



Q3

2014



dream 
industrial REIT

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Letter to unitholders

This past quarter was highlighted by the acquisition of the 1.1 million square foot KingSett Portfolio of light industrial assets in Montréal, the GTA and Calgary, coupled with the acquisition of the 248,000 square feet of multi-tenant flex industrial properties in Edmonton, one of Canada's fastest growing industrial markets, from Dream Office REIT. These accretive acquisitions further increased the national presence of Dream Industrial and bring our portfolio to 17.0 million square feet.

Our business performed well in the third quarter with 20 cents per unit of AFFO compared to 19 cents in the corresponding period in 2013, bringing us to 59 cents in AFFO per unit for the first nine months of 2014, which represents 7.4% growth. Q3's results reflect some frictional vacancy which resulted in a temporary decline in average occupancy. Leasing activity continues to reflect strong Canadian industrial real estate fundamentals. Portfolio occupancy, including lease commitments, remains high at 95.5% compared to 95.6% in the prior quarter and our leasing teams have obtained leasing commitments that exceed our remaining expiries in 2014.

With the increasing cash flow from the portfolio, our payout ratio has decreased to 88.7% for the nine months ended September 30, 2014. Our debt metrics are stable at end of the quarter, with leverage of 52.8%, weighted average term to maturity of 4.1 years and \$119 million of unencumbered assets. This provides us with capacity and flexibility to acquire and successfully finance growth when appropriate to do so and in a way that will add value to our unitholders.

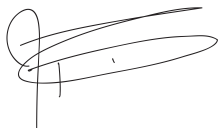
We are pleased to announce the appointment of Brent Chapman as President and CEO to replace Randy Cameron, who retired from this role on October 31, 2014. Mr. Chapman will be assuming the role effective January 5, 2015.

Mr. Chapman has over 28 years of experience across all facets of the real estate industry and comes to Dream Industrial REIT from Guardian Capital Real Estate where he is Managing Director. Prior to being with Guardian, Brent was President and CEO of GPM Investment Management and a director of Integrated Asset Management, the parent company of GPM. His career includes holding various senior positions in asset management, leasing, property management, acquisitions, financing and development with Oxford Properties and Talisker Corporation.

Part of our strategy to grow our business is to identify and develop opportunities to intensify the use of our sites. This activity may take the form of expanding tenants' footprints within our assets, by building on existing properties and identifying excess lands where additional buildings may be developed. We will take the opportunity to unlock additional value in the portfolio as market conditions allow.

We have further developed our relationship with Dream Renewables to rent roof space from Dream Industrial in order to install solar panels on a number of our warehouse roofs. We have identified a list of 15 GTA properties that we believe are good candidates for this project. There are currently installations ongoing at four properties. The initial four installations which are expected to be complete in 2015 and the installations on the additional candidates identified will provide an additional source of income.

We have continued to make improvements to our properties, strengthened our systems and management reporting platform and enhanced our leasing and property management teams. In summary, we continue to execute on the strategies required to create value for our unitholders. Thank you for your continued support.



John Todd
Chief Financial Officer

November 11, 2014

Management's discussion and analysis

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

SECTION I – OVERVIEW AND FINANCIAL HIGHLIGHTS

FINANCIAL OVERVIEW

Adjusted funds from operations ("AFFO") per unit for the quarter was 19.6 cents, an increase of 0.2 cents, or 1.0%, over the prior year comparative quarter, reflecting an increase in net operating income ("NOI") partially offset by an increase in general and administrative expenses. For the nine months ended September 30, 2014, AFFO per unit was 59.2 cents, an increase of 4.1 cents, or 7.4% over the prior year comparative period, which reflects growth in comparative property NOI as well as the effect of accretive acquisitions completed in the prior year.

Funds from operations ("FFO") per unit for the quarter was 23.9 cents, which is flat compared to the prior year comparative quarter. The factors that increased AFFO per unit were offset by lower straight-line rent and amortization of fair value adjustments on assumed debt, which are included in FFO but not AFFO. Year-to-date, FFO per unit was 71.9 cents per unit, an increase of 2.7 cents, or 3.9% over the same period in 2013, also reflecting growth in NOI and accretive acquisitions completed in the prior year and Q3 2014.

AFFO and FFO per unit decreased compared to the second quarter of 2014 by 0.3 cents, or 1.5%, and 0.3 cents, or 1.2%, respectively. This results from average occupancy in the portfolio for the third quarter decreasing to 93.9% compared to 94.7% in the second quarter. The level of lease expiries in the second quarter was disproportionate, resulting in a lower starting in-place occupancy for the third quarter.

Occupancy (including commitments on vacant space) decreased from 95.6% at the end of Q2 2014 to 95.5% at the end of Q3 2014. A total of 653,000 square feet of new and renewal leases commenced in the quarter and expiries were 649,000 square feet. Approximately 69% of our expiries renewed during the quarter which is close to our typical renewal ratio of 70% to 75%. Year-to-date, our renewal ratio is 66%. Our occupancy includes 276,000 square feet of commitments on vacant space, of which substantially all commence during 2014.

In-place rent was \$7.03 per square foot compared to \$7.04 at June 30, 2014, which we estimate is approximately \$0.35 or 5.0% below the current rental market rates. The decrease in this metric was due to the acquisitions completed in the quarter. Excluding the impact of acquisitions, in-place rent increased to \$7.05 per square foot in the quarter, reflecting positive leasing spreads obtained on leases commenced in the quarter. The multi-tenant nature of two-thirds of our portfolio and its associated relatively short weighted average lease term of 3.6 years provides the Trust with a good opportunity for rent growth in the short to medium term.

In September 2014, we completed the acquisitions of two separate portfolios, the first from an affiliate of Dream Office REIT ("Dream Office Portfolio") and the second from certain affiliates of KingSett Capital Inc. ("KingSett 2014 Portfolio") totalling 1.35 million square feet of industrial properties. The Dream Office Portfolio consists of 248,000 square feet of four multi-tenant flex industrial properties located in Edmonton with a purchase price of \$33.7 million, including transaction costs and fair value adjustments to the Units issued. At acquisition, the portfolio was 95.1% occupied with a weighted average lease term of 3.1 years. In relation to this acquisition, we assumed two mortgages with a fair value of \$11.3 million at an effective interest rate of 3.13% (face rate of 4.0%) and an average term to maturity of 2.3 years. The KingSett 2014 Portfolio consists of 1.1 million square feet of ten single and multi-tenant light industrial properties in Calgary, the Greater Toronto Area ("GTA") and Montréal, with a purchase price of \$97.5 million, including transaction costs and fair value adjustments to the Units issued. At acquisition, the portfolio was 97.7% occupied with a weighted average lease term of 7.0 years. In relation to this acquisition, we entered into two financing agreements totalling \$67.0 million for a term of seven years and an effective rate of 3.62% including financing costs.

With the acquisitions completed during the quarter, our portfolio increased to 17.0 million square feet at quarter-end from 15.6 million square feet at June 30, 2014. Our investment properties amounted to \$1.7 billion, reflecting a weighted average capitalization rate of 6.71% on stabilized NOI, which is essentially stable compared with the June 30, 2014 cap rates.

As at September 30, 2014, secured debt comprised 45.3% of total assets excluding convertible debentures. Our total leverage stood at 52.8% at September 30, 2014, including the convertible debentures. The weighted average remaining term on our debt was 4.1 years and the weighted average face interest rate on our debt was 4.11%, which is higher than we are currently seeing in the market for comparable mortgage debt.

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

OUTLOOK

Market fundamentals for industrial real estate continued to improve nationally and in most of our major markets. Although net absorption was lower than in the previous quarter, both availability and vacancy rates decreased nationally to 5.3% and 3.5%, respectively. New construction totalled 1% of the total inventory of industrial space, and mostly consisted of larger bay distribution centres, which do not compete with the majority of our product.

As discussed in the "Financial overview" section, we experienced a decline in average occupancy across most of our regions, in part due to the proportionately higher amount of expiries in the second quarter. The decrease in occupancy is primarily a timing issue as our leasing pipeline remains robust. We now have commitments for leases commencing in the fourth quarter that exceed our expiries by 70,000 square feet and we have a number of other renewals at various stages of negotiation.

For the remainder of the year and into 2015, we will continue to be focused on:

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

KEY PERFORMANCE INDICATORS

Performance is measured by these and other key indicators:

	As at		
	September 30, 2014	June 30, 2014	September 30, 2013
Three months ended			
Portfolio			
Number of properties	220	205	206
Gross leasable area ("GLA") (in millions of sq. ft.)	17.0	15.6	15.7
Occupancy rate – including committed	95.5%	95.6%	95.1%
Occupancy rate – in place	93.9%	94.0%	94.1%
Average occupancy for the period	93.9%	94.7%	94.5%
Average in-place base rent per sq. ft.	\$ 7.03	\$ 7.04	\$ 6.89
Weighted average remaining lease term (years)	4.5	4.5	4.8
Estimated market rent in excess of in-place rent (%)	5.0%	5.1%	6.8%

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Operating results				
Investment properties revenue	\$ 40,319	\$ 37,842	\$ 121,661	\$ 101,795
NOI ⁽¹⁾	28,026	27,221	82,775	71,867
FFO ⁽¹⁾	17,345	17,077	51,651	44,642
AFFO ⁽¹⁾	14,276	13,729	42,487	35,534
Fair value increase (decrease) to investment properties	(3,569)	2,263	4,056	3,686
Distributions				
Declared distributions	\$ 12,813	\$ 12,430	\$ 37,790	\$ 33,800
DRIP participation rate	6.6%	7.8%	7.6%	6.0%
Per unit amounts⁽²⁾				
Distribution rate	\$ 0.17	\$ 0.17	\$ 0.52	\$ 0.51
Basic				
FFO ⁽¹⁾	0.24	0.24	0.72	0.69
AFFO ⁽¹⁾⁽³⁾	0.20	0.19	0.59	0.55
Diluted				
FFO ⁽¹⁾	0.23	0.24	0.70	0.68
Payout ratio (%)⁽⁴⁾				
FFO	73.2%	72.6%	73.0%	75.0%
AFFO	89.3%	90.2%	88.7%	94.2%

	As at		
	September 30, 2014	June 30, 2014	September 30, 2013
Three months ended			
Financing			
Weighted average effective interest rate	3.86%	3.82%	3.83%
Weighted average face interest rate	4.11%	4.16%	4.18%
Weighted average remaining term to maturity (years)	4.1	4.1	4.4
Interest coverage ratio ⁽²⁾	3.0 times	3.0 times	2.9 times
Debt-to-adjusted EBITDA ⁽²⁾	8.6	8.5	8.5
Unencumbered assets	\$ 119,220	\$ 120,636	\$ 112,040

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

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

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

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

BASIS OF PRESENTATION

Our discussion and analysis of the financial position and results of operations of Dream Industrial Real Estate Investment Trust (“Dream Industrial REIT” or “Dream Industrial” or the “Trust”), formerly known as Dundee Industrial Real Estate Investment Trust, should be read in conjunction with the audited consolidated financial statements of Dream Industrial, published under the former name of Dundee Industrial Real Estate Investment Trust, for the year ended December 31, 2013 and the condensed consolidated financial statements for the three- and nine-month periods ended September 30, 2014.

