



Q1 | 2019

Table of Contents

SECTION I

- 1 Key performance indicators
- 2 Basis of presentation
- 3 Background
- 3 Our objectives
- 3 Our strategy
- 4 Financial overview

SECTION II

- 6 Our properties
- 7 Our operations
- 13 Our results of operations

SECTION III

- 17 Investment properties
- 19 Our financing
- 21 Our equity

SECTION IV

- 25 Quarterly information
- 27 Non-GAAP measures and other disclosures

SECTION V

- 33 Disclosure controls and our procedures

SECTION VI

- 33 Risks and our strategy to manage

SECTION VII

- 33 Critical accounting judgments, estimates and assumptions in applying accounting policies
- 33 Changes in accounting policies and disclosures

SECTION VIII

- 34 Property listing

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- 39 Condensed consolidated balance sheets
- 40 Condensed consolidated statements of comprehensive income (loss)
- 41 Condensed consolidated statements of changes in equity
- 42 Condensed consolidated statements of cash flows
- 43 Notes to the condensed consolidated financial statements

Management's discussion and analysis

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

SECTION I

KEY PERFORMANCE INDICATORS

Performance is measured by these and other key indicators:

	As at	
	March 31, 2019	December 31, 2018
Total portfolio⁽¹⁾		
Number of properties	244	223
Gross leasable area ("GLA") (in millions of sq. ft.)	23.7	20.2
Occupancy rate – in-place and committed (period-end)	96.5%	97.1%
Occupancy rate – in-place (period-end)	95.3%	95.7%
Average in-place and committed base rent per sq. ft. – Canada (period-end)	\$ 7.26	\$ 7.26
Average in-place and committed base rent per sq. ft. – U.S. (US\$) (period-end)	\$ 3.81	\$ 3.93
Weighted average lease term ("WALT") (years)	4.1	4.1

	Three months ended March 31,	
	2019	2018
Operating results		
Net income (loss)	\$ (8,261)	\$ 44,871
Funds from operations ("FFO") ⁽²⁾	24,951	21,232
Net rental income	36,300	32,503
Comparative properties net operating income ("NOI") ⁽²⁾	31,071	30,932
Distributions		
Total distributions ⁽²⁾	\$ 21,321	\$ 16,689
Per Unit amounts		
Distribution rate	\$ 0.17	\$ 0.17
FFO – diluted ⁽²⁾⁽³⁾	\$ 0.21	\$ 0.22
FFO payout ratio – diluted⁽²⁾	83.7%	78.1%

	As at	
	March 31, 2019	December 31, 2018
Financing		
Weighted average face interest rate on debt (period-end) ⁽⁴⁾	3.72%	3.65%
Weighted average remaining term to maturity on debt (years)	4.4	4.4
Interest coverage ratio (times) ⁽²⁾⁽⁵⁾	3.4	3.3
Level of debt (net debt-to-assets ratio) ⁽²⁾	42.4%	43.5%
Net debt-to-adjusted EBITDAFV (years) ⁽²⁾	7.1	7.2
Unencumbered assets ⁽²⁾⁽⁶⁾	\$ 322,154	\$ 194,594
Available liquidity ⁽²⁾	\$ 77,159	\$ 103,162
Capital		
Total number of Units (in thousands) ⁽⁷⁾	125,269	110,615
Net asset value ("NAV") per Unit ⁽²⁾	\$ 10.61	\$ 10.54

(1) Excludes a property held for sale at the end of each period.

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

(3) A description of the determination of diluted amounts per Unit can be found in the section "Non-GAAP measures and other disclosures", under the heading "Weighted average number of Units".

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

- (5) Interest coverage ratio (non-GAAP measure) has been restated in the comparative periods to conform to current period presentation. For further details, please refer to the section “Non-GAAP measures and other disclosures” under the heading “Interest coverage ratio”.
- (6) Unencumbered assets (non-GAAP measure) includes a property held for sale at the end of each period.
- (7) Total number of Units includes 18.6 million LP B Units which are classified as a liability under IFRS.

BASIS OF PRESENTATION

Our discussion and analysis of the financial position and results of operations of Dream Industrial Real Estate Investment Trust (“Dream Industrial REIT” or “the Trust”) should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018 and the condensed consolidated financial statements for the three months ended March 31, 2019.

This management’s discussion and analysis (“MD&A”) is dated as at May 7, 2019.

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

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

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

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

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

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

All forward-looking information is as of May 7, 2019. Dream Industrial REIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information about these assumptions, risks and uncertainties is contained in our filings with securities regulators. Certain filings are also available on our website at www.dreamindustrialreit.ca.

BACKGROUND

Dream Industrial REIT is an unincorporated, open-ended real estate investment trust which provides investors with the opportunity to invest in a pure-play industrial REIT with a portfolio based in Canada and the United States (“U.S.”). Our REIT Units are listed on the Toronto Stock Exchange under the trading symbol DIR.UN.

As of the date of this MD&A, excluding the asset held for sale, we own and operate 245 primarily light industrial income-producing properties totalling 24.0 million square feet of GLA. Our properties are located in key industrial markets across Canada and the U.S.

OUR OBJECTIVES

We are committed to:

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

OUR STRATEGY

Dream Industrial REIT is a growth-oriented owner of income-producing industrial properties across key markets in Canada and the U.S., providing stable and predictable distributions to unitholders on a tax-efficient basis. Our strategy is to grow our portfolio by investing in key markets to generate stable cash flows for our unitholders. We will continue to review and modify our strategy to meet the ever changing real estate and economic conditions. Our strategy includes:

Optimizing the performance, value and cash flow of our portfolio

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

Maintaining and strengthening our conservative financial profile

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

Growing and diversifying our portfolio to reduce risk

We seek to grow and diversify our portfolio to increase value on a per Unit basis, further improve the sustainability of our distributions, strengthen our tenant profile and mitigate risk. We anticipate that growing our portfolio will also reduce our cost of capital, allowing us to both refinance existing mortgages at competitive rates and increase our ability to competitively bid on acquisition opportunities. We have experience in each of Canada’s key real estate markets, which we believe will provide us with the flexibility to pursue acquisitions in whichever Canadian markets offer compelling investment opportunities. Through an affiliate of PAULS Corp, LLC (“PAULS Corp”) and the Trust’s asset manager, Dream Asset Management Corporation, the Trust has access to the U.S. market and PAULS Corp’s operational platform in the U.S.

Seeking accretive growth opportunities

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

FINANCIAL OVERVIEW

We continue to build and execute on an acquisition pipeline focused on our target Canadian and U.S. markets. We have been quick to execute on our strategies to add further scale in our target markets and to improve our overall portfolio quality. During the quarter, we completed the acquisition of the Midwest U.S. portfolio, adding 3.5 million square feet of highly functional industrial assets. In February and April of 2019, we issued a total of \$288.3 million in equity. The April offering was at a price of \$11.55 per REIT Unit, which was \$1.10 or 10.5% higher than the February offering.

While growing the Trust, we have successfully delivered on several internal growth objectives, including driving rental rate growth in Ontario and Québec and increasing occupancy in Western Canada. Renewal spreads during the quarter on occupied and committed space were 10.7% in Ontario and 5.2% in Québec. Our focus on pushing rents in Ontario and Québec is showing. Comparative properties NOI⁽¹⁾ increased by 1.6% in Ontario and 5.4% in Québec compared to the quarter ended March 31, 2018. Our net asset value (“NAV”) per Unit⁽¹⁾ increased from \$10.54 to \$10.61 compared to the quarter ended December 31, 2018, largely reflecting an increase in investment property values in Ontario and Québec.

We continue to add scale while maintaining a conservative balance sheet, improving the quality and safety of our business. As at March 31, 2019, we have a sound capital structure with a net debt-to-assets ratio⁽¹⁾ of 42.4% and net debt-to-adjusted EBITDAFV⁽¹⁾ of 7.1, available liquidity of \$77.2 million and unencumbered assets⁽¹⁾ of \$322.2 million, providing additional financial flexibility and liquidity.

Net loss for the quarter – For the quarter ended March 31, 2019, net loss was \$8.3 million, mainly due to fair value adjustments to financial instruments of \$48.4 million and interest expense on debt and subsidiary redeemable units of \$12.7 million, partially offset by net rental income of \$36.3 million and fair value adjustments to investment properties of \$20.3 million.

Diluted FFO per Unit⁽¹⁾ for the quarter – Diluted FFO per Unit for the quarter ended March 31, 2019 was \$0.21 compared to \$0.22 for the quarter ended March 31, 2018. The decline on a per Unit basis was mainly attributable to lower leverage than the comparative 2018 quarter, which was partially offset by higher net rental income from our acquired properties.

Net rental income for the quarter – Net rental income for the quarter ended March 31, 2019 was \$36.3 million, 11.7% higher compared to the quarter ended March 31, 2018. The increase was mainly due to higher net rental income from investment properties acquired in 2018 and in the first quarter of 2019.

Comparative properties NOI⁽¹⁾ for the quarter – Comparative properties NOI for the quarter ended March 31, 2019 was \$31.1 million or 0.4% higher compared to the quarter ended March 31, 2018. The increase was primarily due to higher average occupancy and rental rates in Québec and higher rental rates in Ontario, partially offset by lower average occupancy and rental rates in Western Canada and lower average occupancy in Eastern Canada. Within Ontario and Québec, comparative properties NOI increased by 1.6% and 5.4%, respectively, while comparative properties NOI declined by 1.5% and 3.6% in Western Canada and Eastern Canada, respectively.

Leasing profile – For the quarter ended March 31, 2019, approximately 752,000 square feet of leases commenced, of which 486,000 square feet were renewals and relocations. The overall retention ratio for the quarter was 72.6%. As at March 31, 2019, the Trust secured future lease commitments of approximately 285,000 square feet, the majority of which will take occupancy in 2019. Overall in-place and committed occupancy remained strong at 96.5% with a WALT of 4.1 years at March 31, 2019.

Renewal spreads for the quarter – In Ontario, the average renewal spread on occupied space during the quarter was 10.7%. During the quarter, we continued to see strong leasing activity in Ontario with 39 leases transacted, totalling 389,000 square feet. With the leases transacted to date in this region, the Trust has locked in rates that are on average 26% above expiring or prior in-place rates, along with 3.0% annual contractual rent increases over the term of the leases. Notably, the Trust signed a 24,000 square foot lease deal in the Greater Toronto Area (“GTA”) at a spread of 74% to the prior in-place rate, along with 2% annual average rent growth over the ten-year term. In Québec, the average renewal spread on occupied space was 5.2%. During the quarter, the Trust has signed 279,000 square feet of leases in this region, locking in rates that are on average 7% above expiring or prior in-place rates.

NAV per Unit⁽¹⁾ for the quarter – NAV per Unit for the quarter ended March 31, 2019 increased by \$0.07, or 0.7%, to \$10.61 from \$10.54 as at December 31, 2018, reflecting higher investment property values mainly in Ontario and Québec.

Addition of highly functional assets in strong industrial markets – On March 1, 2019, the Trust completed the acquisition of the 3.5 million square foot Midwest U.S. portfolio for a total purchase price before transaction costs of US\$179.1 million at a going-in capitalization rate (“cap rate”) of 6.0%. The portfolio consists of 21 properties spanning across five cities (Chicago, Cincinnati, Columbus, Indianapolis and Louisville). The properties are 91% occupied with a WALT of approximately four years. Following the lease-up of the vacancy in Louisville, Kentucky, the cap rate is expected to be 6.5%.

Strong acquisition pipeline – Subsequent to quarter-end, on April 30, 2019, the Trust completed the acquisition of a recently renovated distribution and warehousing property located in the GTA (Whitby, Ontario), with 258,000 square feet of GLA for a purchase price before transaction costs of \$35.8 million (\$139 per square foot), representing a going-in cap rate of 5.2% and 1% annual contractual rental rate growth embedded in the current leases. The Trust is also in advanced and exclusive negotiations on three other properties totalling 540,000 square feet located in the GTA, Ottawa and Columbus, Ohio. The combined purchase price of these 100% occupied properties is estimated to be approximately \$71 million, representing a going-in cap rate of 6.0% with 1.5% average rental rate growth each year. In addition, the Trust continues to pursue investment opportunities in our target Canada and U.S. markets with approximately \$200 million of assets in the pipeline.

Acquisition funding – On February 13, 2019, the Trust completed a public offering of 13.8 million REIT Units at a price of \$10.45 per REIT Unit for gross proceeds of \$144.2 million, including 1.8 million REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters. The net proceeds were used to fund the Midwest U.S. portfolio acquisition.

Enhanced financial flexibility – On April 25, 2019, the Trust completed a public offering of 12.5 million REIT Units at a price of \$11.55 per REIT Unit for gross proceeds of \$144.1 million, including 1.6 million REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters. The net proceeds are expected to be used to fund acquisitions, to partially repay the Trust’s revolving credit facility and for general Trust purposes.

(1) Comparative properties NOI, NAV per Unit, net debt-to-assets ratio, net debt-to-adjusted EBITDAFV, unencumbered assets, available liquidity and diluted FFO per Unit are non-GAAP measures. See “Non-GAAP measures and other disclosures” for a description of these non-GAAP measures.

SECTION II

OUR PROPERTIES

Owned gross leasable area by region

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

As at March 31, 2019, our portfolio consists of 244 properties comprising 23.7 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.

Our properties are geographically diversified as follows:

	March 31, 2019 ⁽¹⁾			December 31, 2018 ⁽¹⁾		
	Number of properties	Owned GLA (thousands of sq. ft.)	% of owned GLA	Number of properties	Owned GLA (thousands of sq. ft.)	% of owned GLA
Western Canada	83	5,058	21.3	83	5,058	25.0
Ontario	59	5,099	21.5	59	5,099	25.3
Québec	37	3,888	16.4	37	3,888	19.3
Eastern Canada	37	2,661	11.2	37	2,661	13.2
U.S.	28	7,011	29.6	7	3,488	17.2
Total	244	23,717	100.0	223	20,194	100.0

(1) Excludes a property held for sale at the end of each period.

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

	March 31, 2019 ⁽¹⁾			
	Single-tenant GLA (thousands of sq. ft.)	% of owned GLA	Multi-tenant GLA (thousands of sq. ft.)	% of owned GLA
Western Canada	730	3.1	4,328	18.2
Ontario	2,678	11.3	2,421	10.2
Québec	2,236	9.4	1,652	7.0
Eastern Canada	89	0.4	2,572	10.8
U.S.	3,098	13.1	3,913	16.5
Total	8,831	37.3	14,886	62.7

(1) Excludes a property held for sale.

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.

Tenant base profile

Our tenant base consists of a diverse range of high-quality businesses and, with 1,400 tenants, we believe our exposure to any single large lease or tenant is low. The average size of our tenants is 16,300 square feet, averaging 109,600 square feet across our single-tenant buildings and 10,900 square feet across our multi-tenant buildings.

The following table outlines the contributions of our top ten tenants to our annualized gross rental revenue as of March 31, 2019:

Rank	Tenant	Gross rental revenue (%)	Owned GLA (thousands of sq. ft.)	Owned GLA (%)	WALT (years)
1.	Nissan North America Inc.	3.3	1,189	5.0	5.7
2.	Spectra Premium Industries Inc.	2.0	656	2.8	6.1
3.	TC Transcontinental	1.8	523	2.2	3.0
4.	Gienow Windows & Doors Inc.	1.8	371	1.6	10.1
5.	Accel Inc.	1.3	417	1.8	7.3
6.	United Agri Products Canada Inc.	1.3	275	1.2	4.5
7.	Molson Breweries Properties	1.1	225	0.9	4.5
8.	West Marine Products, Inc.	1.0	472	2.0	3.8
9.	ODW Logistics	1.0	248	1.0	4.8
10.	Henry Schein, Inc.	0.9	380	1.6	3.0
Total		15.5	4,756	20.1	5.4

No single tenant represents more than 5% of the annualized gross rental revenue of the overall portfolio. The WALT for the top ten tenants is 5.4 years, which provides stability and predictability of income.

OUR OPERATIONS

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

Total portfolio in-place and committed occupancy

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

Our in-place and committed occupancy includes lease commitments totalling approximately 285,000 square feet for space that is being readied for occupancy but for which rental revenue is not yet recognized.

(percentage)	Total portfolio ⁽¹⁾		
	March 31, 2019	December 31, 2018	March 31, 2018
Western Canada	95.5	95.2	94.8
Ontario	98.0	98.0	99.6
Québec	98.5	98.1	97.8
Eastern Canada	94.9	93.7	93.0
Total Canada	96.9	96.5	96.6
Total U.S.	95.5	100.0	100.0
Total	96.5	97.1	97.1

(1) Excludes a property held for sale at the end of each period.

Total portfolio in-place and committed occupancy at March 31, 2019 remained high at 96.5%. Across our Canadian portfolio, occupancy increased by 0.4% and 0.3% compared to December 31, 2018 and March 31, 2018, respectively. Following the acquisition of the Midwest U.S. portfolio during the quarter, total in-place and committed occupancy in the U.S. remained high at 95.5%.

The increase in overall in-place and committed occupancy across our Canadian portfolio was mainly driven by our tenants within Western Canada, Québec and Eastern Canada, with approximately 285,000 square feet of vacant space committed for future occupancy. In Ontario, in-place and committed occupancy remained stable compared to the prior quarter and decreased 1.6% compared to March 31, 2018. Despite the year-over-year decline in in-place and committed occupancy, we continue to see strong leasing activity in Ontario and are focused on driving rental rate growth.

