622	\$ —	\$ 127,622
Investment properties operating expenses	(15,287)	(9,913)	(5,657)	(10,391)	(41,248)	—	(41,248)
Net rental income	33,328	23,171	16,884	12,991	86,374	—	86,374
Other income	—	—	—	—	—	605	605
Other expenses	—	—	—	—	—	(42,516)	(42,516)
Fair value adjustments and other items	(19,252)	21,313	(7,124)	(13,255)	(18,318)	(10,518)	(28,836)
Income (loss) before income taxes	14,076	44,484	9,760	(264)	68,056	(52,429)	15,627
Deferred and current income taxes	—	—	—	—	—	(434)	(434)
Net income (loss) for the period	\$ 14,076	\$ 44,484	\$ 9,760	\$ (264)	\$ 68,056	\$ (52,863)	\$ 15,193

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

Three months ended September 30, 2016	Western Canada	Ontario	Québec	Eastern Canada	Segment total	Other ⁽¹⁾	Total
Operations							
Investment properties revenue	\$ 16,365	\$ 11,070	\$ 7,774	\$ 8,024	\$ 43,233	\$ —	\$ 43,233
Investment properties operating expenses	(5,149)	(3,338)	(1,984)	(3,336)	(13,807)	—	(13,807)
Net rental income	11,216	7,732	5,790	4,688	29,426	—	29,426
Other income	—	—	—	—	—	4	4
Other expenses	—	—	—	—	—	(14,525)	(14,525)
Fair value adjustments and other items	(10,926)	671	(1,691)	(7,684)	(19,630)	18,683	(947)
Income (loss) before income taxes	290	8,403	4,099	(2,996)	9,796	4,162	13,958
Recovery of income taxes	—	—	—	—	—	325	325
Net income (loss) for the period	\$ 290	\$ 8,403	\$ 4,099	\$ (2,996)	\$ 9,796	\$ 4,487	\$ 14,283

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

Nine months ended September 30, 2016	Western Canada	Ontario	Québec	Eastern Canada	Segment total	Other ⁽¹⁾	Total
Operations							
Investment properties revenue	\$ 49,870	\$ 33,826	\$ 24,018	\$ 24,260	\$ 131,974	\$ —	\$ 131,974
Investment properties operating expenses	(15,632)	(10,813)	(6,439)	(10,479)	(43,363)	—	(43,363)
Net rental income	34,238	23,013	17,579	13,781	88,611	—	88,611
Other income	—	—	—	—	—	27	27
Other expenses	—	—	—	—	—	(43,808)	(43,808)
Fair value adjustments and other items	(21,744)	923	7,141	(13,606)	(27,286)	(11,211)	(38,497)
Income (loss) before income taxes	12,494	23,936	24,720	175	61,325	(54,992)	6,333
Recovery of income taxes	—	—	—	—	—	579	579
Net income (loss) for the period	\$ 12,494	\$ 23,936	\$ 24,720	\$ 175	\$ 61,325	\$ (54,413)	\$ 6,912

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

Investment properties

Nine months ended September 30, 2017	Western Canada	Ontario	Québec	Eastern Canada	Total
Investment properties	\$ 624,200	\$ 457,796	\$ 292,115	\$ 251,570	\$ 1,625,681
Total capital expenditures and leasing costs ⁽¹⁾	5,772	5,059	2,815	5,378	19,024

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

Year ended December 31, 2016	Western Canada	Ontario	Québec	Eastern Canada	Total
Investment properties	\$ 636,855	\$ 442,260	\$ 296,190	\$ 259,010	\$ 1,634,315
Total capital expenditures and leasing costs ⁽¹⁾	8,665	9,057	4,591	7,466	29,779

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

Note 13

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.

Dream Asset Management Corporation

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.

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

Effective January 1, 2016, Dream Technology Ventures LP (“DTV LP”), a limited partnership, was established by a wholly owned subsidiary of DAM acting as general partner and DAM, Dream Office LP, DILP, Dream Global REIT and Dream Alternatives Master LP as limited partners. Each of the limited partners, including the Trust, contribute capital to DTV LP to fund costs incurred relating to technology personnel and technology related platforms. In addition, the Trust is party to a licensing agreement in respect of the use of the developed technology. The Trust accounts for its investment in DTV LP on an equity basis. At September 30, 2017, the Trust recorded contributions of \$358 (December 31, 2016 – \$358) to DTV LP. For the nine months ended September 30, 2017, the Trust recorded its share of loss of \$8 (September 30, 2016 – \$214), in general and administrative expenses and also reclassified \$75 recorded as restructuring accrual for DTV employees to investment in DTV. At September 30, 2017, the Trust’s investment in DTV LP was \$15 (December 31, 2016 – \$98), which was recorded under other non-current assets.