This management’s discussion and analysis (“MD&A”) is dated as at November 11, 2014.

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

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

Certain information herein contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Trust’s control, which could cause actual results to differ materially from those disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, general and local economic and business conditions; the financial condition of tenants; our ability to refinance maturing debt; leasing risks, including those associated with the ability to lease vacant space; our ability to source and complete accretive acquisitions; and interest rates.

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

All forward-looking information is as of November 11, 2014. Dream Industrial does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise. Additional information about these assumptions, risks and uncertainties is contained in our filings with securities regulators. Certain filings are also available on our website at www.dreamindustrialreit.ca.

BACKGROUND

On May 5, 2014, Dundee Industrial REIT changed its name to Dream Industrial REIT. Dream Industrial REIT is an unincorporated, open-ended real estate investment trust that was formed to provide investors with the opportunity to invest in a Canadian focused, pure-play industrial REIT. Dream Industrial was founded on July 20, 2012 under the name Dundee Industrial REIT by Dream Office Real Estate Investment Trust (“Dream Office REIT”), formerly known as Dundee Real Estate Investment Trust, which had a retained investment of 24.2% at November 11, 2014. Our REIT Units are listed on the Toronto Stock Exchange under the trading symbol DIR.UN.

At September 30, 2014, we owned 220 light industrial income-producing buildings totalling 17.0 million square feet of GLA. Our properties are located in primary and secondary markets in seven Canadian provinces.

OUR OBJECTIVES

We are committed to:

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

Distributions

We currently pay monthly distributions of \$0.058 per unit, or \$0.70 per unit on an annual basis. At September 30, 2014, approximately 6.6% of our total Units were enrolled in the Distribution Reinvestment and Unit Purchase Plan ("DRIP") (see a description of Our equity on page 20).

	2014			2013				2012
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Annualized distribution rate	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.675	\$ 0.675
Monthly distribution rate	\$ 0.058	\$ 0.058	\$ 0.058	\$ 0.058	\$ 0.058	\$ 0.058	\$ 0.056	\$ 0.056
Period-end closing price	\$ 9.05	\$ 9.73	\$ 9.40	\$ 8.85	\$ 8.74	\$ 9.08	\$ 10.82	\$ 11.20
Annualized distribution yield on closing price (%)	7.7%	7.2%	7.4%	7.9%	8.0%	7.7%	6.2%	6.0%

OUR STRATEGY

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

Optimizing the performance, value and cash flow of our portfolio

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

Maintaining and strengthening our conservative financial profile

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

Growing and diversifying our portfolio to reduce risk

We seek to grow and diversify our portfolio to increase value on a per unit basis, further improve the sustainability of our distributions, strengthen our tenant profile and mitigate risk. We anticipate that growing our portfolio will also reduce our cost of capital, allowing us to both refinance existing mortgages at lower rates and increase our ability to competitively bid on acquisition opportunities. We have experience in each of Canada's key real estate markets and across all asset classes, which we believe will provide us with the flexibility to pursue acquisitions in whichever markets offer compelling investment opportunities.

Seeking accretive growth opportunities

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

OUR PROPERTIES

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

Today, our portfolio consists of 220 properties comprising 17.0 million square feet of GLA. Our properties are located in desirable business parks, situated close to highways, and generally considered functional and well suited for their respective markets. The occupancy rate across our portfolio is 95.5%. Our occupancy rate includes lease commitments totalling approximately 276,000 square feet for space that is currently being readied for occupancy but for which rent is not yet being recognized.

Our properties are geographically diversified as follows:

	September 30, 2014			December 31, 2013		
	Number of properties	Owned GLA (sq. ft.)	% of owned GLA	Number of properties	Owned GLA (sq. ft.)	% of owned GLA
Western Canada	81	4,909,505	28.8	76	4,294,604	27.4
Ontario	61	5,146,547	30.3	58	4,825,231	30.8
Québec	39	4,159,569	24.4	33	3,732,891	23.8
Eastern Canada	39	2,811,319	16.5	39	2,810,631	18.0
Total	220	17,026,940	100.0	206	15,663,357	100.0

Our portfolio consists of multi-tenant buildings totalling 10.8 million square feet, or comprising 64% of total GLA, and single-tenant buildings totalling 6.2 million square feet, or 36% of total GLA. Of the 6.2 million square feet of single-tenant space, 5.2 million is located in Ontario and Québec. Multi-tenant space is distributed more evenly throughout the provinces in the portfolio, with a relatively higher concentration of 4.2 million square feet in Alberta and Saskatchewan. The differences between single- and multi-tenant buildings can be seen in the following operating metrics:

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

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

SECTION II – EXECUTING THE STRATEGY

OUR OPERATIONS

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

Performance indicators	September 30, 2014			December 31, 2013		
	Multi-tenant buildings	Single-tenant buildings	Total	Multi-tenant buildings	Single-tenant buildings	Total
Occupancy rate – including committed	94.0%	98.1%	95.5%	94.6%	97.9%	95.7%
Occupancy rate – in place ⁽¹⁾	91.4%	98.1%	93.9%	92.6%	97.8%	94.4%
Average in-place base rental rates (per sq. ft.)	\$ 7.36	\$ 6.48	\$ 7.03	\$ 7.14	\$ 6.53	\$ 6.92
Tenant maturity profile – average term to maturity (years)	3.6	6.0	4.5	3.7	6.5	4.7
Owned GLA (in millions of sq. ft.)	10.8	6.2	17.0	10.2	5.5	15.7

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

Occupancy

At September 30, 2014, the overall percentage of occupied and committed space across our portfolio remained high at 95.5%, which was 0.1% lower than occupancy at June 30, 2014.

(percentage)	Total portfolio		Comparative properties ⁽¹⁾	
	September 30, 2014	June 30, 2014	September 30, 2014	June 30, 2014
Western Canada	96.8	97.6	97.0	97.6
Ontario	97.8	97.7	97.9	97.7
Québec	92.7	93.1	92.3	93.1
Eastern Canada	93.1	92.1	93.1	92.1
Total	95.5	95.6	95.4	95.6
Portfolio size (millions of sq. ft.)	17.0	15.6	15.6	15.6

(1) Comparative properties includes assets owned by the Trust as at June 30, 2014 and also excludes the asset that was classified as held for sale as at June 30, 2014 but reclassified into operations in Q3 2014.

On an overall basis, quarter-end occupancy remained stable when compared to the previous quarter and to the comparative quarter in the prior year.

Occupancy roll-forward

Leasing activity for the quarter included approximately 448,000 square feet of renewals, approximately 206,000 square feet of new leases and a net increase in space committed for future occupancy of 32,000 square feet.

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

	Weighted average rate per sq. ft.	September 30, 2014 (sq. ft.)	As a % of total GLA
For the three months ended			
Occupancy (including committed) at beginning of period		14,921,661	95.6%
Vacancy committed for future occupancy		(244,716)	(1.6%)
Occupancy at beginning of period		14,676,945	94.0%
Acquired occupancy		1,306,777	
Reclassified from held for sale to investment properties		42,007	
Remeasurements/reclassifications		(181)	
Occupancy at beginning of period – restated		16,025,548	94.1%
Expiries (all leases)	\$ 7.46	(649,189)	(3.8%)
Early terminations and bankruptcies	\$ 7.04	(48,773)	(0.2%)
New leases	\$ 7.48	205,771	1.2%
Renewals	\$ 8.13	447,564	2.6%
Occupancy – September 30, 2014		15,980,921	93.9%
Vacancy committed for future occupancy		276,408	1.6%
Occupancy (including committed) – September 30, 2014		16,257,329	95.5%

For the three months ended	September 30, 2014
Tenant retention ratio	68.9%
Expiring rents on renewed space (per sq. ft.)	\$ 7.65
Renewal to expiring rent spread (per sq. ft.)	\$ 0.48

	Weighted average rate per sq. ft.	September 30, 2014 (sq. ft.)	As a % of total GLA
For the nine months ended			
Occupancy (including committed) at beginning of period		14,994,614	95.7%
Vacancy committed for future occupancy		(208,261)	(1.3%)
Occupancy at beginning of period		14,786,353	94.4%
Acquired occupancy		1,319,967	
Remeasurements/reclassifications		1,409	
Occupancy at beginning of period – restated		16,107,729	94.6%
Expiries (all leases)	\$ 7.04	(1,655,944)	(9.7%)
Early terminations and bankruptcies	\$ 6.35	(226,284)	(1.3%)
New leases	\$ 7.20	664,598	3.9%
Renewals	\$ 7.51	1,090,822	6.4%
Occupancy – September 30, 2014		15,980,921	93.9%
Vacancy committed for future occupancy		276,408	1.6%
Occupancy (including committed) – September 30, 2014		16,257,329	95.5%

For the nine months ended	September 30, 2014
Tenant retention ratio	65.9%
Expiring rents on renewed space (per sq. ft.)	\$ 7.22
Renewal to expiring rent spread (per sq. ft.)	\$ 0.29

The committed occupancy on vacant space based on existing contractual commitments at September 30, 2014 totalled 276,000 square feet. Of this committed space, 94% becomes occupied before the end of the year with the balance taking occupancy in Q1 2015.