Occupancy continuity

The following table details the change in in-place and committed occupancy for the three months ended March 31, 2019:

	Weighted average rate per sq. ft.	For the three months ended March 31, 2019 (thousands of sq. ft.)	As a % of total GLA
Occupancy (in-place and committed) at beginning of period		19,609	97.1%
Vacancy committed for future occupancy		(279)	(1.4%)
Occupancy (in-place) at beginning of period		19,330	95.7%
Occupancy (in-place) of acquired investment properties		3,209	(0.6%)
Occupancy (in-place) at beginning of period – adjusted		22,539	95.1%
Natural expiries and relocations	\$ 7.44	(669)	(2.8%)
Early terminations and bankruptcies	\$ 9.62	(30)	(0.1%)
New leases	\$ 7.57	266	1.1%
Renewals and relocations	\$ 7.31	486	2.0%
Occupancy (in-place) at end of period		22,592	95.3%
Vacancy committed for future occupancy		285	1.2%
Occupancy (in-place and committed) at end of period		22,877	96.5%

At March 31, 2019, vacancy committed for future occupancy is approximately 285,000 square feet, the majority of which is scheduled to take occupancy some time in 2019.

Tenant retention ratio

The following table details the tenant retention ratio, along with corresponding renewal and relocation rates and expiring rates on retained tenant space that commenced during the three months ended March 31, 2019.

As a result of when leases are executed, the renewal rates shown below reflect committed deals signed in prior periods. These rates may not be reflective of the renewal rates on leases executed during the current period.

	For the three months ended March 31, 2019
Tenant retention ratio ⁽¹⁾	72.6%
Renewal and relocation rate (per sq. ft.)	\$ 7.31
Expiring rate on retained tenant space (per sq. ft.)	\$ 6.98
Renewal and relocation to expiring rate spread (per sq. ft.) ⁽²⁾	\$ 0.33
Renewal and relocation to expiring rate spread (%) ⁽³⁾	4.7%

(1) Tenant retention ratio is calculated as the ratio of total square feet of renewals and relocated space over natural expiries and relocations.

(2) Renewal and relocation to expiring rate spread (per sq. ft.) is calculated as the difference between the renewal and relocation rate and expiring rate on retained tenant space.

(3) Renewal and relocation to expiring rate spread (%) is calculated as the ratio of renewal and relocation to expiring rate spread (per sq. ft.) over the expiring rate on retained tenant space (per sq. ft.).

For the three months ended March 31, 2019, overall renewal and relocation rate spread was 4.7% higher than the expiring rate on retained tenant spaces, mainly driven by Ontario and Québec with spreads of 10.7% and 5.2%, respectively. Average renewal spreads in Eastern Canada increased 1.0%. Renewal spreads were flat in Western Canada, where we continue to be focused on occupancy and built-in growth on lease deals through annual rent steps.

Total portfolio rental rates

The following table details the average in-place and committed base rent for our total portfolio as at March 31, 2019 and December 31, 2018.

Total portfolio (per sq. ft.)	Average in-place and committed base rent	
	March 31, 2019 ⁽¹⁾	December 31, 2018 ⁽¹⁾
Western Canada	\$ 8.90	\$ 8.93
Ontario	6.44	6.39
Québec	6.28	6.28
Eastern Canada	7.23	7.26
Total Canada	\$ 7.26	\$ 7.26
Total U.S. (US\$)	\$ 3.81	\$ 3.93

(1) Excludes a property held for sale at the end of each period.

As at March 31, 2019, the average in-place and committed base rent for our Canadian portfolio remained unchanged at \$7.26 per square foot compared to December 31, 2018. In-place and committed base rent increased by \$0.05 per square foot in Ontario, which includes a 101,000 square foot new lease deal in the GTA at a 14.6% spread to the prior in-place rate, along with 3.2% annual contractual rent increases over a seven-year term.

The average in-place and committed base rent for our U.S. portfolio was US\$3.81 per square foot at March 31, 2019, compared to US\$3.93 per square foot at December 31, 2018. The variance is due to the acquisition of the Midwest U.S. portfolio, which reflects our expanded presence in new markets across the U.S.

Estimated market rent represents management's best estimate of the base rent that would be achieved in a new arm's length lease in the event that a unit becomes vacant after a reasonable marketing period with an inducement and lease term appropriate for the particular space. Market rent by property is reviewed regularly by our leasing and portfolio management teams. Market rents may differ by property or by unit and depend upon a number of factors. Some of the factors considered include the condition of the space, the location within the building, the amount of office build-out for the units, 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.

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

The following table details the average in-place and committed base rent, estimated market rent and average remaining lease term for our total portfolio as at March 31, 2019.

	March 31, 2019 ⁽¹⁾			
	Average in-place and committed base rent (per sq. ft.)	Estimated market rent ⁽²⁾ (per sq. ft.)	Estimated market rent/average in-place and committed base rent	WALT (years)
Total portfolio				
Western Canada	\$ 8.90	\$ 9.10	2.2%	3.9
Ontario	6.44	7.34	14.0%	4.2
Québec	6.28	6.44	2.5%	3.8
Eastern Canada	7.23	7.62	5.4%	3.3
Total Canada	\$ 7.26	\$ 7.70	6.1%	3.9
Total U.S. (US\$)	\$ 3.81	\$ 3.94	3.4%	4.6
Total				4.1

(1) Excludes a property held for sale.

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

As at March 31, 2019, our Canadian portfolio's estimated market rents were \$0.44 per square foot, or 6.1% higher than average in-place and committed base rent. For our U.S. portfolio, estimated market rents were US\$0.13 per square foot, or 3.4% higher than average in-place and committed base rents, presenting an opportunity for us to surface additional value as leases roll over in the respective markets.

As at March 31, 2019, we continue to see strong leasing activity in Ontario and Québec. In Ontario, 39 leases were transacted, totalling 389,000 square feet since the beginning of the year. With the leases transacted to date in this region, the Trust has locked in rates that are on average 26% above expiring or prior in-place rates, along with 3.0% annual rent increases over the term of the transacted leases. Notably, the Trust signed a 24,000 square foot lease deal in the GTA at a spread of 74% to the in-place rate, along with 2% annual average rent growth over the ten-year term. In Québec, we have signed 279,000 square feet of leases since the beginning of the year, locking in rates that are on average 7% above expiring or prior in-place rates.

Lease maturity profile, net of lease commitments

Overall, the WALT in our portfolio is 4.1 years and our average tenant size is 16,300 square feet. Our single-tenant buildings have a WALT of 5.0 years and our multi-tenant buildings have a WALT of 3.6 years.

The following table details our lease maturity profile by region, net of renewals and new leases completed, and excludes a property held for sale at March 31, 2019:

Total portfolio (in thousands of sq. ft.)	Vacancy, net of commitments	Remainder of 2019	2020	2021	2022	2023	2024+	Total
Western Canada	229	334	865	717	681	915	1,317	5,058
Ontario	104	361	851	607	779	572	1,825	5,099
Québec	58	195	390	603	808	583	1,251	3,888
Eastern Canada	135	295	303	514	521	284	609	2,661
U.S.	314	257	366	573	895	1,861	2,745	7,011
Total GLA	840	1,442	2,775	3,014	3,684	4,215	7,747	23,717
Percentage of total GLA	3.5%	6.1%	11.7%	12.7%	15.5%	17.8%	32.7%	100.0%

Our lease maturity profile, net of renewals and new leases completed, remains staggered. Lease expiries, net of committed occupancy as a percentage of total GLA between 2019 and 2023, range from 6.1% to 17.8%.

Lease expiry profile for remainder of 2019

The following table details our lease maturity profile for the remainder of 2019 by region, net of renewals and vacancies, net of new leases completed on vacant space, and excludes a property held for sale as at March 31, 2019:

(in thousands of sq. ft.)	Western Canada	Ontario	Québec	Eastern Canada	U.S.	Total portfolio
2019 expiries (as at March 31, 2019)	(863)	(906)	(573)	(542)	(601)	(3,485)
Expiries committed for renewals	529	545	378	247	344	2,043
Expiries, net of renewals	(334)	(361)	(195)	(295)	(257)	(1,442)
Commitments as a % of expiries	61.3%	60.2%	66.0%	45.6%	57.2%	58.6%
Current vacancies	(310)	(141)	(113)	(228)	(314)	(1,106)
Current vacancies committed for future occupancy	81	37	55	93	—	266
Current vacancies, net of commitments for future occupancy	(229)	(104)	(58)	(135)	(314)	(840)

Lease incentives and initial direct leasing costs

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

For the three months ended March 31, 2019 and March 31, 2018, leasing costs associated with leases that commenced during the period were \$4.69 per square foot and \$2.61 per square foot, respectively. Leasing costs per square foot increased year-over-year, primarily attributable to new leases that commenced in the Western Canada region. The higher initial direct leasing costs incurred to secure these tenants enhance the future leaseability of these units while increasing occupancy, including approximately 30,000 square feet of space that had remained vacant for the last nine quarters.

Performance indicators for leases that commenced during the period	For the three months ended March 31,	
	2019	2018
Leases that commenced during the period (in thousands of sq. ft.)	752	1,230
WALT (years)	3.3	4.5
Lease incentives and initial direct leasing costs:		
In thousands of dollars	\$ 3,525	\$ 3,211
Per square foot	\$ 4.69	\$ 2.61

Net rental income

Net rental income is defined by the Trust as the total investment property revenue less investment property operating expenses.

For a detailed discussion about investment properties revenue and operating expenses for the three months ended March 31, 2019 and March 31, 2018, refer to the “Our Results of Operations” section.

	Three months ended March 31,			
	2019		2018	
	Amount	%	Amount	%
Western Canada	\$ 10,931	30%	\$ 11,099	34%
Ontario	8,737	24%	8,068	25%
Québec	5,843	16%	5,449	17%
Eastern Canada	4,674	13%	4,933	15%
U.S.	6,188	17%	3,031	9%
Property held for sale	(73)	—	(77)	—
Net rental income	\$ 36,300	100%	\$ 32,503	100%

For the three months ended March 31, 2019, net rental income increased by \$3.8 million, or 11.7%, compared to the prior year comparative quarter, mainly driven by the impact of acquired investment properties during the quarter and throughout 2018.

Comparative properties NOI (year-over-year comparison)

Comparative properties NOI is a non-GAAP measure. See the “Non-GAAP measures and other disclosures” section of the MD&A. When the Trust compares comparative properties NOI on a year-over-year basis, the Trust excludes investment properties acquired after January 1, 2018 and a property classified as held for sale as at March 31, 2019 and March 31, 2018. Comparative properties NOI also excludes lease termination fees and other rental income, straight-line rent, bad debt expenses and amortization of lease incentives.

Comparative properties NOI is an important measure used by management in evaluating the performance of properties fully owned by the Trust in the current and comparative periods presented; however, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

The table below details comparative and other items to assist in understanding the impact each component has on net rental income.

	Three months ended				Change in weighted average occupancy %	Change in in-place base rent %
	March 31, 2019	March 31, 2018	Change			
			\$	%		
Western Canada	\$ 11,064	\$ 11,229	\$ (165)	(1.5)	(0.6)	(1.7)
Ontario	8,145	8,015	130	1.6	(1.8)	3.1
Québec	5,786	5,488	298	5.4	1.5	2.3
Eastern Canada	4,739	4,917	(178)	(3.6)	(1.3)	0.4
U.S.	1,337	1,283	54	4.2	—	0.5
Comparative properties NOI	31,071	30,932	139	0.4	(0.5)	0.7
NOI from acquired investment properties	5,298	1,616	3,682			
Lease termination fees and other	—	64	(64)			
Straight-line rent	564	454	110			
Bad debt expenses	(68)	(172)	104			
Amortization of lease incentives	(492)	(314)	(178)			
NOI from property held for sale	(73)	(77)	4			
Net rental income	\$ 36,300	\$ 32,503	\$ 3,797	11.7		

For the three months ended March 31, 2019, comparative properties NOI increased by \$0.1 million, or 0.4%, compared to the prior year comparative quarter. The increase was primarily due to higher average occupancy and rental rates in Québec and higher rental rates in Ontario, partially offset by lower average occupancy and rental rates in Western Canada and lower average occupancy in Eastern Canada. The increase in comparative properties NOI in the U.S. is largely due to the stronger U.S. dollar relative to the Canadian dollar year-over-year.

Comparative properties NOI (quarter-over-quarter comparison)

When the Trust compares comparative properties NOI on a quarter-over-quarter basis, the Trust excludes investment properties acquired after October 1, 2018 and a property classified as held for sale as at March 31, 2019 and December 31, 2018. Comparative properties NOI also excludes lease termination fees and other rental income, straight-line rent, bad debt expenses and amortization of lease incentives.

	Three months ended				Change in weighted average occupancy %	Change in in-place base rent %
	March 31, 2019	December 31, 2018	Change			
			\$	%		
Western Canada	\$ 11,064	\$ 10,969	\$ 95	0.9	1.3	(2.9)
Ontario	8,628	8,708	(80)	(0.9)	0.3	(1.9)
Québec	5,786	5,865	(79)	(1.3)	0.9	0.2
Eastern Canada	4,739	5,008	(269)	(5.4)	(1.3)	(0.8)
U.S.	4,733	4,678	55	1.2	—	0.4
Comparative properties NOI	34,950	35,228	(278)	(0.8)	0.4	(1.3)
NOI from acquired investment properties	1,419	148	1,271			
Lease termination fees and other	—	38	(38)			
Straight-line rent	564	182	382			
Bad debt expenses	(68)	(174)	106			
Amortization of lease incentives	(492)	(374)	(118)			
NOI from property held for sale	(73)	(42)	(31)			
Net rental income	\$ 36,300	\$ 35,006	\$ 1,294	3.7		

For the three months ended March 31, 2019, comparative properties NOI decreased by \$0.3 million, or 0.8%, compared to the prior quarter, primarily due to lower average occupancy in Eastern Canada, free rent in Ontario on a lease signed seven years ago, and higher non-recoverable expenses in Québec.

OUR RESULTS OF OPERATIONS

	Three months ended March 31,	
	2019	2018
Investment properties revenue	\$ 53,389	\$ 48,327
Investment properties operating expenses	(17,089)	(15,824)
Net rental income	36,300	32,503
Other income		
Interest and fee income	210	94
	210	94
Other expenses		
General and administrative	(2,807)	(2,424)
Interest:		
Debt ⁽¹⁾	(9,323)	(9,394)
Subsidiary redeemable units	(3,344)	(3,344)
Depreciation and amortization	(16)	(11)
	(15,490)	(15,173)
Fair value adjustments and net losses on transactions and other activities		
Fair value adjustments to investment properties	20,337	43,398
Fair value adjustments to financial instruments	(48,445)	(14,843)
Net losses on transactions and other activities	(599)	(789)
	(28,707)	27,766
Income (loss) before income taxes	(7,687)	45,190
Current and deferred income taxes expense, net	(574)	(319)
Net income (loss)	\$ (8,261)	\$ 44,871
Other comprehensive income (loss)		
Items that will be reclassified subsequently to net income (loss):		
Unrealized gain (loss) on foreign currency translation, net of taxes	\$ (1,709)	\$ 3,031
Unrealized gain (loss) on effective interest rate hedge, net of taxes	(35)	41
	(1,744)	3,072
Comprehensive income (loss)	\$ (10,005)	\$ 47,943

(1) For the three months ended March 31, 2019, mark-to-market amortization of \$167 was netted against interest expense on debt (for the three months ended March 31, 2018 – \$11 netted against interest expense on debt).

Investment properties revenue

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

Investment properties revenue increased by \$5.1 million, or 10.5%, compared to the prior year comparative quarter. The increase is mainly due to the impact of acquired properties in 2018 and in the first quarter of 2019.

Investment properties operating expenses

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

Investment properties operating expenses increased by \$1.3 million, or 8.0%, compared to the prior year comparative quarter. The increase is primarily due to the impact of acquired properties in 2018 and in the first quarter of 2019.

General and administrative expenses

The following table summarizes our general and administrative (“G&A”) expenses for the three months ended March 31, 2019 and March 31, 2018:

	Three months ended March 31,	
	2019	2018
Asset management fee	\$ (1,261)	\$ (1,120)
Professional fees and general corporate expenses ⁽¹⁾	(1,078)	(947)
Deferred compensation expenses	(468)	(357)
Total	\$ (2,807)	\$ (2,424)

(1) Includes corporate management and overhead related costs, public reporting, and Board of Trustees’ fees and expenses.

G&A expenses for the three months ended March 31, 2019 increased by \$0.4 million, or 15.8%.

The increase in G&A expenses for the three months ended March 31, 2019 was mainly attributable to higher asset management fees due to the acquisitions completed during the quarter and in 2018, higher general corporate expenses driven by higher overhead costs and business taxes applicable to the newly acquired properties in the U.S., and higher deferred compensation expense due to fair value adjustments from a higher REIT Unit price.

Interest expense on debt

Interest expense on debt for the three months ended March 31, 2019 decreased by \$0.1 million, or 0.8%.

The decrease in interest expense on debt for the three months ended March 31, 2019 was primarily due to the redemption of the 5.25% convertible debentures in the third quarter of 2018, offset by new mortgages placed on acquired properties.