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

Dream Office REIT

As at September 30, 2017, Dream Office REIT, directly and indirectly through its wholly owned subsidiaries, held 2,132,980 REIT Units and 18,551,855 LP B Units, representing approximately 25.8% ownership in the Trust.

On July 24, 2017, the Trust entered into a purchase and sale agreement with Dream Office REIT to acquire a 717,000 square foot distribution centre in Nashville, Tennessee, for \$60,855. The purchase price was partially funded by assumed mortgage debt of \$29,676. On August 1, the Trust made an interest bearing refundable deposit of \$30,150 which was included in other non-current assets. During the quarter, \$391 of interest income was included in interest and fee income related to this deposit. The acquisition closed on October 31, 2017.

Related party transactions

Fees and cost reimbursements with related parties were as follows:

		Three months ended September 30,		Nine months ended September 30,	
	Note	2017	2016	2017	2016
Amounts paid and payable to DAM					
Incurred under the Asset Management Agreement:					
Base annual management fee (included in general and administrative expenses)		\$ 1,003	\$ 1,025	\$ 3,008	\$ 3,117
Expense reimbursements related to financing arrangements		87	163	274	399
Total costs incurred under the Asset Management Agreement to DAM					
		\$ 1,090	\$ 1,188	\$ 3,282	\$ 3,516
Incurred under the Shared Services and Cost Sharing Agreement:					
Investment in business transformation	11	\$ —	\$ 125	\$ —	\$ 375
Strategic services and other		239	103	507	349
Total costs incurred under the Shared Services and Cost Sharing Agreement to DAM					
		\$ 239	\$ 228	\$ 507	\$ 724
Amounts received and receivable from DAM					
Cost reimbursed under the Property Management Agreement:					
Property Management fee		\$ 22	\$ —	\$ 65	\$ —
Total cost reimbursements under the Property Management Agreement with DAM					
		\$ 22	\$ —	\$ 65	\$ —
Amounts paid and payable to Dream Office REIT:					
Costs reimbursed under the Services Agreement		\$ 614	\$ 901	\$ 1,998	\$ 2,709
Distributions on subsidiary redeemable units ⁽¹⁾		3,344	3,246	10,032	9,739
Distributions on REIT units		349	—	828	—
Amounts paid and payable to Dream Office REIT					
		\$ 4,307	\$ 4,147	\$ 12,858	\$ 12,448

(1) Distributions on subsidiary redeemable units were enrolled in the Distribution Reinvestment and Unit Purchase Plan ("DRIP") starting December 2016. Under this plan, distributions were reinvested for additional REIT units. Prior to this, distributions were paid in cash.

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

	September 30, 2017	December 31, 2016
Amounts payable and accrued liabilities to DAM for:		
Asset Management Agreement	\$ (422)	\$ (491)
Shared Services and Cost Sharing Agreement	(199)	(168)
Total payable to DAM	\$ (621)	\$ (659)
Amounts payable and accrued liabilities to Dream Office REIT for:		
Services Agreement	\$ (212)	\$ (430)
Distributions on subsidiary redeemable units ⁽¹⁾	(1,115)	(1,115)
Distributions on REIT Units	(124)	(51)
Total payable to Dream Office REIT	\$ (1,451)	\$ (1,596)

(1) Distributions on subsidiary redeemable units were enrolled in the Distribution Reinvestment and Unit Purchase Plan ("DRIP") starting December 2016. Under this plan, distributions were reinvested for additional REIT units. Prior to this, distributions were paid in cash.

Compensation of key management personnel including trustees is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Unit-based awards granted during the period ⁽¹⁾	\$ 51	\$ 58	\$ 941	\$ 885
Trustees' fees paid in cash	32	25	115	69
Total	\$ 83	\$ 83	\$ 1,056	\$ 954

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

Note 14

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,	
		2017	2016	2017	2016
Amortization of lease incentives	5	\$ 300	\$ 192	\$ 821	\$ 493
Amortization of financing costs		416	385	1,227	1,102
Depreciation of property and equipment		12	14	40	40
Amortization of fair value adjustments on assumed debt		(126)	(262)	(365)	(987)
Total		\$ 602	\$ 329	\$ 1,723	\$ 648

The components of other adjustments under operating activities include:

	Note	Three months ended September 30,		Nine months ended September 30,	
		2017	2016	2017	2016
Deferred unit compensation expense	7	\$ 530	\$ 347	\$ 1,208	\$ 1,074
Straight-line rent	5	15	(273)	(378)	(1,098)
Fair value adjustments to investment properties	5, 9	(3,651)	18,648	16,015	24,249
Fair value adjustments to financial instruments	10	8,145	(19,497)	10,368	8,966
Transaction costs	11	—	—	—	969
Net loss on sale of investment properties	9	—	472	—	687
(Recovery of) deferred income taxes		725	(325)	210	(579)
Debt settlement gains	11	—	218	—	214
Non-cash distributions on subsidiary redeemable units		3,344	—	10,032	—
Other adjustments to operating activities		\$ 9,108	\$ (410)	\$ 37,455	\$ 34,482

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

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Decrease in amounts receivable	\$ 1,296	\$ 1,053	\$ 1,508	\$ 1,130
Decrease (increase) in prepaid expenses and other assets	811	1,133	(1,032)	(910)
Decrease (increase) in other non-current assets	(4)	46	(60)	30
Increase in amounts payable and accrued liabilities	1,456	353	3,759	2,770
Increase in tenant security deposits	210	117	479	1,158
Change in non-cash working capital	\$ 3,769	\$ 2,702	\$ 4,654	\$ 4,178

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

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Interest:				
Debt	\$ 6,639	\$ 6,927	\$ 23,300	\$ 24,852
Subsidiary redeemable units	—	3,246	—	9,739
Total	\$ 6,639	\$ 10,173	\$ 23,300	\$ 34,591

Note 15

COMMITMENTS AND CONTINGENCIES

Dream Industrial REIT and its operating subsidiaries are contingently liable under guarantees that are issued in the normal course of business and with respect to litigation and claims that 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 \$1,518 (September 30, 2016 – \$2,484).

Note 16

FAIR VALUE MEASUREMENTS

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

The following tables summarize fair value measurements recognized in the 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, 2017	Fair value as at September 30, 2017		
		Level 1	Level 2	Level 3
Recurring measurements				
Non-financial assets				
Investment properties	\$ 1,625,681	\$ —	\$ —	\$ 1,625,681
Financial assets				
Conversion feature on the convertible debentures	2,794	—	—	2,794
Fair value of interest rate swaps	1,271	—	—	1,271
Financial liabilities				
Fair value of interest rate swaps	127	—	—	127

	Carrying value as at	Fair value as at December 31, 2016		
	December 31, 2016	Level 1	Level 2	Level 3
Recurring measurements				
Non-financial assets				
Investment properties	\$ 1,634,315	\$ —	\$ —	\$ 1,634,315
Financial assets				
Conversion feature on the convertible debentures	3,329	—	—	3,329
Financial liabilities				
Fair value of interest rate swaps	1,006	—	—	1,006

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

	Carrying value as at	Fair value as at September 30, 2017		
	September 30, 2017	Level 1	Level 2	Level 3
Fair values disclosed				
Mortgages	\$ 756,210	\$ —	\$ —	\$ 753,615
Convertible debentures	127,731	—	—	134,771

	Carrying value as at	Fair value as at December 31, 2016		
	December 31, 2016	Level 1	Level 2	Level 3
Fair values disclosed				
Mortgages	\$ 741,265	\$ —	\$ —	\$ 740,633
Convertible debentures	127,082	—	—	136,564

All gains and losses recorded in fair value adjustments to financial instruments (Note 10) are changes in unrealized gains and losses relating to the items on the condensed consolidated balance sheet.

The conversion feature of the interest rate swaps and convertible debentures 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 convertible debentures conversion feature as at September 30, 2017 and December 31, 2016 are the following:

	September 30, 2017		December 31, 2016	
	Credit spread	Volatility	Credit spread	Volatility
5.25% Debentures	1.700%	17.650%	2.259%	17.743%
6.75% Debentures	1.700%	11.645%	3.879%	16.908%

For the nine months ended September 30, 2017, the change in fair value of the conversion feature of the convertible debentures is a \$535 loss (September 30, 2016 – \$5,004 gain) recorded in fair value adjustments to financial instruments.

Note 17

COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

Certain comparative balances have been reclassified from the consolidated financial statements previously presented to conform to the presentation of the 2017 condensed consolidated financial statements.

Note 18

SUBSEQUENT EVENTS

As described in Note 13, on October 31, 2017, the Trust completed the purchase of a 717,000 square foot single-tenant distribution centre in Nashville, Tennessee, from Dream Office REIT.

On October 5, 2017, the Trust completed the purchase of a 189,000 square foot multi-tenant industrial property in Calgary, Alberta, for \$17,000. The acquisition was funded using the Trust's revolving credit facility.

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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
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Attention: Dividend Reinvestment Services

Or call their Customer Contact Centre at
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