In-place rental rates

At September 30, 2014, estimated current market rents were 5.0% higher than portfolio average in-place base rents, presenting us with the opportunity to capture gains when space is renewed or newly leased. On a comparative properties basis, our average in-place rents increased during the quarter, reflecting our ability to capture these market rents as our leases expire.

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

	September 30, 2014			June 30, 2014		
	Average in-place base rent	Estimated market rent ⁽¹⁾	Market rent/in-place rent (%)	Average in-place base rent	Estimated market rent ⁽¹⁾	Market rent/in-place rent (%)
Western Canada	\$ 8.81	\$ 9.67	9.8	\$ 8.82	\$ 9.79	11.0
Ontario	6.05	6.17	2.0	6.15	6.21	1.0
Québec	6.02	6.16	2.3	6.01	6.18	2.8
Eastern Canada	7.18	7.35	2.4	7.20	7.38	2.5
Total	\$ 7.03	\$ 7.38	5.0	\$ 7.04	\$ 7.40	5.1

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

	September 30, 2014			June 30, 2014		
	Average in-place base rent	Estimated market rent ⁽¹⁾	Market rent/in-place rent (%)	Average in-place base rent	Estimated market rent ⁽¹⁾	Market rent/in-place rent (%)
Comparative properties ⁽²⁾						
Western Canada	\$ 8.91	\$ 9.90	11.1	\$ 8.82	\$ 9.79	11.0
Ontario	6.12	6.27	2.5	6.15	6.21	1.0
Québec	6.03	6.17	2.3	6.01	6.18	2.8
Eastern Canada	7.18	7.35	2.4	7.20	7.38	2.5
Total	\$ 7.05	\$ 7.44	5.5	\$ 7.04	\$ 7.40	5.1

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

(2) Comparative properties includes assets owned by the Trust as at June 30, 2014 and also excludes the asset that was classified as held for sale as at June 30, 2014 but reclassified into operations in Q3 2014.

Leasing and tenant profile

The average remaining lease term and other portfolio information are detailed in the following table. Overall, our average remaining lease term is 4.5 years and our average tenant size is 12,000 square feet. Our single-tenant buildings have an average remaining lease term of 6.0 years and our multi-tenant buildings have an average remaining lease term of 3.6 years. The weighted average lease term of our top ten tenants, weighted by annualized base rent, is 7.8 years.

	September 30, 2014			June 30, 2014 ⁽¹⁾		
	Average	Average	Average	Average	Average	Average
	remaining	tenant size	in-place	remaining	tenant size	in-place
	lease term	(sq. ft.)	base rent	lease term	(sq. ft.)	base rent
	(years)		(per sq. ft.)	(years)		(per sq. ft.)
Western Canada	4.5	9,083	\$ 8.81	4.3	8,817	\$ 8.82
Ontario	4.2	18,503	6.05	4.2	17,993	6.15
Québec	5.9	26,601	6.02	6.0	26,524	6.01
Eastern Canada	3.4	6,494	7.18	3.5	6,439	7.20
Total	4.5	12,105	\$ 7.03	4.5	11,796	\$ 7.04

(1) Excludes the property held for sale as at June 30, 2014 but which was reclassified into operations in Q3 2014.

The following table details our lease maturity profile by region at September 30, 2014. The table distinguishes between lease expiries that have yet to be renewed or re-leased and expiries for which we have leasing commitments. In the remainder of 2014, 721,000 square feet will expire; 490,000 square feet, or 68.0%, has already been committed for future occupancy. Our current maturity profile is well balanced with 4.2% of leases expiring in the remainder of 2014, 15.3% expiring in 2015 and 14.0% expiring in 2016.

(in sq. ft.)	Monthly and short-term tenancies	2014 (remainder)	2015	2016	2017	2018	2019+	Total
Western Canada								
Expiries	-	(321,062)	(801,153)	(605,732)	(705,265)	(658,218)	(2,225,271)	(5,316,701)
Expiries committed for renewals	-	258,628	210,804	1,442	59,740	28,500	7,200	566,314
Expiries profile including renewals	-	(62,434)	(590,349)	(604,290)	(645,525)	(629,718)	(2,218,071)	(4,750,387)
Vacancies committed for new leases	-	33,417	-	-	-	-	-	33,417
Expiries, net of commitments obtained	-	(29,017)	(590,349)	(604,290)	(645,525)	(629,718)	(2,218,071)	(4,716,970)
Ontario								
Expiries	-	(155,401)	(898,829)	(667,661)	(614,445)	(808,401)	(2,151,318)	(5,296,055)
Expiries committed for renewals	-	118,427	139,142	5,614	-	-	-	263,183
Expiries profile including renewals	-	(36,974)	(759,687)	(662,047)	(614,445)	(808,401)	(2,151,318)	(5,032,872)
Vacancies committed for new leases	-	117,888	-	-	-	-	-	117,888
Expiries, net of commitments obtained	-	80,914	(759,687)	(662,047)	(614,445)	(808,401)	(2,151,318)	(4,914,984)
Québec								
Expiries	(1,894)	(88,959)	(386,026)	(517,464)	(506,600)	(159,957)	(2,364,002)	(4,024,902)
Expiries committed for renewals	-	32,190	16,162	103,474	-	15,902	-	167,728
Expiries profile including renewals	(1,894)	(56,769)	(369,864)	(413,990)	(506,600)	(144,055)	(2,364,002)	(3,857,174)
Vacancies committed for new leases	-	41,340	-	-	-	-	-	41,340
Expiries, net of commitments obtained	(1,894)	(15,429)	(369,864)	(413,990)	(506,600)	(144,055)	(2,364,002)	(3,815,834)
Eastern Canada								
Expiries	(7,622)	(155,991)	(520,435)	(596,728)	(303,870)	(280,994)	(908,647)	(2,774,287)
Expiries committed for renewals	-	81,207	31,095	-	-	-	45,089	157,391
Expiries profile including renewals	(7,622)	(74,784)	(489,340)	(596,728)	(303,870)	(280,994)	(863,558)	(2,616,896)
Vacancies committed for new leases	-	66,884	16,879	-	-	-	-	83,763
Expiries, net of commitments obtained	(7,622)	(7,900)	(472,461)	(596,728)	(303,870)	(280,994)	(863,558)	(2,533,133)
Total portfolio								
Expiries	(9,516)	(721,413)	(2,606,443)	(2,387,585)	(2,130,180)	(1,907,570)	(7,649,238)	(17,411,945)
Expiries committed for renewals	-	490,452	397,203	110,530	59,740	44,402	52,289	1,154,616
Expiries profile including renewals	(9,516)	(230,961)	(2,209,240)	(2,277,055)	(2,070,440)	(1,863,168)	(7,596,949)	(16,257,329)
Vacancies committed for new leases	-	259,529	16,879	-	-	-	-	276,408
Expiries, net of commitments obtained	(9,516)	28,568	(2,192,361)	(2,277,055)	(2,070,440)	(1,863,168)	(7,596,949)	(15,980,921)

The following table details expiring rents across our portfolio as well as our estimate of average market rents based on current leasing activity in similar properties at September 30, 2014. Currently, 2014 estimated market rents are 0.8% above expiring rents and estimated 2015 market rents are 4.3% above expiring rents, representing an opportunity to increase rents as space is re-leased.

(per sq. ft.)	Current monthly tenancies	Remainder of 2014	2015	2016	2017	2018
Expiring rents⁽¹⁾						
Western Canada	\$ -	\$ 9.57	\$ 9.05	\$ 8.04	\$ 9.86	\$ 10.51
Ontario	-	8.83	5.99	6.26	6.41	6.45
Québec	4.85	5.38	4.67	4.19	5.73	5.77
Eastern Canada	2.40	6.36	6.52	7.23	7.58	8.20
Portfolio average	\$ 2.89	\$ 7.39	\$ 6.70	\$ 6.61	\$ 7.49	\$ 8.03
Estimated market rents⁽²⁾						
Western Canada	\$ -	\$ 10.27	\$ 10.04	\$ 9.06	\$ 10.34	\$ 10.87
Ontario	-	8.34	5.78	5.85	6.45	6.44
Québec	6.15	5.14	5.39	4.85	5.83	5.33
Eastern Canada	6.34	6.39	6.42	7.07	7.65	8.33
Estimated market rent average	\$ 6.30	\$ 7.45	\$ 6.99	\$ 6.84	\$ 7.69	\$ 8.14
Market rent over expiring rent		0.8%	4.3%	3.5%	2.7%	1.4%

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

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

Initial direct leasing costs and lease incentives

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

During the nine months ended September 30, 2014, a total of 1,755,000 square feet was leased and occupied with related costs of \$5.7 million, representing an average rate of \$3.23 per square foot leased.

Performance indicators	Total
Operating activities	
Portfolio size (sq. ft.)	17,026,940
Occupied and committed	95.5%
Square footage leased and occupied in 2014	1,755,420
Lease incentives and initial direct leasing costs for square footage leased and occupied in 2014	\$ 5,672

Tenant base profile

Our tenant base consists of a diverse range of high-quality businesses and, with 1,343 tenants, we believe our exposure to any single large lease or tenant is low. The average size of our tenants is 12,000 square feet, averaging 87,000 square feet across our single-tenant buildings and 8,000 square feet across our multi-tenant buildings.