Fair value adjustments to investment properties

Refer to the section “Investment Properties” under the heading “Fair value adjustments to investment properties” for a discussion of fair value changes to investment properties for the three months ended March 31, 2019.

Fair value adjustments to financial instruments

The following table summarizes our fair value adjustments to financial instruments for the three months ended March 31, 2019 and March 31, 2018:

	Three months ended March 31,	
	2019	2018
Remeasurement of carrying value of subsidiary redeemable units	\$ (44,711)	\$ (13,543)
Remeasurement of carrying value of DUIP	(1,789)	(523)
Fair value adjustment on interest rate swaps	(1,945)	167
Fair value adjustment on conversion feature of convertible debentures	—	(944)
Total	\$ (48,445)	\$ (14,843)

Net losses on transactions and other activities

The following table summarizes our net losses on transactions and other activities for the three months ended March 31, 2019 and March 31, 2018:

	Three months ended March 31,	
	2019	2018
Internal leasing costs	\$ (737)	\$ (789)
Foreign exchange gain	138	—
Total	\$ (599)	\$ (789)

For the three months ended March 31, 2019, the Trust recognized a \$0.1 million foreign exchange gain on translation of capital transactions that do not form part of the Trust’s net investment in the U.S. operations. The impact of such foreign exchange adjustments were added back in the determination of FFO (non-GAAP measure).

Current and deferred income taxes expense, net

Current and deferred income taxes expense, net for the three months ended March 31, 2019 was \$0.6 million (March 31, 2018 – \$0.3 million). The current quarter movements were driven by additional deferred tax expense attributed to the Midwest U.S. portfolio acquisition.

Related party transactions

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

Agreements with Dream Asset Management Corporation (“DAM”)

The following table summarizes our fees paid to or received from DAM for the three months ended March 31, 2019 and March 31, 2018:

	Three months ended March 31,	
	2019	2018
Incurred under the Asset Management Agreement:		
Asset management fee (included in general and administrative expenses)	\$ (1,261)	\$ (1,120)
Acquisition fee (included in acquisition related costs/investment properties) ⁽¹⁾	(1,869)	(846)
Expense reimbursements related to financing arrangements	(80)	(113)
Total costs incurred under the Asset Management Agreement	\$ (3,210)	\$ (2,079)
Incurred under the Shared Services and Cost Sharing Agreement:		
Strategic services and other services	(179)	(170)
Total costs incurred under the Shared Services and Cost Sharing Agreement	\$ (179)	\$ (170)
Received under the Property Management Agreement:		
Property management fee	7	22
Total revenue under the Property Management Agreement	\$ 7	\$ 22

(1) A portion of this fee is paid by DAM to an affiliate of PAULS Corp for any U.S. acquisitions it is involved in. PAULS Corp is another related party of the Trust.

On February 1, 2019, the Property Management Agreement for Dream Industrial Management LP (“DIMLP”) to manage one property on behalf of a subsidiary of DAM was terminated.

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

The following table summarizes our fees received from DHAAT for the three months ended March 31, 2019 and March 31, 2018:

	Three months ended March 31,	
	2019	2018
Received under lease agreements	\$ 27	\$ 27
Received under the Property Management Agreement	12	11
Total revenue under lease agreements and the Property Management Agreement	\$ 39	\$ 38

Agreements with Dream Office REIT

The following table summarizes the costs reimbursed to Dream Office REIT for the three months ended March 31, 2019 and March 31, 2018:

	Three months ended March 31,	
	2019	2018
Incurred under the Services Agreement	\$ (771)	\$ (667)
Total costs incurred under the Services Agreement	\$ (771)	\$ (667)

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

The following table summarizes our distributions paid and payable to subsidiaries of Dream Office REIT on its subsidiary redeemable units for the three months ended March 31, 2019 and March 31, 2018:

	Three months ended March 31,	
	2019	2018
Distributions paid and payable to Dream Office REIT on subsidiary redeemable units	\$ (3,344)	\$ (3,344)
Distributions paid and payable to Dream Office REIT	\$ (3,344)	\$ (3,344)

Agreements with PAULS Corp, LLC (“PAULS Corp”)

The following table summarizes our fees paid to an affiliate of PAULS Corp, Pauls Realty Services, LLC (“PRS”) for the three months ended March 31, 2019 and March 31, 2018:

	Three months ended March 31,	
	2019	2018
Incurred under the Property Management Agreement	\$ (194)	\$ (52)
Total costs incurred under the Property Management Agreement	\$ (194)	\$ (52)

Other comprehensive income (loss)

Other comprehensive income (loss) for the three months ended March 31, 2019 was \$1.7 million loss (March 31, 2018 – \$3.1 million gain) due to fluctuations in the value of the U.S. dollar against the Canadian dollar.

SECTION III

INVESTMENT PROPERTIES

Investment property continuity

Changes in the value of our investment properties by region for the three months ended March 31, 2019 are summarized in the following table:

	Three months ended					
	January 1, 2019	Property acquisitions	Building improvements, lease incentives and initial direct leasing costs	Fair value adjustments	Amortization of lease incentives, foreign currency translation and other adjustments ⁽¹⁾	March 31, 2019
Western Canada	\$ 627,354	\$ —	\$ 2,832	\$ (1,725)	\$ (86)	\$ 628,375
Ontario	610,470	—	782	18,861	114	630,227
Québec	353,351	—	297	6,597	(140)	360,105
Eastern Canada	253,687	—	1,033	53	(58)	254,715
U.S.	293,549	240,575	47	(3,449)	(3,892)	526,830
Total	\$ 2,138,411	\$ 240,575	\$ 4,991	\$ 20,337	\$ (4,062)	\$ 2,400,252

(1) Foreign exchange loss of \$4,134 was recorded during the quarter in relation to the U.S. portfolio.

Acquisitions

The following acquisitions were completed during the three months ended March 31, 2019:

	Acquired GLA (thousands of sq. ft.)	Occupancy at acquisition (%)	WALT at acquisition	Purchase price ⁽¹⁾	Date acquired
Midwest U.S. portfolio ⁽²⁾	3,523	91.1	3.8	\$ 240,575	March 1, 2019
Total	3,523			\$ 240,575	

(1) Includes transaction costs.

(2) Midwest U.S. portfolio includes 21 properties: four properties in Chicago, two properties in Cincinnati, 12 properties in Columbus, two properties in Indianapolis and one property in Louisville.

On April 30, 2019, the Trust completed the acquisition of a 258,000 square foot, multi-tenant industrial property in Whitby, Ontario, for a purchase price of \$35.8 million, excluding transaction costs.

Fair value adjustments to investment properties

For the three months ended March 31, 2019, the Trust recorded a fair value gain of \$20.3 million, mainly driven by fair value gains of \$18.9 million and \$6.6 million, respectively, in Ontario and Québec. The fair value gains in the Ontario and Québec regions were primarily due to higher market rent assumptions. Partially offsetting the fair value gains was a fair value loss of \$3.1 million related to the write-off of transaction costs on acquired investment properties in the U.S. during the quarter.

Significant assumptions used in the valuation of investment properties

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

The significant valuation metrics used in the capitalization rate method are capitalization rates and stabilized net operating income.

The following table summarizes capitalization rates (“cap rates”) by region as at March 31, 2019 and December 31, 2018.

	Total portfolio ⁽¹⁾			
	March 31, 2019		December 31, 2018	
	Range (%)	Weighted average (%) ⁽²⁾	Range (%)	Weighted average (%) ⁽²⁾
Western Canada	6.00–8.00	6.62	6.00–8.00	6.62
Ontario	5.00–7.50	5.56	5.00–7.50	5.58
Québec	6.00–7.00	6.25	6.00–7.00	6.25
Eastern Canada	6.50–9.25	7.22	6.50–9.25	7.22
Total Canada	5.00–9.25	6.28	5.00–9.25	6.29
Total U.S.	6.00–6.60	6.33	6.00–6.60	6.33
Total	5.00–9.25	6.28	5.00–9.25	6.29

(1) Excluding properties acquired during the quarter and a property held for sale at the end of each period.

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

In addition to the cap rates noted above, the stabilized net operating income used in the capitalization rate method as at March 31, 2019 and December 31, 2018 was \$139.5 million and \$138.4 million, respectively.

The significant valuation metrics used in the discounted cash flow method as at March 31, 2019 and December 31, 2018 are set out in the table below:

	Total portfolio ⁽¹⁾			
	March 31, 2019		December 31, 2018	
	Range (%)	Weighted average (%) ⁽²⁾	Range (%)	Weighted average (%) ⁽²⁾
Discount rate	6.00–9.00	7.14	6.00–9.00	7.16
Terminal cap rate	5.50–8.00	6.53	5.50–8.00	6.55

(1) Excluding properties acquired during the quarter and a property held for sale at the end of each period.

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

In addition to the assumptions noted above, the weighted average market rent per square foot was \$7.34 (December 31, 2018 – \$7.38). The average leasing cost per square foot was \$4.77 (December 31, 2018 – \$4.17). The weighted average vacancy rate assumption was 2.90% (December 31, 2018 – 3.11%).

Valuations of externally appraised properties

For the three months ended March 31, 2019, there were no investment properties valued by qualified external valuation professionals (for the year ended December 31, 2018 – 47 investment properties with an aggregate fair value of \$655.6 million, representing 31% of the total investment property values).

Building improvements and leasing costs

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

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

Non-recoverable capital expenditures are not recovered from tenants and are costs incurred to repair or maintain the property’s structural condition.

Value-add capital expenditures include upgrades completed on certain properties that are expected to increase the Trust’s ability to attract tenants and obtain higher rental rates.

Lease incentives and initial direct leasing costs include landlord’s work, broker commissions and tenant improvements and accrued committed costs over the full lease term.

The following table summarizes building improvements and leasing costs incurred for the three months ended March 31, 2019 and March 31, 2018:

	Three months ended March 31,	
	2019	2018
Building improvements		
Recoverable capital expenditures	\$ 80	\$ 262
Non-recoverable capital expenditures	161	140
Value-add capital expenditures	651	509
Total building improvements	892	911
Lease incentives and initial direct leasing costs	4,099	3,074
Total building improvements and lease incentives and initial direct leasing costs	\$ 4,991	\$ 3,985

Included in lease incentives and initial direct leasing costs for the three months ended March 31, 2019 was \$1.3 million attributed to an early renewal of a 351,000 square foot single tenant in Western Canada, which allowed us to retain our largest tenant in the region for an additional seven-year term.

Foreign currency translation

For the three months ended March 31, 2019, the foreign currency translation impact on our U.S. portfolio was a loss of \$4.1 million due to the stronger U.S. dollar relative to the Canadian dollar quarter-over-quarter.

OUR FINANCING

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

Debt summary

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

	As at	
	March 31, 2019	December 31, 2018
Financing metrics		
Total debt	\$ 1,031,198	\$ 937,730
Weighted average face interest rate on debt (period-end) ⁽¹⁾	3.72%	3.65%
Interest coverage ratio (times) ⁽²⁾⁽³⁾	3.4	3.3
Level of debt (net debt-to-assets ratio) ⁽²⁾	42.4%	43.5%
Net debt-to-adjusted EBITDAFV (years) ⁽²⁾	7.1	7.2
Liquidity metrics		
Weighted average remaining term to maturity on debt (years)	4.4	4.4
Unencumbered assets ⁽²⁾⁽⁴⁾	\$ 322,154	\$ 194,594
Available liquidity ⁽²⁾	77,159	103,162

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

(2) Interest coverage ratio, level of debt (net debt-to-assets ratio), net debt-to-adjusted EBITDAFV, unencumbered assets and available liquidity are non-GAAP measures. The descriptions and calculations of these measures are included under the heading "Non-GAAP measures and other disclosures".

(3) Interest coverage ratio has been restated in the comparative periods to conform to current period presentation. For further details, please refer to the section "Non-GAAP measures and other disclosures" under the heading "Interest coverage ratio".

(4) Unencumbered assets includes a property held for sale at the end of each period.

We ended the quarter with an interest coverage ratio of 3.4 times, level of debt (net debt-to-assets ratio) of 42.4%, and net debt-to-adjusted EBITDAFV of 7.1 years. Our available liquidity of approximately \$77.2 million comprises undrawn revolving credit facilities totalling approximately \$66.2 million and \$11.0 million of cash and cash equivalents on hand as at March 31, 2019.

Liquidity and capital resources

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

In our condensed consolidated financial statements, our current liabilities exceed our current assets by \$130.3 million. Typically, real estate entities seek to address liquidity needs by having a balanced debt maturity schedule, undrawn credit facilities and a pool of unencumbered assets. We are able to use our revolving credit facility on short notice, which eliminates the need to hold a significant amount of cash and cash equivalents on hand. Working capital balances fluctuate significantly from period-to-period depending on the timing of receipts and payments. Scheduled principal repayments that are due within one year amount to \$25.8 million, and debt maturities that are due within one year amount to \$90.0 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 March 31, 2019 is \$322.2 million. With our balanced debt maturity schedule, undrawn revolving credit facility of \$66.2 million, cash and cash equivalents of \$11.0 million and unencumbered assets pool, we have sufficient liquidity and capital resources as at March 31, 2019.

Financing activities

The following table highlights new mortgage financing activities completed for the three months ended March 31, 2019:

Three months ended March 31, 2019					
Date of financing	Location of secured properties	Amount ⁽¹⁾	Term to maturity (years)	Face interest rate	Effective interest rate
January 11, 2019	Columbus, Ohio	\$ 48,528	10.0	4.57%	4.78%
Total		\$ 48,528	10.0	4.57%	4.78%

(1) Excludes financing costs.

Demand revolving credit facilities

Refer to Note 7 of the condensed consolidated financial statements for details on our demand revolving credit facilities.

Composition and continuity of total debt

Refer to Note 7 of the condensed consolidated financial statements for details on our composition and continuity of debt.

Our current total debt profile is balanced with maturities well-distributed over the next 11 years. The following is our total debt maturity profile as at March 31, 2019:

	Debt balance due at maturity	Scheduled principal repayments on non-maturing debt	Amount	Weighted average face rate on balance due at maturity (%)
Remainder of 2019	\$ 49,617	\$ 19,518	\$ 69,135	3.28
2020	91,548	25,098	116,646	3.20
2021	228,509 ⁽¹⁾	22,691	251,200	4.13
2022	103,160	17,311	120,471	3.20
2023	138,704	11,150	149,854	3.63
2024–2030	297,359	31,475	328,834	3.84
Total	\$ 908,897	\$ 127,243	\$ 1,036,140	3.71
Unamortized financing costs			(6,417)	
Unamortized fair value adjustments			1,475	
Total			\$ 1,031,198	

(1) Includes a credit facility balance of \$83,774.

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.

OUR EQUITY

Total equity

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

	March 31, 2019		December 31, 2018	
	Number of Units	Amount	Number of Units	Amount
REIT Units	106,717,161	\$ 1,034,711	92,062,659	\$ 887,757
Retained earnings	—	64,383	—	90,621
Accumulated other comprehensive income	—	9,203	—	10,947
Equity per condensed consolidated financial statements	106,717,161	1,108,297	92,062,659	989,325
Add: LP B Units	18,551,855	221,324	18,551,855	176,613
Total equity (including LP B Units)⁽¹⁾	125,269,016	\$ 1,329,621	110,614,514	\$ 1,165,938
NAV per Unit ⁽¹⁾		\$ 10.61		\$ 10.54

(1) Total equity (including LP B Units) and NAV per Unit are non-GAAP measures defined in the section “Non-GAAP measures and other disclosures”.

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

The Special Trust Units may only be issued to holders of LP B Units, are not transferable separately from 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 March 31, 2019, under the Distribution Reinvestment and Unit Purchase Plan (“DRIP”) and the distribution reinvestment provisions of the amended and restated limited partnership agreement governing Dream Industrial LP, for LP B Units and REIT Units, the Trust issued 437,024 REIT Units to the subsidiaries of Dream Office REIT for a total cost of \$4.7 million. As at March 31, 2019, Dream Office REIT, directly and indirectly through its wholly owned subsidiaries, held 7,637,760 REIT Units and 18,551,855 LP B Units, representing approximately 20.9% ownership in the Trust (23.3% at December 31, 2018).

Continuity of equity

The following table summarizes the changes in our outstanding equity:

	REIT Units	LP B Units	Total Units
Total Units outstanding on January 1, 2019	92,062,659	18,551,855	110,614,514
Units issued pursuant to public offering on February 13, 2019	13,800,000	—	13,800,000
Units issued pursuant to DRIP	780,861	—	780,861
Units issued pursuant to Deferred Unit Incentive Plan (“DUIP”)	73,641	—	73,641
Total Units outstanding on March 31, 2019	106,717,161	18,551,855	125,269,016
Percentage of all Units	85.2%	14.8%	100.0%
Units issued pursuant to DUIP on April 11, 2019	11,050	—	11,050
Units issued pursuant to DRIP on April 15, 2019	234,682	—	234,682
Units issued pursuant to public offering on April 25, 2019	12,477,500	—	12,477,500
Total Units outstanding on May 7, 2019⁽¹⁾	119,440,393	18,551,855	137,992,248
Percentage of all Units	86.6%	13.4%	100.0%

(1) The date of this report.