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

Tenant	Owned area (sq. ft.)	Owned area (%)	Gross annualized base rent (%)	Weighted average remaining lease term (years)
Spectra/Premium Industries	642,368	3.8	3.6	10.7
TC Transcontinental	523,345	3.1	3.1	7.5
Gienow Windows & Doors Inc.	351,306	2.1	2.2	8.1
Molson Breweries Properties	225,000	1.3	2.1	8.3
The Brick Warehouse LP	327,000	1.9	2.0	9.7
Royal Group Inc.	346,035	2.0	1.7	3.3
Clean Harbors Industrial	113,506	0.7	1.6	4.0
United Agri Products Canada Inc.	275,335	1.6	1.2	9.0
Nellson Nutraceutical Canada	210,710	1.2	1.1	5.0
Array Canada Inc.	209,754	1.2	1.0	6.3
Total	3,224,359	18.9	19.6	7.8

On an annualized base rent basis, no single tenant represents more than 5% of total revenue of the portfolio, and the weighted average remaining lease term for the top ten tenants stands strong at 7.8 years.

OUR RESOURCES AND FINANCIAL CONDITION

Investment properties

At September 30, 2014, the fair value of our investment property portfolio was \$1.7 billion, reflecting a weighted average capitalization rate ("cap rate") of 6.71% on stabilized NOI, excluding property management income.

The valuation approach for investment properties uses both the direct capitalization method and discounted cash flow method. The results of both methods are evaluated by considering the reasonableness of the range of values calculated under both methods. Fair value of a property is determined at the point within that range that is most representative of the fair value in the circumstances. The direct capitalization method applies a cap rate to stabilized NOI and incorporates allowances for vacancy and management fees. The resulting capitalized value is further adjusted for extraordinary costs to stabilize income and non-recoverable capital expenditures, where applicable. Individual properties were valued using cap rates in the range of 5.50% to 8.25%. The discounted cash flow method discounts the expected future cash flows, generally over a term of ten years, and uses discount rates and terminal capitalization rates specific to each property.

The fair value of our investment properties excluding land is set out below.

	Total portfolio	Comparative properties ⁽¹⁾	
	September 30, 2014	September 30, 2014	June 30, 2014
Western Canada	\$ 653,825	\$ 566,973	\$ 565,405
Ontario	447,990	426,190	427,243
Québec	314,077	280,067	279,702
Eastern Canada	270,091	270,091	271,061
Total	\$ 1,685,983	\$ 1,543,321	\$ 1,543,411

(1) Comparative properties are properties owned by the Trust on June 30, 2014 and exclude the asset held for sale as at June 30, 2014.

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

	Total portfolio		Capitalization rates			
	September 30, 2014		September 30, 2014		June 30, 2014	
	Range (%)	Weighted average (%)	Range (%)	Weighted average (%)	Range (%)	Weighted average (%)
Western Canada	5.50–8.25	6.43	5.50–8.25	6.44	5.50–8.25	6.44
Ontario	6.00–7.75	6.60	6.00–7.75	6.59	6.00–7.75	6.59
Québec	6.50–8.00	7.17	6.50–8.00	7.18	6.50–8.00	7.18
Eastern Canada	6.50–7.75	7.02	6.50–7.75	7.02	6.50–7.75	7.02
Total	5.50–8.25	6.71	5.50–8.25	6.72	5.50–8.25	6.72

(1) Comparative properties are properties owned by the Trust on June 30, 2014 and exclude the asset held for sale as at June 30, 2014.

Acquisitions

During the three months ended September 30, 2014, the Trust completed acquisitions of KingSett 2014 Portfolio and Dream Office Portfolio totalling 1.35 million square feet of industrial properties.

The KingSett 2014 Portfolio consists of 1.1 million square feet of ten single and multi-tenant light industrial properties in Calgary, the GTA and Montréal, with a total purchase price of \$97.5 million, including transaction costs and fair value adjustments on the Units issued. At acquisition, the portfolio was 97.7% occupied with a weighted average lease term of 7.0 years. Portfolio acquisition was completed on September 9, 2014 except for one property which was closed on September 11, 2014. The purchase price was funded by the issuance of 2,659,575 REIT Units at \$9.40 per unit which was recorded at a total fair value of \$25.6 million, assumed non-cash working capital and estimated transaction costs of \$4.4 million with the balance funded with cash obtained from new mortgage financings.

The Dream Office Portfolio consists of 248,000 square feet of four multi-tenant flex industrial properties located in Edmonton with a total purchase price of \$33.7 million including transaction costs and fair value adjustments on the LP B Units issued. The transfer of these buildings to Dream Industrial REIT enables these buildings to benefit from the expertise of industrial specific leasing and property management teams in Dream Industrial REIT. At acquisition, the portfolio was 95.1% occupied with a weighted average lease term of 3.1 years. The purchase price was satisfied by the issuance of 2.3 million of LP B Units at \$9.40 per unit which was recorded at a total fair value of \$21.9 million, with the remainder funded by the assumption of existing mortgages with a fair value of \$11.3 million and assumed non-cash working capital and estimated transaction costs of \$0.5 million.

The following acquisitions were completed during the nine months ended September 30, 2014:

	Interest acquired (%)	Acquired GLA (sq. ft.)	Occupancy on acquisition (%)	Purchase price allocated to investment properties ⁽²⁾	Date acquired
GE Turbine	50 ⁽¹⁾	13,190	100	\$ 2,359	May 8, 2014
Dream Office Portfolio	100	248,271	95	33,684	September 9, 2014
KingSett 2014 Portfolio	100	1,099,095	98	97,520	September 9, 2014 ⁽³⁾
Total		1,360,556		\$ 133,563	

(1) The Trust completed the acquisition of a 50% interest in a 26,380 square foot property in Edmonton in which the Trust had a co-ownership interest. With this acquisition, the Trust owns 100% of this property.

(2) Includes transaction costs and fair value adjustments on the Units issued.

(3) Portfolio acquisition was completed on September 9, 2014 except for one property which was closed on September 11, 2014.

Building improvements and leasing costs

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

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Building improvements				
Recoverable capital expenditures	\$ 726	\$ 511	\$ 1,841	\$ 576
Other capital expenditures	18	3	1,217	3
Initial leasing costs and lease incentives				
Leasing costs	874	476	1,877	1,259
Landlord's work	1,473	597	2,091	1,502
Other leasing costs	355	-	974	-
Tenant improvements	364	271	730	504
Total	\$ 3,810	\$ 1,858	\$ 8,730	\$ 3,844

Other capital expenditures primarily consisted of costs to subdivide single-tenant spaces and large bays into multi-tenant spaces, which tends to increase the Trust's ability to obtain higher rental rates. Other leasing costs consist of costs incurred to bring certain properties and units up to the Trust's operating standards and were identified at the time of the acquisitions.

OUR FINANCING

Liquidity and capital resources

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

In our financial statements prepared under IFRS, our current liabilities exceed our current assets by \$143.1 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 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. Debt obligations that are due in one year include debt maturities of \$103.6 million, which we typically refinance with mortgages of terms between five and ten years. Amounts payable balance outstanding at the end of any reporting period depends primarily on the timing of leasing costs, capital expenditures incurred as well as the impact of transaction costs incurred on any acquisitions completed during the reporting period. Our unencumbered assets pool as at September 30, 2014 is \$119.2 million.

Financing activities

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

A summary of debt, capital and liquidity

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

	September 30, 2014	December 31, 2013	September 30, 2013
Financing metrics			
Debt	\$ 918,029	\$ 840,382	\$ 838,151
Weighted average effective interest rate ⁽¹⁾	3.86%	3.84%	3.83%
Weighted average face interest rate	4.11%	4.18%	4.18%
Interest coverage ratio ⁽²⁾	3.0	2.9	2.8
Debt-to-adjusted EBITDA ⁽³⁾	8.6	8.6	8.5
Level of debt (debt-to-total assets) ⁽⁴⁾	52.8%	52.6%	52.5%
Variable rate debt as percentage of total debt	2.1%	1.4%	0.2%
Liquidity metrics			
Maximum proportion of debt maturities due in any one year	19.5% (2019)	17.1% (2015)	16.0% (2015)
Weighted average term to maturity (years)	4.1	4.1	4.4
Encumbered assets	\$ 1,566,763	\$ 1,417,580	\$ 1,423,063
Cash on hand	119	258	3,841
Unencumbered assets	119,220	122,189	112,040
Undrawn lines of credit	65,290	37,464	49,500

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

(2) The interest coverage ratio (non-GAAP measure) for the nine months ended September 30, 2014, September 30, 2013, and for the year ended December 31, 2013 is calculated as net rental income plus interest and fee income, less general and administrative expenses, plus deferred unit compensation expense, all divided by interest expense on debt excluding deferred financing and mark-to-market adjustments. The detailed calculation of interest coverage ratio can be found under the heading "Non-GAAP measures and other disclosures".

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

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

We currently use cash flow performance and debt level indicators to assess our ability to meet our financing obligations. Our current interest coverage ratio is 3.0 times, demonstrating our ability to more than adequately cover interest expense requirements. At September 30, 2014, our weighted average face rate of interest is 4.11% and, after accounting for market adjustments and financing costs, the weighted average effective interest rate for outstanding debt is 3.86%.

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

	September 30, 2014			December 31, 2013		
	Fixed	Variable	Total	Fixed	Variable	Total
Mortgages	\$ 773,769	\$ 10,120	\$ 783,889	\$ 703,502	\$ -	\$ 703,502
Revolving credit facility	-	8,838	8,838	-	12,114	12,114
Convertible debentures	125,302	-	125,302	124,766	-	124,766
Total	\$ 899,071	\$ 18,958	\$ 918,029	\$ 828,268	\$ 12,114	\$ 840,382
Percentage	97.9%	2.1%	100.0%	98.6%	1.4%	100.0%
Weighted average face rate (period-end)	4.13%	3.36%	4.11%	4.18%	3.90%	4.18%
Average term to maturity (years)	4.1	1.0	4.1	4.2	0.8	4.1

Mortgages payable are recorded net of \$8.6 million of fair value adjustments upon initial recognition and \$2.1 million of financing costs. At September 30, 2014, amounts recorded for the convertible debentures are net of a \$2.4 million discount allocated to their conversion features on issuance and net of financing costs of \$3.0 million. The fair value adjustments, discounts and financing costs are amortized to interest expense over the term to maturity of the related debt using the effective interest rate method.

Mortgage financing activities

New mortgage financings are highlighted in the table below.

	Three months ended September 30, 2014				Nine months ended September 30, 2014			
	Amount	Average term to maturity (years)	Weighted average interest rate (%)	Weighted average effective interest rate (%)	Amount	Average term to maturity (years)	Weighted average interest rate (%)	Weighted average effective interest rate (%)
New mortgages	\$ 73,500	6.8	3.49	3.59	\$ 143,800	6.4	3.48	3.62
New mortgages assumed on investment property acquisition	11,128	2.3	4.00	3.13	11,128	2.3	4.00	3.13
Overall	\$ 84,628	6.2	3.56	3.53	\$ 154,928	6.1	3.52	3.58

In August 2014, we entered into a financing agreement for a \$6.5 million mortgage for a term of five years, an effective interest rate of 3.28% and a face rate of 3.07%. This agreement replaced a mortgage that was matured in June 2014 with an effective interest rate of 3.06% and face rate of 5.65%. We also entered into two new financing agreements totalling \$67.0 million for a term of seven years, an effective interest rate of 3.62% and a face rate of 3.53% as part of acquisitions completed in September 2014.

As part of the acquisitions completed in September 2014, we also assumed two mortgages totalling \$11.1 million with a term of 2.3 years, an effective interest rate of 3.13% and a face rate of 4.0%.

Revolving credit facility

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

	Borrowing capacity	Letter of credit ⁽³⁾	Principal amount outstanding ⁽⁵⁾	Available to be drawn ⁽²⁾	Interest rate ⁽⁴⁾	Maturity date
Revolving credit facility ⁽¹⁾	\$ 75,000	\$ 500	\$ 9,210	\$ 65,290	3.75%	June 30, 2016

(1) Nineteen properties are secured as first-ranking mortgages on the facility.

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

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

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

(5) Excludes financing costs.

Changes in debt levels are as follows:

	Face interest rate	Three months ended September 30, 2014			
		Mortgages	Revolving credit facility	Convertible debentures	Total
Debt as at June 30, 2014	4.16%	\$ 705,530	\$ 12,902	\$ 125,121	\$ 843,553
New debt assumed on investment property acquisition	4.00%	11,128	-	-	11,128
New debt placed	3.55%	73,500	19,210	-	92,710
Scheduled repayments		(5,388)	-	-	(5,388)
Lump sum repayments	3.75%	-	(23,327)	-	(23,327)
Other adjustments ⁽¹⁾		(881)	53	181	(647)
Debt as at September 30, 2014	4.11%	\$ 783,889	\$ 8,838	\$ 125,302	\$ 918,029

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

	Face interest rate	Nine months ended September 30, 2014			
		Mortgages	Revolving credit facility	Convertible debentures	Total
Debt as at January 1, 2014	4.18%	\$ 703,502	\$ 12,114	\$ 124,766	\$ 840,382
New debt assumed on investment property acquisition	4.00%	11,128	-	-	11,128
New debt placed	3.56%	143,800	43,745	-	187,545
Scheduled repayments		(16,114)	-	-	(16,114)
Lump sum repayments	3.65%	(55,243)	(46,649)	-	(101,892)
Other adjustments ⁽¹⁾		(3,184)	(372)	536	(3,020)
Debt as at September 30, 2014	4.11%	\$ 783,889	\$ 8,838	\$ 125,302	\$ 918,029

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

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

	Debt maturities	Scheduled principal repayments on non-maturing debt	Amount	%	Weighted average effective interest rate on balance due at maturity (%)	Weighted average face rate on balance due at maturity (%)
Remainder of 2014	\$ 22,781	\$ 5,992	\$ 28,773	3.14	3.08	5.05
2015	126,625	21,979	148,604	16.20	3.06	3.56
2016	102,480	18,527	121,007	13.19	3.24	4.22
2017	111,851	15,551	127,402	13.89	3.82	4.45
2018	80,709	11,364	92,073	10.04	3.62	3.36
2019 and thereafter	373,161	26,279	399,440	43.54	4.46	4.32
Total	\$ 817,607	\$ 99,692	\$ 917,299	100.00	3.88	4.13
Financing costs			(5,468)			
Fair value adjustments on initial recognition of assumed debt			6,198			
Total			\$ 918,029			

Convertible debentures

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

	Date issued	Maturity date	Conversion price	Outstanding principal September 30, 2014	Outstanding principal November 11, 2014	REIT Units if converted November 11, 2014
5.25% Debentures	December 13, 2012	December 31, 2019	\$ 13.80	\$ 86,250	\$ 86,250	6,250,000
5.25% Debentures	December 19, 2012	December 31, 2019	13.80	25,000	25,000	1,811,594
6.75% Debentures	May 15, 2013 ⁽¹⁾	November 30, 2017	12.37	19,420	19,420	1,569,927
Total				\$ 130,670	\$ 130,670	9,631,521

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

The fair value of the conversion feature of the convertible debentures is remeasured each period, with changes in fair value being recorded in comprehensive income. At September 30, 2014, the conversion feature amounted to a \$0.2 million financial asset (December 31, 2013 – \$1.0 million financial liability) and was included in other non-current assets on the condensed consolidated balance sheet.

Commitments and contingencies

We are contingently liable with respect to guarantees that are issued in the normal course of business and with respect to litigation and claims that may arise from time to time. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on our condensed consolidated financial statements.

Dream Industrial did not enter into any operating or finance leases as the lessee during this reporting period. As at September 30, 2014, the Trust has entered into lease agreements with tenants that may require leasing and tenant improvement costs of approximately \$3.9 million (September 30, 2013 – \$1.5 million).

The Trust's future commitment for business transformation activities under the shared services and cost sharing agreement with DREAM Asset Management Corp. ("DAM") over the next seven years is \$2.2 million. We are presently in the early stages of business transformation activities that will transform our operating platform to allow us to improve data integrity, realize operating efficiencies, establish business analytic tools and ultimately generate better business outcomes. This initiative will form the foundation of our continuous improvement culture.

OUR EQUITY

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

	September 30, 2014		December 31, 2013	
	Number of Units	Amount	Number of Units	Amount
REIT Units	57,936,869	\$ 575,544	54,921,726	\$ 546,680
Retained earnings	-	38,635	-	24,136
Add: LP B Units	18,551,855	167,894	16,282,096	144,096
Accumulated other comprehensive loss	-	(99)	-	-
Total	76,488,724	\$ 781,974	71,203,822	\$ 714,912

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

At September 30, 2014, Dream Office REIT, indirectly through its wholly owned subsidiaries, held 18,551,855 LP B Units representing a total ownership interest of approximately 24.3%.

The following table summarizes the changes in our outstanding equity.

	REIT Units	LP B Units	Total
Total Units outstanding on January 1, 2014	54,921,726	16,282,096	71,203,822
Units issued pursuant to KingSett 2014 Portfolio	2,659,575	-	2,659,575
Units issued pursuant to Dream Office REIT Portfolio	-	2,269,759	2,269,759
Units issued pursuant to Distribution Reinvestment and Unit Purchase Plan ("DRIP")	332,441	-	332,441
Units issued pursuant to Unit Purchase Plan	1,497	-	1,497
Units issued pursuant to Deferred Unit Incentive Plan ("DUIP")	21,630	-	21,630
Total Units outstanding on September 30, 2014	57,936,869	18,551,855	76,488,724
Percentage of all Units	75.7%	24.3%	100.0%
Units issued pursuant to Unit Purchase Plan on October 15, 2014	220	-	220
Units issued pursuant to DRIP on October 15, 2014	29,652	-	29,652
Units vested and issued pursuant to DUIP on October 18, 2014	4,232	-	4,232
Total Units outstanding on November 11, 2014⁽¹⁾	57,970,973	18,551,855	76,522,828
Percentage of all Units	75.8%	24.2%	100.0%

(1) The date of this report.

In relation to the acquisition of KingSett 2014 Portfolio, the Trust issued 1,620,458 REIT Units on September 9, 2014 and also issued 1,039,117 REIT Units on September 11, 2014. REIT Units were issued at a price of \$9.40 per unit and were recorded at a total fair value of \$25.6 million, which includes \$0.6 million of fair value adjustments to the Units issued.

In relation to the acquisition of Dream Office Portfolio, on September 9, 2014, the Trust issued 2,269,759 LP B Units to an affiliate of Dream Office REIT at a price of \$9.40 per unit and were recorded at a total fair value of \$21.9 million, which includes \$0.6 million of fair value adjustments to the Units issued.

Short form base shelf prospectus

On November 27, 2012, the Trust issued a short form base shelf prospectus, which is valid for a 25-month period, during which time the Trust may offer and issue, from time to time, units, debt and debt securities convertible into or exchangeable for Units of the Trust, or any combination thereof, having an aggregate offering price of up to \$1.0 billion. As at September 30, 2014, \$168.8 million in REIT Units and \$111.3 million in debt securities have been issued under the short form base shelf prospectus.

Distribution policy

Our Declaration of Trust provides our trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust. Amounts retained in excess of the declared distributions are used to fund leasing costs and capital expenditure requirements.

	Three months ended September 30, 2014			Nine months ended September 30, 2014		
	Declared distributions	3% bonus distributions ⁽²⁾	Total	Declared distributions	3% bonus distributions ⁽²⁾	Total
2014 distributions						
Paid in cash or reinvested in Units	\$ 8,352	\$ 18	\$ 8,370	\$ 33,329	\$ 79	\$ 33,408
Payable at September 30, 2014	4,461	-	4,461	4,461	-	4,461
Total distributions⁽¹⁾	\$ 12,813	\$ 18	\$ 12,831	\$ 37,790	\$ 79	\$ 37,869
2014 reinvestment						
Reinvested to September 30, 2014	\$ 587	\$ 18	\$ 605	\$ 2,627	\$ 79	\$ 2,706
Reinvested on October 15, 2014	262	8	270	262	8	270
Total distributions reinvested	\$ 849	\$ 26	\$ 875	\$ 2,889	\$ 87	\$ 2,976
Distributions paid in cash	\$ 11,964			\$ 34,901		
Reinvestment to distribution ratio	6.6%			7.6%		
Ratio of distributions paid in cash	93.4%			92.4%		

(1) Includes distributions on LP B Units.