Public offering of REIT Units

On February 13, 2019, the Trust completed a public offering of 13.8 million REIT Units at a price of \$10.45 per REIT Unit for gross proceeds of \$144.2 million, including 1.8 million REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

Subsequent to the quarter, on April 25, 2019, the Trust completed a public offering of 12.5 million REIT Units at a price of \$11.55 per REIT Unit for gross proceeds of \$144.1 million, including 1.6 million REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

Short form base shelf prospectus

On September 15, 2017, the Trust filed and obtained receipts for a final short form base shelf prospectus which is valid for a 25-month period, during which time the Trust may, from time to time, offer and issue REIT Units, subscription receipts, and debt securities convertible into or exchangeable for REIT Units of the Trust, or any combination thereof, having an aggregate offering price of up to \$1 billion. As at March 31, 2019, \$374.8 million (December 31, 2018 – \$230.6 million) of REIT Units have been issued under the short form base shelf prospectus. On April 25, 2019, the Trust issued a further \$144.1 million of REIT Units under the short form base shelf prospectus, bringing the total to \$518.9 million.

Distribution policy

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

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

The following table summarizes the total distributions and DRIP participation rate for the three months ended March 31, 2019 and March 31, 2018:

	Three months ended March 31, 2019		Three months ended March 31, 2018	
	Amount	% of total	Amount	% of total
Distributions reinvested less 3% bonus distribution (DRIP participation rate) ⁽¹⁾	\$ 8,120	38.5%	\$ 6,660	40.4%
Distributions paid in cash	12,945	61.5%	9,833	59.6%
Total distributions excluding 3% bonus distribution	21,065	100.0%	16,493	100.0%
3% bonus distribution	256		196	
Total distributions⁽¹⁾	\$ 21,321		\$ 16,689	

(1) Total distributions and DRIP participation rate are non-GAAP measures. See “Non-GAAP measures and other disclosures” for a description of these non-GAAP measures.

Cash flows from operating activities and total distributions (a non-GAAP measure)

The Trust anticipates that future cash flows generated from (utilized in) operating activities may be less than total distributions (a non-GAAP measure). With a conservative balance sheet, significant liquidity and a plan to improve and grow our portfolio, the Trust does not anticipate suspending the cash distributions in the foreseeable future.

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

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

In any given period, actual cash flows generated from (utilized in) operating activities may differ from total distributions (a non-GAAP measure), primarily due to fluctuations in non-cash working capital and the impact of leasing costs, which fluctuate with lease maturities, renewal terms, the type of asset being leased, and when tenants fulfill the terms of their respective lease agreements. These seasonal fluctuations, or the unpredictability of when leasing costs are incurred, are funded with our cash and cash equivalents on hand and, if necessary, with our existing revolving credit facility.

The following table summarizes net income (loss), cash flows generated from (utilized in) operating activities (per condensed consolidated financial statements) and total distributions (a non-GAAP measure) for the three months ended March 31, 2019 and March 31, 2018:

	Three months ended March 31,	
	2019	2018
Net income (loss)	\$ (8,261)	\$ 44,871
Cash generated from (utilized in) operating activities	20,691	16,387
Total distributions⁽¹⁾	21,321	16,689

(1) Total distributions is a non-GAAP measure. See “Non-GAAP measures and other disclosures” under the heading “Total distributions”.

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

	Three months ended March 31,	
	2019	2018
Excess (shortfall) of net income (loss) over total distributions ⁽¹⁾	\$ (29,582)	\$ 28,182
Shortfall of cash generated from (utilized in) operating activities over total distributions ⁽¹⁾	(630)	(302)

(1) Total distributions is a non-GAAP measure. See “Non-GAAP measures and other disclosures” under the heading “Total distributions”.

For the three months ended March 31, 2019, total distributions (a non-GAAP measure) exceeded net loss by \$29.6 million, primarily as a result of non-cash items such as fair value adjustments to financial instruments, partially offset by fair value adjustments to investment properties. Since the shortfall in 2019 was primarily driven by non-cash items which do not affect cash generated from (utilized in) operating activities, the Trust does not believe that the distributions for the affected period represent a return of capital. For the three months ended March 31, 2018, net income exceeded total distributions (a non-GAAP measure) by \$28.2 million, primarily as a result of fair value adjustments to investment properties, partially offset by fair value adjustments to financial instruments.

For the three months ended March 31, 2019, total distributions (a non-GAAP measure) exceeded cash generated from (utilized in) operating activities by \$0.6 million, due to timing differences between the realization of working capital, investment in lease incentives and initial direct leasing costs, and the redeployment of capital raised from the equity offering during the quarter. For the three months ended March 31, 2018, total distributions (a non-GAAP measure) exceeded cash generated from (utilized in) operating activities by \$0.3 million, primarily due to the same reasons noted above.

Of the total distributions (a non-GAAP measure) declared for the three months ended March 31, 2019 and March 31, 2018, \$8.4 million and \$6.9 million, respectively, were reinvested in the DRIP (including 3% bonus distributions). Over time, reinvestments pursuant to the DRIP will increase the number of Units outstanding, which may result in upward pressure on the total amount of cash distributions. Our Declaration of Trust provides our Board of Trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust, which allows for any unforeseen expenditures and the variability in cash distributions as a result of additional Units issued pursuant to the Trust’s DRIP.

SECTION IV

QUARTERLY INFORMATION

The following tables show quarterly information since April 1, 2017:

Key portfolio, leasing, financing and capital information

	2019				2018				2017			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Portfolio⁽¹⁾												
Number of properties	244	223	222	219	219	215	212	212				
GLA (in millions of sq. ft.)	23.7	20.2	20.1	19.1	19.1	17.2	16.1	16.1				
Leasing⁽¹⁾												
Occupancy rate – in-place and committed	96.5%	97.1%	96.8%	96.6%	97.1%	96.6%	96.7%	96.8%				
Occupancy rate – in-place	95.3%	95.7%	95.5%	95.2%	96.0%	95.7%	95.6%	94.9%				
Tenant retention ratio	72.6%	74.7%	78.2%	75.4%	82.7%	77.6%	81.8%	76.1%				
Average in-place and committed base rent per sq. ft. – Canada	\$ 7.26	\$ 7.26	\$ 7.22	\$ 7.16	\$ 7.16	\$ 7.17	\$ 7.19	\$ 7.19				
Average in-place and committed base rent per sq. ft. – U.S. (US\$)	\$ 3.81	\$ 3.93	\$ 3.93	\$ 3.55	\$ 3.55	\$ 4.08	\$ —	\$ —				
Financing												
Weighted average face interest rate on debt (period end) ⁽²⁾	3.72%	3.65%	3.62%	3.80%	3.77%	3.75%	3.81%	3.81%				
Weighted average remaining term to maturity on debt (years)	4.4	4.4	4.3	4.1	3.9	3.8	3.8	3.8				
Interest coverage ratio (times) ⁽³⁾⁽⁴⁾	3.4	3.3	3.2	3.1	3.2	3.1	3.1	3.0				
Level of debt (net debt-to-assets ratio) ⁽³⁾	42.4%	43.5%	44.3%	41.4%	49.4%	47.9%	52.5%	52.2%				
Net debt-to-adjusted EBITDAFV (years) ⁽³⁾	7.1	7.2	7.0	6.8	7.8	7.3	8.0	8.0				
Unencumbered assets (in millions) ⁽³⁾	322.2	194.6	209.7	94.2	222.8	113.2	99.2	126.8				
Capital												
Total number of Units (in millions) ⁽⁵⁾	125.3	110.6	109.8	109.1	94.6	93.7	80.1	79.5				
Net asset value (“NAV”) per Unit ⁽³⁾	\$ 10.61	\$ 10.54	\$ 10.12	\$ 10.05	\$ 9.85	\$ 9.35	\$ 9.49	\$ 9.42				

(1) Excludes property or properties held for sale at the end of each period.

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

(3) Interest coverage ratio, level of debt (net debt-to-assets ratio), net debt-to-adjusted EBITDAFV, unencumbered assets and NAV per Unit are non-GAAP measures. See “Non-GAAP measures and other disclosures” for a description of these non-GAAP measures.

(4) Interest coverage ratio has been restated in the comparative periods to conform to current period presentation. For further details, please refer to “Non-GAAP measures and other disclosures” under the heading “Interest coverage ratio”.

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

Results of operations

	2019				2018			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Investment properties revenue	\$ 53,389	\$ 50,090	\$ 47,597	\$ 47,534	\$ 48,327	\$ 44,728	\$ 42,091	\$ 42,664
Investment properties operating expenses	(17,089)	(15,084)	(13,932)	(14,964)	(15,824)	(14,324)	(13,054)	(13,728)
Net rental income	36,300	35,006	33,665	32,570	32,503	30,404	29,037	28,936
Other income	210	50	343	170	94	390	548	32
Other expenses	(15,490)	(14,708)	(15,039)	(16,392)	(15,173)	(14,835)	(14,331)	(14,094)
Fair value adjustments and net losses on transactions and other activities	(28,707)	46,850	10,213	846	27,766	3,201	(5,214)	(22,627)
Income (loss) before income taxes	(7,687)	67,198	29,182	17,194	45,190	19,160	10,040	(7,753)
Current and deferred income taxes recovery (expense), net	(574)	(743)	778	(952)	(319)	306	(949)	645
Net income (loss)	\$ (8,261)	\$ 66,455	\$ 29,960	\$ 16,242	\$ 44,871	\$ 19,466	\$ 9,091	\$ (7,108)
Other comprehensive income (loss)								
Unrealized gain (loss) on foreign currency translation, net of taxes	(1,709)	7,703	(2,375)	3,631	3,031	(1,079)	—	—
Unrealized gain (loss) on effective interest rate hedge, net of taxes	(35)	6	39	6	41	70	358	310
	(1,744)	7,709	(2,336)	3,637	3,072	(1,009)	358	310
Comprehensive income (loss)	\$ (10,005)	\$ 74,164	\$ 27,624	\$ 19,879	\$ 47,943	\$ 18,457	\$ 9,449	\$ (6,798)

Reconciliation between net income (loss) and funds from operations

	2019				2018			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net income (loss) for the period	\$ (8,261)	\$ 66,455	\$ 29,960	\$ 16,242	\$ 44,871	\$ 19,466	\$ 9,091	\$ (7,108)
Add (deduct):								
Amortization of lease incentives	492	374	364	374	314	334	300	278
Interest expense on subsidiary redeemable units	3,344	3,344	3,344	3,344	3,344	3,344	3,344	3,344
Fair value adjustments to investment properties	(20,337)	(38,794)	(8,337)	(17,346)	(43,398)	1,476	(3,651)	13,606
Fair value adjustments to financial instruments	48,445	(8,876)	(4,462)	15,615	14,843	(5,499)	8,145	8,219
Fair value adjustments of DUIP included in G&A expenses	95	26	49	49	31	19	34	6
5.25% Convertible Debentures redemption write-off ⁽¹⁾	—	—	1,932	—	—	—	—	—
Internal leasing costs	737	820	805	885	789	822	720	802
Transaction cost recovery	—	—	(151)	—	—	—	—	—
Foreign exchange gain	(138)	—	—	—	—	—	—	—
Deferred income taxes expense (recovery)	574	711	(755)	962	438	(307)	725	(645)
FFO⁽²⁾	\$ 24,951	\$ 24,060	\$ 22,749	\$ 20,125	\$ 21,232	\$ 19,655	\$ 18,708	\$ 18,502
FFO per Unit – diluted ⁽²⁾⁽³⁾⁽⁴⁾	\$ 0.21	\$ 0.22	\$ 0.21	\$ 0.21	\$ 0.22	\$ 0.23	\$ 0.23	\$ 0.23
FFO payout ratio – diluted ⁽²⁾	83.7%	80.6%	85.0%	82.9%	78.1%	77.8%	76.1%	76.1%

(1) On August 2, 2018, the Trust recorded a \$1.9 million write-off of unamortized financing costs and mark-to-market adjustments associated with the early repayment of the 5.25% Convertible Debentures.

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

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

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

NON-GAAP MEASURES AND OTHER DISCLOSURES

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

Funds from operations ("FFO")

Management believes FFO (including diluted FFO per Unit) is an important measure of our operating performance. This non-GAAP measurement is a commonly used measure of performance of real estate operations; however, it does not represent net income nor cash flows generated from (utilized in) operating activities, as defined by IFRS, and is not necessarily indicative of cash available to fund the Trust'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 income trusts.

The Trust's reported FFO is consistent with the REALPAC definition of FFO, except for the add-back of certain non-cash costs associated with the convertible debenture redemption in the third quarter of 2018. These non-cash costs represent the accelerated write-off of unamortized financing costs and mark-to-market adjustments due to the early redemption of the convertible debentures. The Trust is of the view that this non-cash item, which is non-recurring in nature, has no impact on the Trust's ongoing operations and therefore should not be included in the Trust's reported FFO.

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

Diluted FFO payout ratio

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

Weighted average number of Units

The diluted weighted average number of Units outstanding used in the FFO per Unit calculation includes the weighted average of all REIT Units, LP B Units, deferred trust units and income deferred trust units, and assumed the conversion of the convertible debentures prior to their redemption on August 2, 2018. As at March 31, 2019, there were 872,529 vested but not issued and unvested deferred trust units and income deferred trust units outstanding (March 31, 2018 – 748,871).

	Three months ended March 31,	
	2019	2018
Weighted average Units outstanding for diluted per Unit amounts (in thousands)	119,113	102,914

Comparative properties net operating income ("NOI")

Comparative properties NOI includes the net rental income of the same properties owned by the Trust in (i) the current and prior year comparative periods and (ii) the current and prior quarter, and excludes lease termination fees and other rental income, straight-line rent, bad debt expenses, amortization of lease incentives, and NOI of acquired properties and properties held for sale. Comparative properties NOI is an important non-GAAP measure used by management to evaluate the performance of the same properties owned by the Trust in the current period, comparative periods and prior quarter as presented. This non-GAAP measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

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 heading "Comparative properties NOI".

Unencumbered assets

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

Net asset value ("NAV") per Unit

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

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

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

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

Total distributions

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the table below reconciles total distributions to amounts as included in the condensed consolidated financial statements for the three months ended March 31, 2019 and March 31, 2018.

Amounts included in condensed consolidated financial statements	Three months ended March 31,	
	2019	2018
Distributions on REIT Units	\$ 17,977	\$ 13,345
Interest on subsidiary redeemable units	3,344	3,344
Total distributions	\$ 21,321	\$ 16,689

Distribution Reinvestment and Unit Purchase Plan ("DRIP") participation rate

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

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

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", total distributions reinvested and total distributions paid in cash have been reconciled to amounts as included in the condensed consolidated financial statements for the three months ended March 31, 2019 and March 31, 2018.

	Three months ended March 31,	
	2019	2018
Distributions reinvested as included in condensed consolidated financial statements	\$ 8,341	\$ 6,740
Less: distributions reinvested pertaining to prior period	(2,736)	(1,997)
Add: distributions reinvested on April 15	2,771	2,113
Less: 3% bonus distribution	(256)	(196)
Distributions reinvested less 3% bonus distribution	\$ 8,120	\$ 6,660

	Three months ended March 31,	
	2019	2018
Distributions paid in cash as included in condensed consolidated financial statements	\$ 12,111	\$ 9,897
Less: distributions paid in cash pertaining to prior period	(3,748)	(3,498)
Add: distributions paid in cash on April 15	4,582	3,434
Distributions paid in cash	\$ 12,945	\$ 9,833

Available liquidity

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the table below reconciles liquidity to cash and cash equivalents included in the condensed consolidated financial statements as at March 31, 2019 and December 31, 2018:

Amounts per condensed consolidated financial statements	March 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 10,962	\$ 4,968
Undrawn revolving credit facility	66,197	98,194
Available liquidity	\$ 77,159	\$ 103,162

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

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the following table calculates the level of debt (net debt-to-assets ratio) as at March 31, 2019 and December 31, 2018:

Amounts per condensed consolidated financial statements	March 31, 2019	December 31, 2018
Non-current debt	\$ 916,236	\$ 860,789
Current debt	114,962	76,941
Total debt	1,031,198	937,730
Add (deduct):		
Unamortized financing costs	6,417	5,804
Unamortized fair value adjustments	(1,475)	(1,641)
Total debt at principal amount outstanding	1,036,140	941,893
Less: Cash and cash equivalents	(10,962)	(4,968)
Net debt	\$ 1,025,178	\$ 936,925
Total assets	2,427,559	2,160,575
Less: Cash and cash equivalents	(10,962)	(4,968)
Total assets (net of cash and cash equivalents)	\$ 2,416,597	\$ 2,155,607
Net debt-to-assets ratio	42.4%	43.5%

Net debt-to-adjusted EBITDAFV

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

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the following table calculates the annualized net debt-to-adjusted EBITDAFV for the three months ended March 31, 2019 and December 31, 2018:

Amounts included in condensed consolidated financial statements	Three months ended	
	March 31, 2019	December 31, 2018
Non-current debt	\$ 916,236	\$ 860,789
Current debt	114,962	76,941
Total debt	1,031,198	937,730
Add (deduct):		
Unamortized financing costs	6,417	5,804
Unamortized fair value adjustments	(1,475)	(1,641)
Total debt at principal amount outstanding	1,036,140	941,893
Less: Cash and cash equivalents	(10,962)	(4,968)
Net debt	\$ 1,025,178	\$ 936,925
EBITDAFV⁽¹⁾ – quarterly	33,631	32,624
Add: Normalized NOI of properties acquired in the quarter ⁽²⁾	2,309	49
Adjusted EBITDAFV – quarterly	35,940	32,673
Adjusted EBITDAFV – annualized	\$ 143,760	\$ 130,692
Net debt-to-adjusted EBITDAFV (years)	7.1	7.2

(1) EBITDAFV for the three months ended March 31, 2019 and December 31, 2018 (non-GAAP measures) have been reconciled to net income (loss) for the respective periods in the section below, under the heading “Earnings before interest, taxes, depreciation, amortization and fair value adjustments (EBITDAFV)”.