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

Distributions declared for the three months ended September 30, 2014 were \$12.8 million. Distributions declared for the nine months ended September 30, 2014 were \$37.8 million. Of the distributions declared for the three months ended September 30, 2014, \$0.8 million, or approximately 6.6%, was reinvested in additional Units resulting in a ratio of distributions paid in cash of 93.4%, and for the nine months ended September 30, 2014, \$2.9 million, or approximately 7.6%, was reinvested in additional Units resulting in a ratio of distributions paid in cash of 92.4%.

OUR RESULTS OF OPERATIONS

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Investment properties revenue	\$ 40,319	\$ 37,842	\$ 121,661	\$ 101,795
Investment properties operating expenses	(12,293)	(10,621)	(38,886)	(29,928)
Net rental income	28,026	27,221	82,775	71,867
Other revenue				
Interest and fee income	3	17	16	239
	3	17	16	239
Other expenses				
General and administrative	(2,144)	(2,009)	(6,129)	(5,294)
Interest:				
Interest expense on debt	(8,446)	(8,084)	(24,737)	(22,000)
Subsidiary redeemable units	(2,982)	(2,850)	(8,680)	(8,447)
Depreciation and amortization	(19)	(45)	(30)	(45)
	(13,591)	(12,988)	(39,576)	(35,786)
Other items				
Fair value adjustments to investment properties	(3,569)	2,263	4,056	3,686
Fair value adjustments to financial instruments	13,218	6,114	(876)	46,363
Gains (costs) on transactions and other activities	(1,075)	(615)	(1,318)	(12,196)
	8,574	7,762	1,862	37,853
Income before income taxes	23,012	22,012	45,077	74,173
Recovery (deferred) income taxes	48	(1,352)	(1,389)	(1,624)
Net income for the period	\$ 23,060	\$ 20,660	\$ 43,688	\$ 72,549

Investment properties revenue

Investment properties revenue includes net rental income from investment properties as well as the recovery of operating costs and property taxes from tenants. Investment properties revenue totalled \$40.3 million for the quarter, an increase of \$2.5 million, or 6.5%, compared to the prior year comparative quarter, and an increase of \$19.9 million, or 19.5%, for the nine months ended September 30, 2014, over the same period in 2013, due to accretive acquisitions completed in Q2 2013 and Q3 2014 and comparative properties NOI growth.

Investment properties operating expenses

Operating expenses comprise occupancy costs and property taxes as well as certain expenses that are not recoverable from tenants, the majority of which are related to leasing. Operating expenses fluctuate with changes in occupancy levels, weather, utility costs, realty taxes, and repairs and maintenance. Investment properties operating expenses increased by \$1.7 million, or 15.7%, over the prior year comparative quarter, and by \$9.0 million, or 29.9%, for the nine months ended September 30, 2014, over the same period in 2013, due primarily to the growth in our portfolio.

General and administrative

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

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Asset management fee	\$ 987	\$ 968	\$ 2,920	\$ 2,568
Deferred compensation expenses	350	307	945	953
Professional fees	289	287	822	930
General corporate expenses ⁽¹⁾	518	447	1,442	843
Total	\$ 2,144	\$ 2,009	\$ 6,129	\$ 5,294

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

General and administrative expenses increased by \$0.1 million from the prior year comparative quarter and by \$0.8 million for the nine months ended September 30, 2014 over the same period in 2013, due to higher asset management fees resulting from the growth of the portfolio and higher general corporate expenses.

Fair value adjustments to investment properties

The value of the comparative properties portfolio remained largely stable at \$1.5 billion. A loss of \$3.6 million reflects periodic adjustments that we made to individual properties, and totals 0.2% of the total fair value of the portfolio.

Interest expense – Debt

Interest expense on debt for the quarter ended September 30, 2014 increased by \$0.4 million compared to the prior year comparative period, and increased by \$2.7 million over the prior year comparative nine-month period. The increase in interest expense resulted from new debt assumed on investment properties acquired in Q2 2013 and Q3 2014.

Fair value adjustments to financial instruments

Fair value adjustments to financial instruments include fair value adjustments on the conversion features of convertible debt, remeasurement of the carrying value of subsidiary redeemable units and remeasurement of the deferred trust units. For the quarter ended September 30, 2014, we recognized gains of \$12.5 million on the measurement of the subsidiary redeemable units (loss of \$1.8 million for the nine months ended September 30, 2014), due to the decrease in the trading value of REIT Units at the end of Q3 2014 compared to the end of Q2 2014.

During Q3 2014, the remeasurement on the conversion feature of the convertible debentures resulted in a gain of \$0.7 million (gain of \$1.1 million for the nine months ended September 30, 2014) primarily as a result of fluctuations in inputs, such as volatility and trading price and credit spreads, used to value the conversion features of the convertible debentures.

The remeasurement of the deferred trust units resulted in a gain of \$0.1 million during Q3 2014 (loss of \$0.2 million for the nine months ended September 30, 2014).

Gains (costs) on transactions and other activities

The following table summarizes the nature of expenses included:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Debt settlement gains (costs)	\$ -	\$ 49	\$ (59)	\$ 49
Investment in business transformation activities	(100)	-	(300)	-
Internal leasing costs	(975)	(664)	(2,947)	(1,227)
Acquisition costs	-	-	1,988	(11,018)
Total	\$ (1,075)	\$ (615)	\$ (1,318)	\$ (12,196)

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

Included in gains (costs) on transactions and other activities in Q3 2014 is \$0.1 million (\$0.3 million for the nine months ended September 30, 2014) related to process and technology improvement costs. We are presently in the early stages of a new initiative that will transform our operating platform to allow us to improve data integrity, realize operating efficiencies, establish business analytic tools and ultimately generate better business outcomes. This initiative will form the foundation of our continuous improvement culture. This initial project will take place over a seven-year period with an estimated annual cost of approximately \$0.4 million per year.

Related party transactions

Dream Industrial and its subsidiaries enter into transactions with related parties that are conducted under normal commercial terms and are disclosed in Note 20 to the condensed consolidated financial statements. Pursuant to the Asset Management Agreement, during Q3 2014, we paid \$0.5 million (nine months ended September 30, 2014 – \$3.5 million) to DAM.

Net operating income

We define NOI as the total of investment property revenue less investment property operating expenses, including the share of net rental income from investments in joint venture and property management income, if any.

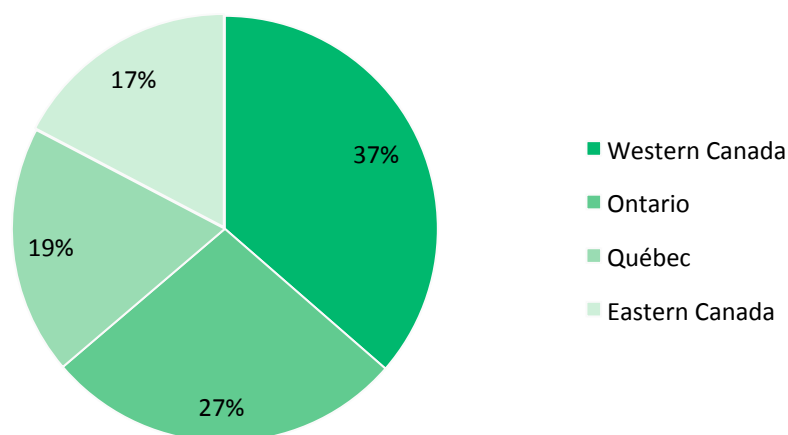
NOI is an important measure used by management in evaluating property operating performance; however, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Total portfolio				
Western Canada	\$ 10,202	\$ 9,471	\$ 29,872	\$ 27,260
Ontario	7,669	7,771	22,808	16,739
Québec	5,300	5,130	15,479	15,217
Eastern Canada	4,855	4,849	14,616	12,651
Net operating income	28,026	27,221	82,775	71,867
Net rental income reported per financial statements	\$ 28,026	\$ 27,221	\$ 82,775	\$ 71,867

For the quarter ended September 30, 2014, net operating income was \$28.0 million, an increase of \$0.8 million compared to the prior year comparative period and for the nine months ended September 30, 2014, net operating income was \$82.8 million compared to \$71.9 million for the same period in the prior year. Growth in the total portfolio is reflective of the acquisitions completed in Q2 2013 and Q3 2014.

NOI BY REGION

(Three months ended September 30, 2014)



NOI comparative properties

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

	Three months ended September 30,				Nine months ended September 30,			
	2014	2013	Growth		2014	2013	Growth	
			Amount	%			Amount	%
Western Canada	\$ 9,278	\$ 8,831	\$ 447	5	\$ 27,662	\$ 25,946	\$ 1,716	7
Ontario	2,918	3,006	(88)	(3)	8,729	8,805	(76)	(1)
Québec	4,380	4,412	(32)	(1)	13,169	13,872	(703)	(5)
Eastern Canada	3,669	3,519	150	4	11,094	10,438	656	6
Comparative properties NOI	20,245	19,768	477	2	60,654	59,061	1,593	3
Lease termination fees	101	-	101		198	68	130	
Other items	194	-	194		341	51	290	
Acquisitions	6,859	6,589	270		19,828	10,514	9,314	
Straight-line rent	733	823	(90)		2,058	2,351	(293)	
Bad debt expenses	(48)	67	(115)		(169)	(128)	(41)	
Amortization of tenant inducements	(58)	(26)	(32)		(135)	(50)	(85)	
NOI	\$ 28,026	\$ 27,221	\$ 805	3	\$ 82,775	\$ 71,867	\$ 10,908	15
Net rental income reported per financial statements	\$ 28,026	\$ 27,221			\$ 82,775	\$ 71,867		
Average occupancy								
(comparative properties)	93.9%	94.3%			94.4%	95.1%		
In-place rental rates (per sq. ft.) at								
quarter-end (comparative properties)	\$ 7.39	\$ 7.19			\$ 7.39	\$ 7.19		

Overall, the comparative properties NOI for the third quarter of 2014 increased by \$0.5 million or 2% when compared to the same period in 2013 and the comparative properties NOI for the nine months ended September 2014 increased by \$1.6 million or 3% when compared to the same period last year. The most significant factor in the growth in comparative properties NOI was due to an increase in both weighted average occupancy and rental rates in the Western region.