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

Interest coverage ratio

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

Prior to December 31, 2018, interest coverage ratio was determined 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 was excluded from this ratio as it represents distributions on units; however, pursuant to IFRS, the distributions are presented as interest expense.

Effective January 1, 2019, the Trust has chosen to revise its calculation of interest coverage ratio to be calculated as the trailing 12-month EBITDAFV divided by the trailing 12-month interest expense on debt. Interest expense on subsidiary redeemable units continues to be excluded from this ratio. Management is of the view that such revision will more accurately reflect the ability of the Trust to meet its trailing 12-month interest expense on debt obligations. Accordingly, the interest coverage ratios for comparative periods have been restated to conform to current period presentation.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the following table calculates the interest coverage ratio for the trailing 12-month period ended March 31, 2019 and for the year ended December 31, 2018.

	For the trailing 12-month period ended March 31, 2019 ⁽¹⁾	For the year ended December 31, 2018 ⁽²⁾
EBITDAFV	\$ 127,527	\$ 123,865
Interest expense on debt	36,999	37,070
Interest coverage ratio (times)	3.4	3.3

(1) Trailing 12-month EBITDAFV and trailing 12-month interest expense on debt (non-GAAP measures) are calculated in the section below.

(2) EBITDAFV for the year ended December 31, 2018 (non-GAAP measure) has been reconciled to net income (loss) in the section below, under the heading “Earnings before interest, taxes, depreciation, amortization and fair value adjustments (EBITDAFV)”.

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

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the following tables calculate EBITDAFV and interest expense on debt for the trailing 12-month period ended March 31, 2019.

	Trailing 12-month period ended March 31, 2019
EBITDAFV for the three months ended March 31, 2019 ⁽¹⁾	\$ 33,631
Add: EBITDAFV for the year ended December 31, 2018 ⁽²⁾	123,865
Less: EBITDAFV for the three months ended March 31, 2018 ⁽¹⁾	(29,969)
Trailing 12-month EBITDAFV	\$ 127,527

(1) EBITDAFV for the three months ended March 31, 2019 and March 31, 2018 (non-GAAP measures) have been reconciled to net income (loss) for the respective periods in the section below, under the heading “Earnings before interest, taxes, depreciation, amortization and fair value adjustments (EBITDAFV)”.

(2) EBITDAFV for the year ended December 31, 2018 (non-GAAP measure) has been reconciled to net income (loss) in the section below.

	Trailing 12-month period ended March 31, 2019
Interest expense on debt for the three months ended March 31, 2019 ⁽¹⁾	\$ 9,323
Add: Interest expense on debt for the year ended December 31, 2018	37,070
Less: Interest expense on debt for the three months ended March 31, 2018 ⁽¹⁾	(9,394)
Trailing 12-month interest expense	\$ 36,999

(1) Per condensed consolidated financial statements.

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

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, EBITDAFV has been reconciled to net income (loss) in the table below for the three months ended March 31, 2019, December 31, 2018 and March 31, 2018 and for the year ended December 31, 2018.

		For the three months ended		For the year ended
	March 31, 2019	December 31, 2018	March 31, 2018	December 31, 2018
Net income (loss) for the period	\$ (8,261)	\$ 66,455	\$ 44,871	\$ 157,528
Add (deduct):				
Fair value adjustments to investment properties	(20,337)	(38,794)	(43,398)	(107,875)
Fair value adjustments to financial instruments	48,445	(8,876)	14,843	17,120
Net losses on transactions and other activities	599	820	789	5,080
Interest expense – debt	9,323	8,769	9,394	37,070
Interest expense – subsidiary redeemable units	3,344	3,344	3,344	13,376
Depreciation and amortization	16	9	11	59
Other items included in investment properties revenues ⁽¹⁾	(72)	154	(204)	271
Current and deferred income taxes expense, net	574	743	319	1,236
EBITDAFV for the period	\$ 33,631	\$ 32,624	\$ 29,969	\$ 123,865

(1) Includes lease termination fees and other items, straight-line rent and amortization of lease incentives.

SECTION V

DISCLOSURE CONTROLS AND OUR PROCEDURES

At March 31, 2019, 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 three months ended March 31, 2019, there have not been any changes that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

SECTION VI

RISKS AND OUR STRATEGY TO MANAGE

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 2018 Annual Report and our latest Annual Information Form filed on SEDAR at www.sedar.com.

SECTION VII

CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS IN APPLYING ACCOUNTING POLICIES

Preparing the condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent liabilities. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but that are inherently uncertain and unpredictable, the result of which is the basis of the carrying amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment in the future to the carrying amounts of the asset or liability affected. Dream Industrial REIT’s critical accounting judgments, estimates and assumptions in applying accounting policies are described in Note 2 to the condensed consolidated financial statements and also in our annual consolidated financial statements for the year ended December 31, 2018.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Dream Industrial REIT’s changes in accounting policies are described in Note 3 to the condensed consolidated financial statements for the three months ended March 31, 2019.

Additional information

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

SECTION VIII – PROPERTY LISTING

The table in this section includes supplementary information on our portfolio as at March 31, 2019.

Property	Owned share of total GLA in thousands of square feet	Clear ceiling height (warehouse component) in feet	Owned share of site area in acres	Number of tenants	Weighted average remaining lease term in years	In-place and committed occupancy
7140 40th Street SE, Calgary	352	30.0	13.8	1	10.6	100.0%
1919 84th Avenue (Park 19), Edmonton	48	21.0	3.6	-	-	0.0%
2721 Hopewell Place NE, Calgary	38	22.0	1.9	1	3.5	100.0%
204 - 26229 Township Road 531A (Parkland County), Edmonton	35	24.0	9.1	1	0.9	100.0%
6908 6th Street SE (Glenmore Business Park), Calgary	31	18.0	3.2	1	5.5	100.0%
3917 81st Avenue, Edmonton	30	28.0	5.4	1	2.1	100.0%
2876 Sunridge Way NE (Sunridge Business Park), Calgary	30	16.0	2.3	1	1.7	100.0%
3250 Sunridge Way NE (Sunridge Business Park), Calgary	27	24.0	2.1	1	1.3	100.0%
9601 156th Avenue, Grand Prairie	27	24.0	27.2	1	0.9	100.0%
2240 Premier Way (GE Turbine), Edmonton	26	30.0	1.5	1	3.3	100.0%
1802 Stock Road, Regina ⁽¹⁾	23	28.0	1.8	1	4.2	100.0%
7121 6th Street SE (Glenmore Business Park), Calgary	19	20.0	0.9	1	2.7	100.0%
120 Pond Street East, Brooks	14	24.0	5.1	1	2.5	100.0%
363 and 345 Maxwell Crescent, Regina ⁽¹⁾	12	24.0	1.8	1	1.9	100.0%
1105 Pettigrew Avenue, Regina ⁽¹⁾	6	18.0	1.1	1	4.1	100.0%
2190 Industrial Drive, Regina ⁽¹⁾	6	18.0	1.4	-	-	0.0%
1640 Broder Street, Regina ⁽¹⁾	6	16.0	0.6	1	4.8	100.0%
Western Canada Single-tenant	730	26.3	82.8	15	6.8	92.6%
310 Henderson Drive, Regina	376	24.0	24.2	2	4.5	100.0%
7803 35th Street SE, Calgary	189	20.0	10.2	6	3.2	100.0%
15303 128th Avenue, Edmonton	177	25.0	12.4	3	4.8	100.0%
611–615 71st Avenue SE & 7515 6th Street SE (Glenmore Business Park), Calgary	168	20.0	6.5	16	3.8	93.2%
628–668 Henderson Drive (Chestermere), Regina	164	19.0	9.1	20	2.0	93.2%
7504 30th Street SE, Calgary	139	22.0	6.0	2	3.5	100.0%
11445 163rd Street (Alberta Park), Edmonton	131	22.0	5.2	9	3.2	88.1%
9603–9699 45th Avenue NW, Edmonton	110	22.0	6.0	24	1.8	95.2%
603 Park Street, Regina	110	19.0	6.8	18	4.1	79.8%
3916 61st Avenue, Calgary	100	26.0	5.1	2	2.6	100.0%
7004–7042 30th Street SE, Calgary	94	18.0	5.3	8	5.8	95.6%
651 Henderson Drive (Henderson Business Centre), Regina	90	19.0	5.0	16	2.7	89.3%
26229 Township Road 531, Parkland County	89	24.7	6.5	12	2.5	94.5%
7008 5th Street SE (Glenmore Business Park), Calgary	86	17.0	3.7	7	1.7	100.0%
11404 Winterburn Rd NW, Edmonton	81	23.8	6.3	13	2.2	81.1%
7004 5th Street SE (Glenmore Business Park), Calgary	79	20.0	3.4	10	2.8	94.6%
9451 45th Avenue (Southwood Centre), Edmonton	75	28.0	4.5	2	1.8	100.0%
4710–4760 14th Street NE (McCall Industrial Park), Calgary	73	18.0	4.0	21	3.0	95.0%
2777 23rd Avenue NE (Sunridge Business Park), Calgary	67	24.0	3.8	2	6.1	100.0%
3510 29th Street NE (ACC Centre), Calgary	65	24.0	3.0	7	2.0	100.0%
7111 6th Street SE (Glenmore Business Park), Calgary	65	20.0	2.9	4	3.1	100.0%
3401 19th Street, Calgary	64	22.0	4.1	6	3.0	100.0%
2150 29th Street NE (Sunridge Business Park), Calgary	60	24.0	3.3	7	3.5	100.0%
7710 5th Street SE (Glenmore Business Park), Calgary	59	20.0	2.3	22	3.4	69.8%
550 71st Avenue SE (Glenmore Business Park), Calgary	58	12.0	2.6	8	3.1	97.4%
2175 29th Street NE (Sunridge Business Park), Calgary	58	24.0	3.5	3	3.2	100.0%
2256 29th Street NE (Sunridge Business Park), Calgary	58	24.0	3.5	4	4.4	100.0%
4403–4435 97th Street NW, Edmonton	58	24.0	3.3	5	3.7	100.0%
1139–1165 40th Avenue NE, Calgary	57	20.0	2.9	5	5.6	92.8%
2151 32nd Street NE (Sunridge Business Park), Calgary	57	24.0	3.4	6	2.9	100.0%
501–529 36th Avenue SE, Calgary	57	18.0	2.9	7	3.8	100.0%
2928 Sunridge Way NE (Sunridge Business Park), Calgary	57	24.0	4.1	3	3.1	100.0%
4504–4576 14th Street NE, Calgary	57	16.0	4.1	31	2.5	97.5%
6812 6th Street SE (Glenmore Business Park), Calgary	57	20.0	5.7	6	2.1	100.0%
2121 29th Street NE (Sunridge Business Park), Calgary	57	24.0	3.8	3	7.4	100.0%
402 McDonald Street (Imperial Business Centre), Regina	56	18.0	2.8	13	2.1	62.5%

Property	Owned share of total GLA in thousands of square feet	Clear ceiling height (warehouse component) in feet	Owned share of site area in acres	Number of tenants	Weighted average remaining lease term in years	In-place and committed occupancy
2985 23rd Avenue NE (Sunridge Business Park), Calgary	54	24.0	3.0	4	5.6	100.0%
4402–4434 10th Street NE, Calgary	54	16.0	3.1	7	2.9	93.3%
7003 5th Street SE (Glenmore Business Park), Calgary	53	20.0	2.7	14	3.6	100.0%
16134 114th Avenue NW, Edmonton	48	26.8	4.4	9	1.6	100.0%
2886 Sunridge Way NE (Sunridge Business Park), Calgary	44	24.0	3.4	5	7.8	100.0%
610 70th Avenue SE (Glenmore Business Park), Calgary	44	20.0	3.5	11	2.1	92.5%
1512–1514 8th Street, Edmonton	43	20.0	10.3	2	1.7	100.0%
535–561 36th Avenue SE, Calgary	41	16.0	1.9	2	6.9	100.0%
5824 Burbank Road SE, Calgary	40	20.0	2.4	6	4.4	100.0%
310 Hoffer Drive (McDonald Business Centre), Regina	38	18.0	2.8	5	1.2	100.0%
4001 19th Street, Calgary	37	22.0	2.5	9	2.9	100.0%
6810 6th Street SE (Glenmore Business Park), Calgary	32	19.0	3.2	3	2.0	100.0%
6804–6818 30th Street SE, Calgary	30	16.0	1.2	4	2.2	100.0%
7131 6th Street SE (Glenmore Business Park), Calgary	29	20.0	1.3	2	2.4	100.0%
6023–6039 Centre Street South, Calgary	29	15.0	1.5	5	2.9	87.5%
4502–4516 10th Street NE, Calgary	29	16.0	1.4	7	1.9	100.0%
16104 114th Avenue NW, Edmonton	29	20.0	4.4	7	2.8	100.0%
3030 Sunridge Way NE (Sunridge Business Park), Calgary	27	24.0	2.1	6	2.2	100.0%
6043–6055 Centre Street South, Calgary	25	15.0	1.3	5	2.7	100.0%
530–544 38A Avenue SE, Calgary	24	16.0	1.2	7	2.7	87.5%
7007 5th Street SE (Glenmore Business Park), Calgary	23	19.0	1.2	3	0.8	100.0%
616 71st Avenue SE (Glenmore Business Park), Calgary	22	21.0	1.0	3	4.1	100.0%
1135–1149 45th Avenue NE, Calgary	22	16.0	1.3	6	2.7	100.0%
6910 6th Street SE (Glenmore Business Park), Calgary	21	16.0	2.1	4	3.0	100.0%
4620–4640 11th Street NE, Calgary	21	16.0	1.4	11	2.0	100.0%
102–114 61st Avenue SW, Calgary	19	14.0	1.1	3	5.1	71.5%
4001–4019 23rd Street NE, Calgary	16	16.0	1.1	5	5.1	100.0%
2915–2925 58th Avenue SE, Calgary	16	16.0	1.0	5	1.8	100.0%
3503–3521 62nd Avenue SE, Calgary	13	13.0	1.2	9	2.5	100.0%
125 McDonald Street, Regina ⁽¹⁾	7	13.0	0.6	2	3.4	71.9%
Western Canada Multi-tenant	4,328	21.1	261.8	504	3.4	96.0%
Western Canada	5,058	21.8	344.6	519	3.9	95.5%
275 Wellington Street East, Aurora	315	27.0	16.2	1	3.0	100.0%
45 Progress Avenue, Toronto	210	24.0	10.3	1	15.3	100.0%
3230 Mainway Drive, Burlington	208	21.0	9.9	1	6.6	100.0%
290 Humberline Drive, Etobicoke	180	20.0	6.9	1	3.8	100.0%
750 Creditstone Road, Vaughan	177	24.0	9.0	1	5.8	100.0%
121 Pippin Road, Vaughan	170	24.0	8.6	1	0.8	100.0%
580 Industrial Road, London	114	24.0	12.7	1	8.8	100.0%
441 Chrislea Road, Vaughan	101	22.0	4.1	1	7.3	100.0%
2130 South Service Road West, Oakville	98	24.0	4.4	1	3.9	100.0%
970 Fraser Drive, Burlington	95	28.0	6.9	1	8.8	100.0%
3 & 5 Blair Drive, Brampton	82	28.0	6.4	1	5.3	100.0%
274 Humberline Drive, Etobicoke	81	20.0	3.9	1	1.1	100.0%
2226 South Service Road West, Oakville	79	22.0	3.5	1	1.8	100.0%
439 Sovereign, London	78	22.0	5.6	-	-	0.0%
9305 Twin Oaks Drive, Windsor	74	28.0	5.2	1	1.4	100.0%
2 Lone Oak Court, Toronto	72	24.0	4.4	1	3.3	100.0%
6885–6895 Menway Court, Mississauga	66	20.0	3.4	1	0.9	100.0%
896 Meyerside Drive, Mississauga	47	20.0	2.4	1	7.2	100.0%
880 Rangeview Road, Mississauga	46	24.0	3.2	1	3.6	100.0%
135 Pinebush Road, Cambridge	44	60.0	5.5	1	1.3	100.0%
5905 Kennedy Road, Mississauga	38	22.0	2.1	1	6.8	100.0%
6045 Kestrel Road, Mississauga	35	20.0	1.8	1	5.1	100.0%
2946 Walker Road, Windsor	32	22.0	4.0	1	0.8	100.0%
781 Westgate Road, Oakville	30	22.0	4.2	1	11.4	100.0%
6520 Gottardo Court, Mississauga	26	18.0	1.2	1	2.8	100.0%
750 Barmac Drive, Toronto	24	18.0	1.5	1	10.1	100.0%
7420 Pacific Circle, Mississauga	24	18.0	1.2	1	5.3	100.0%
1300 Fewster Road, Mississauga	24	14.0	1.2	1	2.3	100.0%
5805 Kennedy Road, Mississauga	22	18.0	1.0	1	4.6	100.0%