NOI prior quarter comparison

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

Overall, the comparative property NOI over the previous quarter decreased by \$0.2 million or 1%. The increase in NOI for Western Canada as a result of higher weighted average occupancy and an increase in rental rates was offset by a decrease in NOI for both the Ontario and Eastern regions primarily due to a decrease in rental rates and weighted average occupancies in these regions.

Three months ended	September 30,		June 30,		Growth	
	2014		2014		Amount	%
Western Canada	\$ 9,617	\$	9,487	\$	130	1
Ontario	7,177		7,443		(266)	(4)
Québec	4,919		4,927		(8)	-
Eastern Canada	4,795		4,874		(79)	(2)
Comparative properties NOI	26,508		26,731		(223)	(1)
Lease termination fees	101		-		101	
Other items	194		147		47	
Acquisitions completed in the quarter	596		25		571	
Straight-line rent	733		660		73	
Bad debt expenses	(48)		8		(56)	
Amortization of tenant inducements	(58)		(37)		(21)	
NOI	\$ 28,026	\$	27,534	\$	492	2
Net rental income reported per financial statements	\$ 28,026	\$	27,534			
Average occupancy (comparative properties)	93.8%		94.6%			
In-place rental rates (per sq. ft.) at quarter-end (comparative properties)	\$ 7.06	\$	7.04			

Funds from operations and adjusted funds from operations

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Net income	\$ 23,060	\$ 20,660	\$ 43,688	\$ 72,549
Add (deduct):				
Amortization of tenant inducements	58	71	135	95
Interest expense on subsidiary redeemable units	2,982	2,850	8,680	8,447
Fair value adjustments to investment properties	3,569	(2,263)	(4,056)	(3,686)
Fair value adjustments to financial instruments	(13,218)	(6,114)	876	(46,363)
Fair value adjustments of DUIP included in general and administrative expenses	(33)	(71)	(79)	(130)
Debt settlement costs	-	(49)	59	(49)
Internal leasing costs	975	664	2,947	1,227
Acquisition costs	-	-	(1,988)	11,018
FFO share related to non-controlling interest of C2C	-	(23)	-	(90)
Recovery (deferred) income taxes	(48)	1,352	1,389	1,624
FFO	\$ 17,345	\$ 17,077	\$ 51,651	\$ 44,642
Funds from operations	\$ 17,345	\$ 17,077	\$ 51,651	\$ 44,642
Add (deduct):				
Amortization of fair value adjustments on assumed debt	(750)	(877)	(2,307)	(2,486)
Deferred unit compensation expense excluding fair value adjustments	383	378	1,024	1,083
Straight-line rent	(733)	(823)	(2,058)	(2,351)
Investment in business transformation activities	100	-	300	-
FFO share related to non-controlling interest of C2C	-	23	-	90
AFFO share related to non-controlling interest of C2C	-	(20)	-	(76)
	16,345	15,758	48,610	40,902
Deduct:				
Normalized initial direct leasing costs and lease incentives	1,293	1,267	3,827	3,354
Normalized recurring capital expenditures	776	762	2,296	2,014
AFFO	\$ 14,276	\$ 13,729	\$ 42,487	\$ 35,534

Funds from operations

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
FFO	\$ 17,345	\$ 17,077	\$ 51,651	\$ 44,642
FFO per unit – basic	\$ 0.24	\$ 0.24	\$ 0.72	\$ 0.69
FFO per unit – diluted	\$ 0.23	\$ 0.24	\$ 0.70	\$ 0.68

FFO per diluted unit was \$0.23, decreased by 1.3% compared to the prior year comparative quarter (nine months ended September 30, 2014 – increased to \$0.70 from \$0.68) reflecting investment properties acquired during Q2 2013 and Q3 2014.

Adjusted funds from operations

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
AFFO	\$ 14,276	\$ 13,729	\$ 42,487	\$ 35,534
AFFO per unit – basic	\$ 0.20	\$ 0.19	\$ 0.59	\$ 0.55

AFFO was \$14.3 million, or \$0.20 per unit (nine months ended September 30, 2014 – \$42.5 million or \$0.59 per unit). The increase over the prior year comparative quarter is due to the effects of acquisitions completed in Q2 2013 and Q3 2014.

QUARTERLY INFORMATION

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

The following table summarizes key leasing information:

	2014			2013			2012	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Leasing								
Occupancy rate – including committed (period-end)	95.5%	95.6%	96.3%	95.7%	95.1%	95.8%	96.5%	96.3%
Occupancy rate – in place (period-end)	93.9%	94.0%	95.3%	94.4%	94.1%	95.2%	95.7%	95.5%
Tenant retention rate	68.9%	57.9%	80.3%	69.6%	71.1%	66.2%	76.2%	73.0%
Average in-place base rent per sq. ft. (period-end)	\$ 7.03	\$ 7.04	\$ 6.96	\$ 6.92	\$ 6.89	\$ 6.90	\$ 7.18	\$ 7.12
Estimated market rent in excess of in-place rent (%)	5.0%	5.1%	6.0%	6.4%	6.8%	4.9%	5.6%	6.3%
Financing								
Weighted average effective interest rate	3.86%	3.82%	3.86%	3.84%	3.83%	3.81%	3.86%	3.72%
Weighted average face interest rate	4.11%	4.16%	4.17%	4.18%	4.18%	4.19%	4.25%	4.19%
Debt – average term to maturity (years)	4.1	4.1	4.2	4.1	4.4	4.5	5.0	4.1
Interest coverage ratio (times)	3.0	3.0	2.9	2.9	2.9	2.9	2.7	3.0
Unencumbered assets (in millions)	\$ 119.2	\$ 120.6	\$ 138.0	\$ 122.2	\$ 112.0	\$ 83.6	\$ 23.9	\$ 189.6
Debt-to-total assets	52.8%	52.4%	52.4%	52.6%	52.5%	53.0%	50.1%	54.3%
Portfolio								
Number of properties	220	205	205	206	206	206	158	158
Gross leasable area (in millions of sq. ft.)	17.0	15.6	15.6	15.7	15.7	15.7	11.4	11.4

	2014			2013			2012	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Investment properties revenue	\$ 40,319	\$ 40,428	\$ 40,914	\$ 41,149	\$ 37,842	\$ 34,703	\$ 29,250	\$ 17,202
Investment properties operating expenses	(12,293)	(12,894)	(13,699)	(14,089)	(10,621)	(9,949)	(9,358)	(4,667)
Net rental income	28,026	27,534	27,215	27,060	27,221	24,754	19,892	12,535
Other revenue	3	5	8	5	17	186	36	16
Other expenses	(13,591)	(13,053)	(12,932)	(13,001)	(12,988)	(12,117)	(10,681)	(6,810)
Other items	8,574	3,158	(9,870)	(3,096)	7,762	21,414	8,677	(26,614)
Income (loss) before income taxes	23,012	17,644	4,421	10,968	22,012	34,237	17,924	(20,873)
Recovery (deferred) income taxes	48	(1,127)	(310)	464	(1,352)	(272)	-	-
Net income (loss)	23,060	16,517	4,111	11,432	20,660	33,965	17,924	(20,873)
Other comprehensive income (loss)								
Unrealized gain (loss) on interest rate swap	47	(309)	163	-	-	-	-	-
	47	(309)	163	-	-	-	-	-
Comprehensive income (loss)	\$ 23,107	\$ 16,208	\$ 4,274	\$ 11,432	\$ 20,660	\$ 33,965	\$ 17,924	\$ (20,873)

Calculation of funds from operations

	2014			2013			2012	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
NET INCOME (LOSS)	\$ 23,060	\$ 16,517	\$ 4,111	\$ 11,432	\$ 20,660	\$ 33,965	\$ 17,924	\$ (20,873)
Add (deduct):								
Amortization	58	37	40	21	71	20	4	-
Interest expense on subsidiary redeemable units	2,982	2,849	2,849	2,848	2,850	2,849	2,748	2,711
Fair value adjustments to investment properties	3,569	(7,124)	(501)	182	(2,263)	(846)	(577)	(6,048)
Fair value adjustments to financial instruments	(13,218)	4,758	9,336	1,775	(6,114)	(32,149)	(8,100)	21,134
Fair value adjustments of DUIP included in general and administrative expenses	(33)	(10)	(36)	(61)	(71)	(53)	(6)	-
Debt settlement costs	-	-	59	13	(49)	-	-	-
Internal leasing costs	975	1,131	841	1,126	664	563	-	-
Acquisition costs	-	(2,023)	35	-	-	11,018	-	11,528
FFO share related to non-controlling interest of C2C	-	-	-	-	(23)	(67)	-	-
Recovery (deferred) income taxes	(48)	1,127	310	(464)	1,352	272	-	-
FFO	\$ 17,345	\$ 17,262	\$ 17,044	\$ 16,872	\$ 17,077	\$ 15,572	\$ 11,993	\$ 8,452
FFO per unit – basic ⁽¹⁾	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.23	\$ 0.22	\$ 0.22
FFO per unit – diluted ⁽¹⁾⁽²⁾	\$ 0.23	\$ 0.24	\$ 0.23	\$ 0.23	\$ 0.24	\$ 0.23	\$ 0.22	\$ 0.21