Property	Owned share of total GLA in thousands of square feet	Clear ceiling height (warehouse component) in feet	Owned share of site area in acres	Number of tenants	Weighted average remaining lease term in years	In-place and committed occupancy
5380 Timberlea Boulevard, Mississauga	20	18.0	1.0	1	0.8	100.0%
5462 Timberlea Boulevard, Mississauga	18	18.0	1.0	1	1.2	100.0%
5370 Timberlea Boulevard, Mississauga	17	18.0	0.8	1	0.9	100.0%
5750 Coopers Avenue, Mississauga	16	18.0	0.9	1	1.9	100.0%
5444 Timberlea Boulevard, Mississauga	15	18.0	0.9	1	1.3	100.0%
Ontario Single-tenant	2,678	23.7	155.3	33	5.2	97.1%
6581–6601 Kitimat Road, Mississauga	318	25.0	16.9	15	2.1	100.0%
161 West Mall, Toronto	205	50.0	10.5	2	6.8	100.0%
2360 Cornwall Road, Oakville	200	28.0	10.3	3	2.6	100.0%
45 A & B West Wilmot Street, Richmond Hill	189	19.0	8.0	38	2.9	99.8%
255 Wicksteed Avenue, Toronto	178	24.0	8.0	3	4.5	100.0%
2140–2150 Winston Park Drive, Mississauga	172	19.0	7.5	42	2.6	96.5%
90 Nolan Court, Markham	125	18.0	7.0	30	3.1	100.0%
55 Horner Avenue, Etobicoke	96	22.0	6.2	3	3.3	82.7%
4515/4525 Rhodes Drive, Windsor	92	22.0	9.0	7	1.1	100.0%
1111 Tristar Drive, Mississauga	78	22.0	3.7	2	1.9	100.0%
903–951 Matheson Boulevard, Mississauga	77	18.0	3.8	8	2.9	100.0%
1100 Courtney Park Drive, Mississauga	72	22.0	3.4	4	2.3	100.0%
100 Lingard Road, Cambridge	70	46.0	5.4	2	3.8	100.0%
5825–5895 Kennedy Road, Mississauga	68	15.0	3.4	8	3.7	100.0%
6400 Shawson Drive, Mississauga	62	22.0	2.9	3	4.7	100.0%
5554 Tomken Road, Mississauga	61	18.0	3.2	10	3.7	100.0%
6300 Viscount Road, Mississauga	60	16.0	4.3	4	1.9	100.0%
845 Harrington Court, Burlington	56	15.0	4.0	10	4.3	99.3%
5716–5730 Coopers Avenue, Mississauga	54	14.0	3.4	24	2.7	100.0%
855 Matheson Boulevard, Mississauga	47	18.0	2.0	11	3.1	92.8%
5448 Timberlea Boulevard, Mississauga	32	16.0	1.8	2	0.6	100.0%
5430 Timberlea Boulevard, Mississauga	31	17.0	1.8	2	3.2	100.0%
5466 Timberlea Boulevard, Mississauga	29	18.0	1.6	2	4.6	100.0%
135 East Beaver Creek, Richmond Hill	29	17.0	1.8	5	1.2	100.0%
5420 Timberlea Boulevard, Mississauga	20	18.0	1.1	2	2.1	100.0%
Ontario Multi-tenant	2,421	24.2	131.0	242	3.2	98.9%
Ontario	5,099	23.9	286.3	275	4.2	98.0%
1411, 1421 and 1451 rue Ampère, Boucherville	458	27.0	21.6	1	6.2	100.0%
1900 Dickson Street (Molson Distribution Centre), Montréal	225	26.0	17.1	1	3.8	100.0%
2350 de la Province, Longueuil	222	20.0	11.4	1	2.8	100.0%
1125 50th Avenue, Montréal	211	26.0	13.3	1	5.5	100.0%
8000 Avenue Blaise-Pascal, Montréal	206	23.0	13.7	1	3.0	100.0%
1313 Autoroute Chomedey, Laval	184	26.0	8.1	1	6.2	100.0%
650 rue Bergeron, Drummondville	181	28.0	10.5	1	3.7	100.0%
10555 Henri-Bourassa Ouest, St-Laurent	121	22.0	10.5	1	1.8	100.0%
2340 St. Laurent Blvd., Ottawa	115	24.0	6.2	1	6.1	100.0%
101 Autoroute 440, Laval	68	22.0	4.6	1	4.2	100.0%
1805 50 ^e Avenue, Lachine	61	19.0	2.3	1	2.2	100.0%
1421 rue Nobel, Sainte-Julie	51	22.0	4.3	1	2.6	100.0%
3700–3720 AutoRoute des Laurentides, Laval	50	24.0	3.6	1	3.3	100.0%
1870 Boulevard Saint-Régis, Dollard-des-Ormeaux	40	22.0	1.8	1	2.2	100.0%
29 rue de Varennes, Gatineau	24	20.0	3.4	1	1.8	100.0%
361 Boulevard Montpellier, St-Laurent	19	18.0	1.2	1	7.5	100.0%
Québec Single-tenant⁽²⁾	2,236	24.5	133.6	16	4.4	100.0%
2995 Boulevard le Corbusier, Laval	129	24.0	4.7	7	3.5	99.8%
5000 rue Fairway & 1645 50 ^e Avenue, Lachine	108	18.0	5.5	4	4.0	95.1%
1700–1764 50 ^e Avenue, Lachine	95	24.0	4.2	1	2.6	96.8%
1100–1154 rue Berlier, Laval	92	18.0	4.5	9	1.9	100.0%
9090–9100 Boulevard Cavendish, St-Laurent	89	18.0	7.5	3	2.8	71.2%
333 Chemin du Tremblay, Boucherville	87	18.0	3.8	3	3.7	96.1%
1876–1936 32 ^e Avenue, Lachine	85	18.0	4.7	3	4.9	100.0%
1500 rue Nobel, Boucherville	82	18.0	4.1	7	1.5	100.0%
2000 32 ^e Avenue, Lachine	81	18.0	4.8	4	3.5	100.0%
1624–1692 50 ^e Avenue, Lachine	79	19.0	4.3	6	1.7	95.5%
1151–1179 Autoroute 440, Laval	79	19.0	3.9	14	2.5	100.0%

Property	Owned share of total GLA in thousands of square feet	Clear ceiling height (warehouse component) in feet	Owned share of site area in acres	Number of tenants	Weighted average remaining lease term in years	In-place and committed occupancy
10001–10091 Renaude-Lapointe, Montréal	78	18.0	3.7	3	3.7	96.5%
2101 rue Nobel, Sainte-Julie	73	20.0	4.8	5	1.5	88.1%
1950 32 ^e Avenue, Montréal	72	18.0	4.5	7	2.4	100.0%
1825–1865 32 ^e Avenue, Montréal	72	18.0	4.9	9	3.3	100.0%
4300–4400 Boulevard Bois-Franc, St-Laurent	69	18.0	3.9	4	2.9	100.0%
4605–4645 rue Fairway & 1405–1465 46 ^e Avenue, Lachine	61	19.0	4.0	5	3.8	100.0%
1010 rue Berlier & 2854–2870 Boulevard Industriel, Laval	59	19.0	3.1	7	2.1	100.0%
1025–1087 Autoroute 440, Laval	57	18.0	2.8	10	2.1	100.0%
585–625 Avenue Meloche, Dorval	55	18.0	2.7	2	4.3	100.0%
135 Chemin du Tremblay, Boucherville	50	16.0	2.4	9	2.0	90.4%
Québec Multi-tenant	1,652	19.0	88.8	122	2.9	96.5%
Québec	3,888	22.2	222.4	138	3.8	98.5%
58 Wright Avenue (Burnside Business Park), Dartmouth	43	24.0	2.4	1	2.3	100.0%
50 Garland Avenue (Burnside Business Park), Dartmouth	36	10.0	2.5	1	8.1	90.1%
80 Thornhill Drive (Burnside Business Park), Dartmouth	10	20.0	1.1	1	0.6	100.0%
Eastern Canada Single-tenant	89	17.9	6.0	3	4.3	96.0%
202 Brownlow Avenue (Burnside Business Park), Dartmouth	215	18.0	13.8	56	3.5	93.9%
320–340 Wright Avenue (Burnside Business Park), Dartmouth	170	24.0	10.6	12	2.5	100.0%
201 Brownlow Avenue (Burnside Business Park), Dartmouth	160	16.0	10.7	30	3.7	86.5%
7 Mellor Avenue, Dartmouth	122	24.0	7.2	12	4.1	100.0%
10 Morris Drive (Burnside Business Park), Dartmouth	119	18.0	7.5	23	2.6	94.4%
71 Thornhill Drive, Dartmouth	100	28.0	5.2	2	4.4	100.0%
131–135 Ilsley Avenue (Burnside Business Park), Dartmouth	98	18.0	6.6	17	3.6	100.0%
121 Ilsley Avenue, Dartmouth	97	19.0	8.0	19	4.7	96.5%
75 Akerley Boulevard, Dartmouth	96	19.0	7.8	19	4.1	100.0%
222 Edinburgh Drive, Moncton	94	22.0	7.7	5	2.6	51.6%
11 Morris Drive (Burnside Business Park), Dartmouth	90	18.0	5.0	22	2.9	99.1%
120 Troop Avenue (Burnside Business Park), Dartmouth	87	24.0	5.7	6	4.4	100.0%
100 Ilsley Avenue (Burnside Business Park), Dartmouth	76	14.0	6.1	15	2.3	90.4%
100 Wright Avenue (Burnside Business Park), Dartmouth	76	18.0	4.4	14	2.4	100.0%
55 Akerley Boulevard, Dartmouth	75	19.0	5.8	8	5.0	100.0%
51 Raddall Avenue (Burnside Business Park), Dartmouth	70	18.0	4.7	10	3.0	93.8%
170 Joseph Zatzman Drive (Burnside Business Park), Dartmouth	67	16.0	4.0	14	2.6	88.2%
50 Akerley Boulevard (Burnside Business Park), Dartmouth	63	18.0	1.6	11	2.8	93.3%
10 Vidito Drive, Dartmouth	62	22.0	2.7	1	5.2	100.0%
101 Thornhill Drive (Burnside Business Park), Dartmouth	62	18.0	3.8	7	4.7	89.8%
105 Akerly Boulevard (Burnside Business Park), Dartmouth	58	18.0	3.3	7	2.3	100.0%
30–58 Mosher Drive (Burnside Business Park), Dartmouth	57	18.0	2.6	4	2.6	86.7%
29–59 Mosher Drive (Burnside Business Park), Dartmouth	55	18.0	3.6	4	3.7	100.0%
50 Troop Avenue (Burnside Business Park), Dartmouth	54	24.0	3.6	3	2.2	100.0%
32 Troop Avenue (Burnside Business Park), Dartmouth	48	24.0	3.3	4	1.9	100.0%
109 Ilsley Avenue (Burnside Business Park), Dartmouth	45	16.0	3.1	14	2.5	98.2%
81 Wright Avenue (Burnside Business Park), Dartmouth	44	20.0	3.6	4	1.4	100.0%
95 Akerley Boulevard, Dartmouth	38	14.0	2.1	14	2.6	100.0%
30 Simmonds Drive (Burnside Business Park), Dartmouth	38	16.0	2.8	7	1.8	100.0%
40 Thornhill Drive (Burnside Business Park), Dartmouth	32	16.0	3.8	10	1.8	100.0%
50 Thornhill Drive (Burnside Business Park), Dartmouth	32	16.0	3.8	10	2.6	92.9%
60 Thornhill Drive (Burnside Business Park), Dartmouth	32	16.0	2.0	7	4.4	100.0%
10 Thornhill Drive, Dartmouth	29	15.0	3.4	10	2.2	100.0%
16 Garland Avenue (Burnside Business Park), Dartmouth	11	14.0	1.5	4	2.4	100.0%
Eastern Canada Multi-tenant	2,572	19.4	171.4	405	3.3	94.9%
Eastern Canada	2,661	19.3	177.4	408	3.3	94.9%
Total Canadian Portfolio	16,706	22.2	1,031	1,340	3.9	96.9%

Property	Owned share of total GLA in thousands of square feet	Clear ceiling height (warehouse component) in feet	Owned share of site area in acres	Number of tenants	Weighted average remaining lease term in years	In-place and committed occupancy
445 Couchville Industrial Blvd, Nashville, TN	716	32.0	58.6	1	7.0	100.0%
860 Marine Drive, Charlotte, NC	472	30.0	26.0	1	3.8	100.0%
9000 Smith's Mill Road, Columbus, OH	417	32.0	21.9	1	7.3	100.0%
5445 Guion Road, Indianapolis, IN	380	28.0	27.5	1	3.0	100.0%
3208 E Blue Lick Road, Louisville, KY	303	28.0	16.7	-	-	0.0%
1201 Perry Road, Indianapolis, IN	252	29.5	12.3	1	4.0	100.0%
3800 Sunset Avenue, Chicago, IL	209	24.0	10.0	1	3.8	100.0%
7730 American Way, Orlando, FL	193	25.0	20.6	1	4.0	100.0%
4777-4791 Roberts Road, Columbus, OH	52	21.0	26.1	1	3.1	100.0%
2375-2405 International Street, Columbus, OH	52	21.0	14.8	1	1.8	100.0%
2250-2280 International Street, Columbus, OH	52	21.0	6.1	1	4.0	100.0%
United States Single-tenant	3,098	29.1	240.6	10	5.0	90.2%
5605 Holmescrest Lane, Memphis, TN	885	32.0	47.3	2	5.3	100.0%
4470 Southpoint Drive, Memphis, TN	500	32.0	23.3	2	4.9	100.0%
5100 W 123rd Street, Chicago, IL	465	30.0	27.0	2	6.7	100.0%
5300 Provison Drive, Chicago, IL	343	30.0	17.0	2	3.8	100.0%
8860 Smith's Mill Road, Columbus, OH	304	32.0	17.0	4	3.9	100.0%
301-363 N Third Avenue, Chicago, IL	250	21.0	14.3	2	4.4	100.0%
1819 N Walcutt Road, Columbus, OH	243	18.0	11.3	5	3.4	100.0%
4311 Janitrol Road, Columbus, OH	240	30.0	12.7	4	2.1	100.0%
640-700 Dearborn Park Lane, Columbus, OH	108	24.0	5.9	4	2.8	100.0%
2275-2353 International Street, Columbus, OH	102	21.0	14.8	2	6.2	100.0%
2111-2191 International Street, Columbus, OH	102	21.0	8.6	4	1.3	100.0%
2000 Conner Road, Cincinnati, OH	77	22.0	4.9	4	1.9	100.0%
2200-2236 International Street, Columbus, OH	76	21.0	6.1	2	0.6	100.0%
2100 Conner Road, Cincinnati, OH	63	22.0	4.0	4	2.2	80.9%
2350-2380 International Street, Columbus, OH	52	21.0	6.1	2	3.1	100.0%
4701-4717 Roberts Road, Columbus, OH	52	21.0	26.1	2	0.8	100.0%
2300-2330 International Street, Columbus, OH	51	21.0	6.1	3	5.1	100.0%
United States Multi-tenant	3,913	28.1	252.5	50	4.4	99.7%
United States	7,011	28.5	493.1	60	4.6	95.5%
Total Portfolio Multi-tenant Buildings	14,886	22.9	905.5	1,323	3.6	97.3%
Total Portfolio Single-tenant Buildings	8,831	26.0	618.3	77	5.0	95.0%
Total Portfolio⁽³⁾	23,717	24.0	1,523.8	1,400	4.1	96.5%

(1) 50% co-owned property with DHAAT.

(2) Includes one property located in Ottawa.

(3) Excludes a property held for sale as at March 31, 2019.

Condensed consolidated balance sheets

(unaudited)

(in thousands of Canadian dollars)	Note	March 31, 2019	December 31, 2018
Assets			
NON-CURRENT ASSETS			
Investment properties	6	\$ 2,400,252	\$ 2,138,411
Other non-current assets		1,468	3,496
		2,401,720	2,141,907
CURRENT ASSETS			
Amounts receivable		5,555	4,310
Prepaid expenses and other assets		5,422	5,490
Cash and cash equivalents		10,962	4,968
		21,939	14,768
Assets held for sale		3,900	3,900
Total assets		\$ 2,427,559	\$ 2,160,575
Liabilities			
NON-CURRENT LIABILITIES			
Debt	7	\$ 916,236	\$ 860,789
Subsidiary redeemable units		221,324	176,613
Deferred Unit Incentive Plan		7,954	6,608
Deferred income tax liabilities, net		1,824	1,266
Tenant security deposits and other		15,782	14,013
		1,163,120	1,059,289
CURRENT LIABILITIES			
Debt	7	114,962	76,941
Amounts payable and accrued liabilities		41,180	35,020
		156,142	111,961
Total liabilities		1,319,262	1,171,250
Equity			
Unitholders' equity		1,034,711	887,757
Retained earnings		64,383	90,621
Accumulated other comprehensive income		9,203	10,947
Total equity		1,108,297	989,325
Total liabilities and equity		\$ 2,427,559	\$ 2,160,575

See accompanying notes to the condensed consolidated financial statements.

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

"Vincenza Sera"

Vincenza Sera
Trustee

"Sheldon Wiseman"

Sheldon Wiseman
Trustee

Condensed consolidated statements of comprehensive income (loss)

(unaudited)

(in thousands of Canadian dollars)	Note	Three months ended March 31,	
		2019	2018
Investment properties revenue	8	\$ 53,389	\$ 48,327
Investment properties operating expenses		(17,089)	(15,824)
Net rental income		36,300	32,503
Other income			
Interest and fee income		210	94
		210	94
Other expenses			
General and administrative		(2,807)	(2,424)
Interest:			
Debt		(9,323)	(9,394)
Subsidiary redeemable units		(3,344)	(3,344)
Depreciation and amortization		(16)	(11)
		(15,490)	(15,173)
Fair value adjustments and net losses on transactions and other activities			
Fair value adjustments to investment properties	6	20,337	43,398
Fair value adjustments to financial instruments	9	(48,445)	(14,843)
Net losses on transactions and other activities	10	(599)	(789)
		(28,707)	27,766
Income (loss) before income taxes		(7,687)	45,190
Current and deferred income taxes, net		(574)	(319)
Net income (loss)		\$ (8,261)	\$ 44,871
Other comprehensive income (loss)			
Items that will be reclassified subsequently to net income (loss):			
Unrealized gain (loss) on foreign currency translation, net of taxes		\$ (1,709)	\$ 3,031
Unrealized gain (loss) on effective interest rate hedge, net of taxes		(35)	41
		(1,744)	3,072
Comprehensive income (loss)		\$ (10,005)	\$ 47,943

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of changes in equity

(unaudited)

(in thousands of Canadian dollars, except for number of units)

Three months ended March 31, 2019	Note	Attributable to unitholders of the Trust				
		Number of REIT Units	Unitholders' equity	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Balance at January 1, 2019		92,062,659	\$ 887,757	\$ 90,621	\$ 10,947	\$ 989,325
Net loss		—	—	(8,261)	—	(8,261)
Distributions paid and payable	12	—	—	(17,977)	—	(17,977)
Public offering of REIT Units	11	13,800,000	144,210	—	—	144,210
Distribution Reinvestment Plan ⁽¹⁾		780,861	8,341	—	—	8,341
REIT Units issued for vested deferred trust units		73,641	818	—	—	818
Issue costs and other	11	—	(6,415)	—	—	(6,415)
Other comprehensive loss		—	—	—	(1,744)	(1,744)
Balance at March 31, 2019		106,717,161	\$ 1,034,711	\$ 64,383	\$ 9,203	\$ 1,108,297

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

Three months ended March 31, 2018	Note	Attributable to unitholders of the Trust				
		Number of REIT Units	Unitholders' equity	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total equity
Balance at January 1, 2018		75,104,843	\$ 720,437	\$ (7,056)	\$ (1,135)	\$ 712,246
Net income		—	—	44,871	—	44,871
Distributions paid and payable	12	—	—	(13,345)	—	(13,345)
Distribution Reinvestment Plan ⁽¹⁾		734,443	6,740	—	—	6,740
REIT Units issued for vested deferred trust units		160,389	1,490	—	—	1,490
Unit Purchase Plan		692	7	—	—	7
Issue costs and other		—	(223)	—	—	(223)
Other comprehensive income		—	—	—	3,072	3,072
Balance at March 31, 2018		76,000,367	\$ 728,451	\$ 24,470	\$ 1,937	\$ 754,858

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

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of cash flows

(unaudited)

		Three months ended March 31,	
(in thousands of Canadian dollars)	Note	2019	2018
Generated from (utilized in) operating activities			
Net income (loss)		\$ (8,261)	\$ 44,871
Non-cash items:			
Depreciation and amortization	13	744	793
Fair value adjustments to investment properties	6	(20,337)	(43,398)
Fair value adjustments to financial instruments	9	48,445	14,843
Other adjustments	13	3,684	3,683
Investment in lease incentives and initial direct leasing costs		(3,038)	(1,526)
Change in non-cash working capital	13	(546)	(2,879)
		20,691	16,387
Generated from (utilized in) investing activities			
Investment in property and equipment		(34)	—
Investment in building improvements		(1,670)	(911)
Acquisitions of investment properties	5	(231,667)	(109,112)
Deposit on acquisition of investment properties		(300)	—
Transaction costs paid on acquisitions		(2,884)	(1,495)
		(236,555)	(111,518)
Generated from (utilized in) financing activities			
Borrowings	7	128,454	140,329
Lump sum repayments	7	(25,982)	(76,524)
Principal repayments	7	(6,768)	(6,036)
Financing costs additions	7	(1,039)	(910)
Distributions paid on REIT Units	12	(12,111)	(9,897)
Cash proceeds on issuance of REIT Units	11	144,210	—
Issue costs paid on REIT Units		(5,997)	(367)
		220,767	46,595
Increase (decrease) in cash and cash equivalents		4,903	(48,536)
Foreign exchange gain (loss) on cash held in foreign currency		1,091	(1,090)
Cash and cash equivalents, beginning of period		4,968	54,651
Cash and cash equivalents, end of period		\$ 10,962	\$ 5,025

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” or “the Trust”) is an open-ended investment trust created pursuant to a Declaration of Trust, as amended and restated, under the laws of the Province of Ontario. The condensed consolidated financial statements of Dream Industrial REIT include the accounts of Dream Industrial REIT and its subsidiaries. Dream Industrial REIT’s portfolio comprises industrial properties located in key markets across Canada and the U.S.

A subsidiary of Dream Industrial REIT performs the property management function in Canada. A related party of Dream Industrial REIT, Pauls Realty Services, LLC, performs the property management function in the U.S.

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 REIT’s condensed consolidated financial statements for the period ended March 31, 2019 were authorized for issuance by the Board of Trustees on May 7, 2019, after which they may only be amended with the Board of Trustees’ approval.

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

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

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed. The condensed consolidated financial statements should be read in conjunction with the Trust’s annual consolidated financial statements for the year ended December 31, 2018, which have been prepared in accordance with IFRS, as issued by the IASB.

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, 2018.

Note 3

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND FUTURE ACCOUNTING POLICY CHANGES

The Trust has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2019. These changes were made in accordance with the applicable transitional provisions as described below.

Changes in accounting policies and disclosures

Leases

Effective January 1, 2019, the Trust has adopted IFRS 16, “Leases” (“IFRS 16”). IFRS 16 sets out the principles for the recognition, measurement and disclosure of leases. While accounting for leases where the Trust is acting as the lessor is substantially unchanged, there have been significant changes to the accounting for leases previously classified as operating leases where the Trust is acting as the lessee.

Prior to January 1, 2019, where the Trust was a lessee, operating leases were expensed over the term of the lease; however, IFRS 16 requires that the Trust recognize a right-of-use (“ROU”) asset and a lease liability at the inception of a lease contract. Subsequently, the ROU asset is depreciated on a straight-line basis over the lesser of the useful life of the asset and the term of the lease while the lease liability is amortized using the effective interest rate method over the term of the lease. Leases for a term of less than 12 months, or leases for low-value assets as determined by the Trust, are expensed evenly over the term of the lease.

The Trust adopted IFRS 16 on a modified retrospective basis. For leases with a term of less than 12 months, and for leases of low-value assets as determined by the Trust, the Trust applied the optional application exemption. Lease payments under these contracts are recognized on a straight-line basis over the lease term as investment property operating expenses. No ROU assets or lease liabilities were recognized on transition.

The Trust is not required to make any adjustments on transition for leases in which it acts as a lessor. The Trust accounts for its leases in accordance with IFRS 16 from the date of initial application.

Income taxes

On January 1, 2019, the Trust adopted IFRIC 23, “Uncertainty over Income Tax Treatments” (“IFRIC 23”), which has clarified the application of the recognition and measurement requirements in IAS 12, “Income Taxes” (“IAS 12”) for situations where there is uncertainty over income tax treatments. IFRIC 23 specifically addresses whether an entity considers income tax treatments separately; assumptions that an entity makes regarding the examination of tax treatments by taxation authorities; how an entity determines taxable income or loss, tax bases, unused tax losses or credits and tax rates; and how an entity considers changes in facts and circumstances. IFRIC 23 does not apply to taxes or levies outside the scope of IAS 12.

IFRIC 23 did not have an impact on the Trust’s condensed consolidated financial statements.

Note 4

ACCOUNTING POLICIES SELECTED AND APPLIED FOR SIGNIFICANT TRANSACTIONS AND EVENTS

The condensed consolidated financial statements have been prepared using the same significant accounting policies and methods as those used in the Trust’s annual consolidated financial statements for the year ended December 31, 2018, except as disclosed below and in Note 3.

Leases

At the inception of a contract, the Trust assesses whether that contract is, or contains, a lease. A lease is a contract where the right to direct the use of an asset owned by another party and to obtain the economic benefits deriving from that asset are transferred to the Trust. Where the Trust is a lessee, the Trust recognizes a ROU asset and a lease liability except where the lease is for less than 12 months or the underlying asset is of low value as determined by the Trust. For short-term leases and for leases of low-value assets, the lease payments are expensed evenly over the term of the lease.

At initial recognition, the lease liability is measured at the present value of the lease payments in the lease, including any renewal options where it is reasonably certain the Trust will exercise the option, and the lease payments due after exercising the option are estimable. These payments are discounted using the rate implicit in the lease or, where this rate is not determinable, at the Trust’s incremental borrowing rate for borrowings secured by a similar asset and for a similar term as the lease. Lease payments include fixed payments and variable payments, which depend on an index or rate, including any renewal options included in the determination of the term of the lease. Subsequently, the lease liability is measured at amortized cost using the effective interest rate method. The lease liability is remeasured when the lease agreement is modified or if there are changes to variable payments dependent on an index or rate.

At inception, the ROU asset comprises the lease liability plus any direct costs of obtaining the lease less any incentives provided by the lessor. The ROU asset is depreciated on a straight-line basis over the shorter of the term of the lease and the useful life of the asset. When there are indicators of impairment of a ROU asset, the asset is tested for impairment. ROU assets are included in investment properties and lease liabilities are included in other non-current liabilities.

Note 5

INVESTMENT PROPERTY ACQUISITIONS

Detailed below are the investment property acquisitions completed for the three months ended March 31, 2019 and for the year ended December 31, 2018:

Three months ended March 31, 2019	Purchase price ⁽¹⁾	Date acquired
Midwest U.S. portfolio ⁽²⁾	\$ 240,575	March 1, 2019
Total	\$ 240,575	

(1) Includes transaction costs.

(2) Midwest U.S. portfolio includes 21 investment properties: four in Chicago, Illinois; two in Cincinnati, Ohio; 12 in Columbus, Ohio; two in Indianapolis, Indiana; and one in Louisville, Kentucky.

Year ended December 31, 2018	Purchase price ⁽¹⁾	Date acquired
860 Marine Drive, Charlotte, North Carolina	\$ 35,766	January 16, 2018
4770 Southpoint Drive, Memphis, Tennessee	32,343	January 16, 2018
5605 Holmescrest Lane, Memphis, Tennessee	47,349	January 16, 2018
161 The West Mall, Etobicoke, Ontario	37,382	August 2, 2018
8860 Smith's Mill Road, Columbus, Ohio	35,949	September 6, 2018
9000 Smith's Mill Road, Columbus, Ohio	45,246	September 6, 2018
10555 Henri-Bourassa Boulevard West, Saint-Laurent, Québec	14,150	October 24, 2018
Total	\$ 248,185	

(1) Includes transaction costs.

Detailed below are the considerations paid for the acquired investment properties for the three months ended March 31, 2019 and for the year ended December 31, 2018:

	Three months ended March 31, 2019	Year ended December 31, 2018
Cash paid	\$ 231,667	\$ 236,259
Deposits paid in a prior period and released to seller on closing	1,322	2,185
Transaction costs	3,088	5,093
Assumed non-cash working capital	4,498	4,648
Total	\$ 240,575	\$ 248,185

Note 6

INVESTMENT PROPERTIES

	Note	Three months ended March 31, 2019	Year ended December 31, 2018
Balance at beginning of period		\$ 2,138,411	\$ 1,722,988
Additions:			
Investment property acquisitions	5	240,575	248,185
Building improvements		892	13,824
Lease incentives and initial direct leasing costs		4,099	14,061
Total additions to investment properties		245,566	276,070
Investment property reclassified from assets held for sale		—	11,300
Investment properties reclassified from assets held for sale		—	11,300
Changes included in net income (loss):			
Fair value adjustments to investment properties ⁽¹⁾		20,337	107,875
Change in straight-line rent		564	968
Amortization of lease incentives		(492)	(1,426)
Total changes included in net income (loss)		20,409	107,417
Changes included in other comprehensive income (loss):			
Foreign currency translation gains (losses)		(4,134)	20,636
Total changes included in other comprehensive income (loss)		(4,134)	20,636
Balance at end of period		\$ 2,400,252	\$ 2,138,411

(1) Fair value adjustments to investment properties represent unrealized gains.

Investment properties includes \$11,149 (December 31, 2018 – \$10,591) related to straight-line rent receivables.

The following table summarizes the total fair value of investment properties pledged for mortgages and revolving credit facility as at March 31, 2019 and December 31, 2018:

	March 31, 2019	December 31, 2018
Pledged as collateral for mortgages	\$ 1,831,962	\$ 1,739,543
Pledged as collateral for revolving credit facility	250,036	208,174
Investment properties not pledged against mortgages and revolving credit facility	318,254	190,694
Total investment properties	\$ 2,400,252	\$ 2,138,411

Valuations of externally appraised properties

For the three months ended March 31, 2019, there were no investment properties valued by qualified external valuation professionals (for the year ended December 31, 2018 – 47 investment properties with an aggregate fair value of \$655,620, representing 31% of the total investment property values).

Assumptions used in the valuation of investment properties

As at March 31, 2019, the Trust's investment properties, excluding assets acquired during the quarter and assets held for sale at the end of each period, were valued using the capitalization rate ("cap rate") and discounted cash flow method. The significant and unobservable Level 3 valuation metrics used in the methods as at March 31, 2019 and December 31, 2018 are set out in the table below:

	March 31, 2019		December 31, 2018	
	Range	Weighted average ⁽¹⁾	Range	Weighted average ⁽¹⁾
Cap rate method				
Cap rate	5.00–9.25	6.28%	5.00–9.25	6.29%
Discounted cash flow method				
Discount rate	6.00–9.00	7.14%	6.00–9.00	7.16%
Terminal cap rate	5.50–8.00	6.53%	5.50–8.00	6.55%

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

In addition to the cap rates noted above, the stabilized NOI used in the cap rate method as at March 31, 2019 and December 31, 2018 was \$139,528 and \$138,382, respectively.

In addition to the discount rate and terminal cap rate assumptions noted above, the weighted average market rent per square foot used in the discounted cash flow method was \$7.34 (December 31, 2018 – \$7.38). The average leasing cost per square foot was \$4.77 (December 31, 2018 – \$4.17). The weighted average vacancy rate assumption was 2.90% (December 31, 2018 – 3.11%).

Sensitivities on assumptions

The following sensitivity tables outline the potential impact on the value of investment properties, excluding the assets acquired during the period and assets held for sale at the end of each period, assuming a change in the weighted average cap rates, discount rates and terminal rates by a respective 25 basis points (“bps”) as at March 31, 2019:

	Impact to change in weighted average cap rates			
	+25 bps		-25 bps	
Cap rate method				
Increase (decrease) in value	\$	(84,979)	\$	92,021
	Impact to change in weighted average discount rates		Impact to change in weighted average terminal cap rates	
	+25 bps		+25 bps	
	-25 bps		-25 bps	
Discounted cash flow method				
Increase (decrease) in value	\$	(41,568)	\$	42,594
	\$	(49,343)	\$	53,333

Note 7

DEBT

	March 31, 2019	December 31, 2018
Mortgages	\$ 948,287	\$ 910,970
Revolving credit facility	82,911	26,760
Total debt	1,031,198	937,730
Less: Current portion	(114,962)	(76,941)
Non-current debt	\$ 916,236	\$ 860,789

Continuity of total debt

The following tables provide a continuity of total debt for the three months ended March 31, 2019 and year ended December 31, 2018:

	March 31, 2019		
	Mortgages	Revolving credit facility ⁽¹⁾	Total
Total debt as at January 1, 2019	\$ 910,970	\$ 26,760	\$ 937,730
Cash items:			
Borrowings	48,528	79,926	128,454
Lump sum repayments	(1,809)	(24,173)	(25,982)
Principal repayments	(6,768)	—	(6,768)
Financing costs additions	(689)	(350)	(1,039)
Non-cash items:			
Foreign exchange adjustments	(2,079)	646	(1,433)
Other adjustments ⁽²⁾	134	102	236
Total debt as at March 31, 2019	\$ 948,287	\$ 82,911	\$ 1,031,198

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

(2) Other adjustments include amortization of financing costs of \$403 and amortization of fair value adjustments on assumed debt of (\$167).

	December 31, 2018			
	Mortgages	Revolving credit facility ⁽¹⁾	Convertible debentures	Total
Total debt as at January 1, 2018	\$ 782,254	\$ (1,025)	\$ 108,567	\$ 889,796
Cash items:				
Borrowings	241,029	133,400	—	374,429
Lump sum repayments	(92,490)	(108,166)	(111,250)	(311,906)
Principal repayments	(25,400)	—	—	(25,400)
Financing costs additions	(2,878)	—	—	(2,878)
Non-cash items:				
Foreign exchange adjustments	8,102	2,141	—	10,243
Other adjustments ⁽²⁾	353	410	2,683	3,446
Total debt as at December 31, 2018	\$ 910,970	\$ 26,760	\$ —	\$ 937,730

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

(2) Other adjustments include amortization of financing costs of \$1,821, amortization of fair value adjustments on assumed debt of (\$307) and write-off of financing costs and fair value adjustments of \$1,932 due to early redemption of the convertible debentures.

Revolving credit facility

On March 15, 2019, the Trust amended its existing revolving credit facility, increased the borrowing limit from \$125,000 to \$150,000 and extended the maturity date from June 30, 2020 to June 30, 2021. The interest rate remained at bankers' acceptances ("BA") bearing interest at the BA rate plus 1.70% or Canadian prime rate plus 0.70% or U.S. LIBOR rate plus 1.70% or U.S. base rate plus 0.70%.

The following tables summarize certain details of the Trust's revolving credit facility as at March 31, 2019 and December 31, 2018:

	March 31, 2019				
	Maturity date	Borrowing capacity	Principal outstanding	Other adjustments	Amounts available to be drawn
Revolving credit facility ⁽¹⁾⁽²⁾	June 30, 2021	\$ 150,000	\$ (83,774)	\$ (29)	\$ 66,197

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

(2) The revolving credit facility has the ability to be drawn in Canadian and U.S. dollars. At March 31, 2019, principal outstanding amounts include US\$57,000 which has been converted in accordance with the Trust's accounting policies. Other adjustments represent foreign exchange differences between the lender and the Trust's rate at the balance sheet date.

	December 31, 2018				
	Maturity date	Borrowing capacity	Principal outstanding	Other adjustments	Amounts available to be drawn
Revolving credit facility ⁽¹⁾⁽²⁾	June 30, 2020	\$ 125,000	\$ (27,375)	\$ 569	\$ 98,194

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

(2) The revolving credit facility has the ability to be drawn in Canadian and U.S. dollars. At December 31, 2018, principal outstanding amounts include US\$16,000 which has been converted in accordance with the Trust's accounting policies. Other adjustments represent foreign exchange differences between the lender and the Trust's rate at the balance sheet date.

Note 8

INVESTMENT PROPERTIES REVENUE

	Three months ended March 31,	
	2019	2018
Rental income	\$ 43,280	\$ 38,720
Recoveries revenue	10,109	9,607
Total	\$ 53,389	\$ 48,327

Note 9

FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS

	Three months ended March 31,	
	2019	2018
Remeasurement of carrying value of subsidiary redeemable units	\$ (44,711)	\$ (13,543)
Remeasurement of carrying value of DUIP	(1,789)	(523)
Fair value adjustment on interest rate swaps	(1,945)	167
Fair value adjustment on conversion feature of convertible debentures	—	(944)
Total	\$ (48,445)	\$ (14,843)

Note 10

NET LOSSES ON TRANSACTIONS AND OTHER ACTIVITIES

	Three months ended March 31,	
	2019	2018
Internal leasing costs	\$ (737)	\$ (789)
Foreign exchange gain	138	—
Total	\$ (599)	\$ (789)

Note 11

EQUITY

Public offering of REIT Units

On February 13, 2019, the Trust completed a public offering of 13,800,000 REIT Units at a price of \$10.45 per REIT Unit for gross proceeds of \$144,210, including 1,800,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters. Total costs related to the offering totalled \$6,408 and were charged directly to unitholders' equity.

On April 25, 2019, the Trust completed a public offering of 12,477,500 REIT Units at a price of \$11.55 per REIT Unit for gross proceeds of \$144,115, including 1,627,500 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

Short form base shelf prospectus

On September 15, 2017, the Trust filed and obtained receipts for a final short form base shelf prospectus which is valid for a 25-month period, during which time the Trust may, from time to time, offer and issue Units, subscription receipts, and debt securities convertible into or exchangeable for Units of the Trust, or any combination thereof, having an aggregate offering price of up to \$1,000,000. As at March 31, 2019, \$374,768 of REIT Units (December 31, 2018 – \$230,558 of REIT Units) have been issued under the short form base shelf prospectus. On April 25, 2019, the Trust issued a further \$144,115 of REIT Units under the short form base shelf prospectus, bringing the total to \$518,883.

Note 12

DISTRIBUTIONS

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

The Trust declared distributions of \$0.175 in each of the three months ended March 31, 2019 and March 31, 2018.

The following table summarizes distributions paid and payable for the three months ended March 31, 2019 and March 31, 2018:

	Three months ended March 31,	
	2019	2018
Paid in cash	\$ 12,111	\$ 9,897
Paid by way of reinvestment in REIT Units ⁽¹⁾	4,997	3,396
Less: Payable at December 31, 2018 (December 31, 2017 in the 2018 comparative period)	(5,370)	(4,381)
Plus: Payable at March 31, 2019 (March 31, 2018 in the 2018 comparative period)	6,239	4,433
Total distributions paid and payable	\$ 17,977	\$ 13,345

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

On March 20, 2019, the Trust announced a cash distribution of \$0.05833 per REIT Unit for the month of March 2019. The March 2019 distribution was paid on April 15, 2019 to unitholders on record as at March 29, 2019. For the REIT Units, distributions of \$4,582 were issued in cash and \$1,657 of distributions were reinvested in additional REIT Units (141,490 Units including 3% bonus distribution on Units reinvested pursuant to the DRIP).

On April 17, 2019, the Trust announced a cash distribution of \$0.05833 per REIT Unit for the month of April 2019. The April 2019 distribution will be payable on May 15, 2019 to unitholders on record as at April 30, 2019.

Note 13

SUPPLEMENTARY CASH FLOW INFORMATION

The components of depreciation and amortization under operating activities include:

	Note	Three months ended March 31,	
		2019	2018
Amortization of lease incentives	6	\$ 492	\$ 314
Amortization of financing costs	7	403	479
Depreciation of property and equipment		16	11
Amortization of fair value adjustments on assumed debt	7	(167)	(11)
Total depreciation and amortization		\$ 744	\$ 793

The components of other adjustments under operating activities include:

	Note	Three months ended March 31,	
		2019	2018
Change in straight-line rent	6	\$ (564)	\$ (454)
Deferred unit compensation expense		468	357
Non-cash interest on subsidiary redeemable units		3,344	3,344
Deferred income taxes expense		574	436
Foreign exchange gain	10	(138)	—
Total other adjustments		\$ 3,684	\$ 3,683

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

	Three months ended March 31,	
	2019	2018
Increase in amounts receivable	\$ (1,256)	\$ (1,208)
Increase in prepaid expenses and other assets	(35)	(2,660)
Increase in other non-current assets	(4)	—
Increase in amounts payable and accrued liabilities	448	1,057
Increase (decrease) in tenant security deposits and other	301	(68)
Change in non-cash working capital	\$ (546)	\$ (2,879)

Note 14

SEGMENTED INFORMATION

For the three months ended March 31, 2019 and March 31, 2018, the Trust's reportable operating segments of its investment properties and results of operations were segmented into geographic components, namely Western Canada, Ontario, Québec, Eastern Canada and the U.S.

The chief operating decision-maker, determined to be the Chief Executive Officer ("CEO") of the Trust, considers the performance of assets held for sale separately from the properties in the geographic segments. The Trust did not allocate interest expense to the geographic segments since financing is viewed as a corporate function. The decision as to where to incur the debt is largely based on minimizing the cost of debt and is not specifically related to the segments. Similarly, other income, other expenses, fair value adjustments to financial instruments, net losses on transactions and other activities excluding internal leasing costs and income taxes were not allocated to the segments.

Three months ended March 31, 2019	Western Canada	Ontario	Québec	Eastern Canada	U.S.	Segment total	Other ⁽¹⁾	Total
Investment properties revenue	\$ 16,867	\$ 12,406	\$ 8,079	\$ 8,349	\$ 7,688	\$ 53,389	—	\$ 53,389
Investment properties operating expenses	(5,936)	(3,669)	(2,236)	(3,675)	(1,500)	(17,016)	(73)	(17,089)
Net rental income	10,931	8,737	5,843	4,674	6,188	36,373	(73)	36,300
Fair value adjustments on investment properties	(1,725)	18,861	6,597	53	(3,449)	20,337	—	20,337
Net losses on transactions and other activities	(287)	(151)	(134)	(165)	—	(737)	138	(599)

(1) Includes an asset held for sale, which is not allocated to the segments. Net losses on transactions and other activities allocated to the geographic segments represent internal leasing costs.

Three months ended March 31, 2018	Western Canada	Ontario	Québec	Eastern Canada	U.S.	Segment total	Other ⁽¹⁾	Total
Investment properties revenue	\$ 16,900	\$ 11,676	\$ 7,636	\$ 8,542	\$ 3,573	\$ 48,327	—	\$ 48,327
Investment properties operating expenses	(5,801)	(3,608)	(2,187)	(3,609)	(542)	(15,747)	(77)	(15,824)
Net rental income	11,099	8,068	5,449	4,933	3,031	32,580	(77)	32,503
Fair value adjustments on investment properties	(9,526)	41,388	13,843	712	(3,019)	43,398	—	43,398
Net losses on transactions and other activities	(297)	(199)	(133)	(160)	—	(789)	—	(789)

(1) Includes an asset held for sale, which is not allocated to the segments. Net losses on transactions and other activities allocated to the geographic segments represent internal leasing costs.

Investment properties

Three months ended March 31, 2019	Western Canada	Ontario	Québec	Eastern Canada	U.S.	Total
Investment properties	\$ 628,375	\$ 630,227	\$ 360,105	\$ 254,715	\$ 526,830	\$ 2,400,252
Building improvements and lease incentives and initial direct leasing costs	2,832	782	297	1,033	47	4,991

Year ended December 31, 2018	Western Canada	Ontario	Québec	Eastern Canada	U.S.	Total
Investment properties	\$ 627,354	\$ 610,470	\$ 353,351	\$ 253,687	\$ 293,549	\$ 2,138,411
Building improvements and lease incentives and initial direct leasing costs	8,996	10,514	3,601	4,426	348	27,885

Note 15

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

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

Dream Asset Management Corporation (“DAM”)

On February 1, 2019, the Property Management Agreement for Dream Industrial Management LP (“DIMLP”) to manage one property on behalf of a subsidiary of DAM was terminated.

Dream Office REIT

As at March 31, 2019, Dream Office REIT, directly and indirectly through its wholly owned subsidiaries, held 7,637,760 REIT Units (December 31, 2018 – 7,200,736 REIT Units) and 18,551,855 LP B Units (December 31, 2018 – 18,551,855 LP B Units), representing approximately 20.9% ownership in the Trust (December 31, 2018 – 23.3%).

Related party transactions

Fees and cost reimbursements with related parties were as follows:

Agreements with Dream Asset Management Corporation (“DAM”)

The following table summarizes our fees paid to or received from DAM for the three months ended March 31, 2019 and March 31, 2018:

	Three months ended March 31,	
	2019	2018
Incurring under the Asset Management Agreement:		
Asset management fee (included in general and administrative expenses)	\$ (1,261)	\$ (1,120)
Acquisition fee (included in acquisition related costs/investment properties) ⁽¹⁾	(1,869)	(846)
Expense reimbursements related to financing arrangements	(80)	(113)
Total costs incurred under the Asset Management Agreement	\$ (3,210)	\$ (2,079)
Incurring under the Shared Services and Cost Sharing Agreement:		
Strategic services and other services	(179)	(170)
Total costs incurred under the Shared Services and Cost Sharing Agreement	\$ (179)	\$ (170)
Received under the Property Management Agreement:		
Property management fee	7	22
Total revenue under the Property Management Agreement	\$ 7	\$ 22

(1) A portion of this fee is paid by DAM to an affiliate of PAULS Corp for any U.S. acquisitions it is involved in.

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

The following table summarizes our fees received from DHAAT for the three months ended March 31, 2019 and March 31, 2018:

	Three months ended March 31,	
	2019	2018
Received under lease agreements	\$ 27	\$ 27
Received under the Property Management Agreement	12	11
Total revenue under lease agreements and the Property Management Agreement	\$ 39	\$ 38

Agreements with Dream Office REIT

The following table summarizes the costs reimbursed to Dream Office REIT for the three months ended March 31, 2019 and March 31, 2018:

	Three months ended March 31,	
	2019	2018
Incurring under the Services Agreement	\$ (771)	\$ (667)
Total costs incurred under the Services Agreement	\$ (771)	\$ (667)

The following table summarizes our distributions paid and payable to subsidiaries of Dream Office REIT for the three months ended March 31, 2019 and March 31, 2018:

	Three months ended March 31,	
	2019	2018
Distributions paid and payable to Dream Office REIT on subsidiary redeemable units	\$ (3,344)	\$ (3,344)
Distributions paid and payable to Dream Office REIT on REIT Units	(1,364)	(1,005)
Total distributions paid and payable to Dream Office REIT	\$ (4,708)	\$ (4,349)

Agreements with PAULS Corp, LLC ("PAULS Corp")

The following table summarizes our fees paid to an affiliate of PAULS Corp, Pauls Realty Services, LLC ("PRS"), for the three months ended March 31, 2019 and March 31, 2018:

	Three months ended March 31,	
	2019	2018
Incurred under the Property Management Agreement	\$ (194)	\$ (52)
Total costs incurred under the Property Management Agreement	\$ (194)	\$ (52)

Amounts payable to and receivable from related parties

	March 31, 2019	December 31, 2018
Amounts payable and accrued liabilities to DAM		
Asset Management Agreement with DAM	\$ (533)	\$ (479)
Shared Services and Cost Sharing Agreement	(144)	(127)
Funds received on behalf of DAM	(279)	—
Total payable to DAM	\$ (956)	\$ (606)

	March 31, 2019	December 31, 2018
Amounts payable and accrued liabilities to Dream Office REIT		
Services Agreement with Dream Office REIT	\$ (290)	\$ (387)
Distributions on subsidiary redeemable units	(1,114)	(1,114)
Distributions on REIT Units	(460)	(421)
Total payable to Dream Office REIT	\$ (1,864)	\$ (1,922)

	March 31, 2019	December 31, 2018
Amounts receivable from Dream Office REIT		
Funds Dream Office REIT received on behalf of Dream Industrial REIT	\$ 451	\$ 855
Total receivable from Dream Office REIT	\$ 451	\$ 855

	March 31, 2019	December 31, 2018
Amounts receivable from DHAAT		
Property Management Agreement with DHAAT	\$ 3	\$ 1
Total receivable from DHAAT	\$ 3	\$ 1

	March 31, 2019	December 31, 2018
Amounts payable and accrued liabilities to PRS		
Property Management Agreement with PRS	\$ (52)	\$ (54)
Total payable to PRS	\$ (52)	\$ (54)

Note 16

COMMITMENTS AND CONTINGENCIES

Dream Industrial REIT and its operating subsidiaries are contingently liable under guarantees that are issued in the normal course of business and with respect to litigation and claims that 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.

Note 17

FAIR VALUE MEASUREMENTS

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

	Note	March 31, 2019		December 31, 2018	
		Carrying value	Fair value	Carrying value	Fair value
Mortgages	7	\$ 948,287	\$ 960,033	\$ 910,970	\$ 909,903
Revolving credit facilities	7	82,911	83,774	26,760	27,375

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

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

	Carrying value as at	Fair value as at March 31, 2019		
	March 31, 2019	Level 1	Level 2	Level 3
Recurring fair value measurements				
Financial assets				
Fair value of interest rate swaps	522	—	522	—
Financial liabilities				
Fair value of interest rate swaps	1,421	—	1,421	—
	Carrying value as at	Fair value as at December 31, 2018		
	December 31, 2018	Level 1	Level 2	Level 3
Recurring fair value measurements				
Financial assets				
Fair value of interest rate swaps	1,543	—	1,543	—
Financial liabilities				
Fair value of interest rate swaps	461	—	461	—

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

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

All gains and losses recorded in fair value adjustments to financial instruments (Note 9) are changes in unrealized gains and losses relating to the items on the condensed consolidated balance sheet.

Note 18

SUBSEQUENT EVENTS

On April 25, 2019, the Trust completed a public offering of 12,477,500 REIT Units at a price of \$11.55 per REIT Unit for gross proceeds of \$144,115, including 1,627,500 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

On April 30, 2019, the Trust completed the acquisition of a 258,000 square foot, multi-tenant industrial property in Whitby, Ontario, for a purchase price of \$35,800, excluding transaction costs.

Corporate Information

HEAD OFFICE

**Dream Industrial
Real Estate Investment Trust**
State Street Financial Centre
30 Adelaide Street East, Suite 301
Toronto, Ontario M5C 3H1
Phone: (416) 365-3535
Fax: (416) 365-6565

INVESTOR RELATIONS

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

TRANSFER AGENT

(for change of address, registration or other unitholder enquiries)

Computershare Trust Company of Canada

100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1
Phone: (514) 982-7555 or
1 800 564-6253
Fax: (416) 263-9394 or
1 888 453-0330
Website: www.computershare.com
Email: service@computershare.com

AUDITORS

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

CORPORATE COUNSEL

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

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Listing Symbol: DIR.UN

For more information, please visit
dreamindustrialreit.ca

DISTRIBUTION REINVESTMENT AND UNIT PURCHASE PLAN

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

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

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

To enrol, contact:

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

Attention: Dividend Reinvestment Services

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

Corporate Office

State Street Financial Centre
30 Adelaide Street East, Suite 301
Toronto, Ontario M5C 3H1
Phone: 416.365.3535
Fax: 416.365.6565
Website: www.dreamindustrialreit.ca
Email: industrialinfo@dream.ca

dream 
industrial REIT