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

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

	2014			2013			2012	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
FUNDS FROM OPERATIONS	\$ 17,345	\$ 17,262	\$ 17,044	\$ 16,872	\$ 17,077	\$ 15,572	\$ 11,993	\$ 8,452
Add (deduct):								
Amortization of fair value adjustment on assumed debt	(750)	(765)	(792)	(812)	(877)	(924)	(685)	(819)
Deferred unit compensation expense excluding fair value adjustments	383	314	327	351	378	493	212	46
Straight-line rent	(733)	(660)	(665)	(784)	(823)	(801)	(727)	(400)
Investment in business transformation activities	100	100	100	-	-	-	-	-
FFO share related to non-controlling interest of C2C	-	-	-	-	23	67	-	-
AFFO share related to non-controlling interest of C2C	-	-	-	-	(20)	(56)	-	-
	16,345	16,251	16,014	15,627	15,758	14,351	10,793	7,279
Adjusted for:								
Normalized initial direct leasing costs and lease incentives	1,293	1,279	1,255	1,248	1,267	1,138	949	562
Normalized recurring capital expenditures	776	767	753	749	762	683	569	225
Adjusted funds from operations	\$ 14,276	\$ 14,205	\$ 14,006	\$ 13,630	\$ 13,729	\$ 12,530	\$ 9,275	\$ 6,492
AFFO per unit – basic ⁽¹⁾	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.17	\$ 0.17
Weighted average Units outstanding for FFO and AFFO								
Basic (in thousands)	72,699	71,440	71,289	71,133	70,931	66,930	55,561	39,320
Diluted (in thousands)	82,735	81,447	81,196	80,955	80,761	75,830	63,622	40,828

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

NON-GAAP MEASURES AND OTHER DISCLOSURES

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

Funds from operations

Management believes FFO is an important measure of our operating performance. This non-GAAP measurement is a commonly used measure of performance of real estate operations; however, it does not represent net income or cash generated from (utilized in) operating activities, as defined by GAAP, and is not necessarily indicative of cash available to fund Dream Industrial REIT's needs.

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

Adjusted funds from operations

Management believes AFFO is an important measure of our economic performance and is indicative of our ability to pay distributions. This non-GAAP measurement is commonly used for assessing real estate performance; however, it does not represent cash generated from (utilized in) operating activities, as defined by GAAP, and is not necessarily indicative of cash available to fund the Trust's needs. We also normalize leasing costs, which fluctuate with lease maturities, renewal terms and the type of asset being leased. We evaluate the impact of leasing activity based on averages for our portfolio over a two- to three-year time frame. We also exclude the impact of transaction costs expensed on business combinations.

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

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

NOI

NOI is defined by the Trust as the total investment property revenue less investment property operating expenses, including the share of net rental income from investments in joint ventures and property management income, if any. This non-GAAP measurement is an important measure used by the Trust in evaluating property operating performances; however, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts. The Trust did not have any investments in joint ventures; NOI is the same as net rental income presented in the interim financial statements. In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", NOI has been reconciled to net rental income under the heading "Net operating income".

Stabilized NOI

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

Comparative properties NOI

Comparative properties NOI is an important non-GAAP measure used by management to evaluate the performance of the properties fully owned by the Trust in the current and comparative period 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. Comparative properties NOI excludes lease termination fees and certain one-time adjustments, straight-line rents, bad debt expenses and amortization of tenant inducements.

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

Weighted average number of Units

The basic weighted average number of Units outstanding used in the FFO and AFFO calculations includes the weighted average of all REIT Units, LP B Units, and vested but unissued deferred trust units and income deferred trust units. The diluted weighted average number of Units assumes the conversion of the convertible debentures.

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Weighted average Units outstanding for basic per unit amounts (in thousands)	72,699	70,931	71,814	64,530
Weighted average Units outstanding for diluted per unit amounts (in thousands)	82,735	80,761	81,796	73,598

Level of debt (debt-to-total assets)

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

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

	September 30,		December 31,	
Amounts per condensed consolidated financial statements	2014		2013	
Non-current debt	\$	790,239	\$	728,341
Current debt		127,790		112,041
Total debt		918,029		840,382
Add (deduct):				
Deferred financing costs		5,468		4,547
Mark-to-market adjustments		(6,198)		(8,297)
Total debt at principal amount outstanding		917,299		836,632
Total assets	\$	1,738,358	\$	1,589,805
Debt-to-total assets		52.8%		52.6%

Debt-to-adjusted EBITDA

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

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

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

	Three months ended September 30, 2014	Three months ended December 31, 2013
Amounts per condensed consolidated financial statements		
Non-current debt	\$ 790,239	\$ 728,341
Current debt	127,790	112,041
Total debt	918,029	840,382
Add (deduct):		
Deferred financing costs	5,468	4,547
Mark-to-market adjustments	(6,198)	(8,297)
Total debt at principal amount outstanding	917,299	836,632
Net income before taxes	23,012	10,968
Add (deduct):		
Fair value adjustments to investment properties	3,569	182
Fair value adjustments to financial instruments	(13,218)	1,775
Gains (costs) on transactions and other activities	1,075	1,139
Interest – debt	8,446	8,100
Interest – subsidiary redeemable units	2,982	2,848
Depreciation and amortization	19	1
Other items included in investment properties revenues ⁽¹⁾	(970)	(800)
Adjusted EBITDA – quarterly	24,915	24,213
Normalized NOI of acquired property for the quarter	1,828	-
Adjusted EBITDA – quarterly	26,743	24,213
Adjusted EBITDA – annualized	\$ 106,972	\$ 96,852
Debt-to-adjusted EBITDA (years)	8.6	8.6

(1) Includes adjustments for lease termination fees, other items, straight-line rent and amortization of tenant inducements.

Interest coverage ratio

Management believes this non-GAAP measurement is an important measure in determining our ability to cover interest expense based on our operating performance. Interest coverage ratio as shown below is calculated as net rental income plus interest and fee income, less general and administrative expenses, plus deferred unit compensation expense, all divided by interest expense on total debt excluding deferred financing and mark-to-market adjustments.

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

	Three months ended September 30,		Nine months ended September 30,	
Amounts per condensed consolidated financial statements	2014	2013	2014	2013
Net rental income	\$ 28,026	\$ 27,221	\$ 82,775	\$ 71,867
Add (deduct):				
Interest and fee income	3	17	16	239
General and administrative expenses	(2,144)	(2,009)	(6,129)	(5,294)
Deferred unit compensation expense	350	307	945	953
	26,235	25,536	77,607	67,765
Interest expense incurred, at contractual rate	\$ 8,875	\$ 8,750	\$ 26,221	\$ 23,862
Interest coverage ratio (times)	3.0	2.9	3.0	2.8

Adjusted cash generated from (utilized in) operating activities

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 cash distributions, as well as the differences between net income and cash distributions, in accordance with the guidelines.

Cash generated from (utilized in) operating activities can fluctuate significantly from period to period because of timing of payments and receipts. Net income contains a number of non-cash items, the effect of which are shown in the table below. Adjusted cash generated from (utilized in) operating activities is not a measure defined by IFRS and therefore may not be comparable to similar measures presented by other real estate investment trusts.

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Net income	\$ 23,060	\$ 20,660	\$ 43,688	\$ 72,549
Cash generated from (utilized in) operating activities	16,879	20,872	40,142	42,055
Add (deduct):				
Investment in lease incentives and initial direct leasing costs	3,066	1,347	5,672	3,268
Change in non-cash working capital	(4,467)	(6,894)	176	(4,960)
Adjusted cash generated from (utilized in) operating activities	15,478	15,325	45,990	40,363
Distributions paid and payable ⁽¹⁾	12,831	12,457	37,869	33,852
(Deduct): DRIP ⁽²⁾	(875)	(1,006)	(2,976)	(2,075)
Cash distributions	11,956	11,451	34,893	31,777
Add (deduct):				
Distributions on Units issued on March 6, 2013	-	-	-	(1,062)
Distributions on Units issued for C2C on May 15, 2013	-	-	-	(211)
Adjusted cash distributions	11,956	11,451	34,893	30,504
Adjusted cash generated from (utilized in) operating activities over adjusted cash distributions	3,522	3,874	11,097	9,859
Excess of net income over distributions paid and payable	10,229	8,203	5,819	38,697
Excess of cash generated from (utilized in) operating activities over distributions paid and payable	\$ 4,048	\$ 8,415	\$ 2,273	\$ 8,203

(1) Includes distributions on LP B Units.

(2) Includes the DRIP paid on October 15, 2014.

For the three months ended September 30, 2014, adjusted cash generated from (utilized in) operating activities exceeded adjusted cash distributions by \$3.5 million (\$11.1 million for the nine months ended September 30, 2014). The net income is net of distributions paid and payable on subsidiary redeemable units of \$3.0 million for the three months ended September 30, 2014 (\$8.7 million for the nine months ended September 30, 2014). Net income is not used as a proxy for distributions as it includes fair value changes on investment properties and fair value changes on financial instruments, which are not reflective of the Trust's ability to make distributions.

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Cash generated from (utilized in) operating activities	\$ 16,879	\$ 20,872	\$ 40,142	\$ 42,055
Add (deduct):				
Initial direct leasing costs and lease incentives incurred	3,066	1,347	5,672	3,268
Change in non-cash working capital	(4,467)	(6,894)	176	(4,960)
Amortization of financing costs on debt	(321)	(211)	(823)	(624)
AFFO share related to non-controlling interest	-	(20)	-	(76)
Depreciation of property and equipment	(19)	-	(30)	-
Debt settlement costs	-	-	59	-
Investment in business transformation	100	-	300	-
Internal leasing costs	975	664	2,947	1,227
Acquisition costs	-	-	35	-
Normalized initial direct leasing costs and lease incentives	(1,293)	(1,267)	(3,827)	(3,354)
Normalized recurring capital expenditures	(776)	(762)	(2,296)	(2,014)
Other	132	-	132	12
AFFO	\$ 14,276	\$ 13,729	\$ 42,487	\$ 35,534

SECTION III – DISCLOSURE CONTROLS AND PROCEDURES

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

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

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

SECTION IV – RISKS AND OUR STRATEGY TO MANAGE

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

SECTION V – CRITICAL ACCOUNTING POLICIES

CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS IN APPLYING ACCOUNTING POLICIES

Preparing the condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the disclosures of contingent liabilities. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but that are inherently uncertain and unpredictable, the result of which is the basis of the carrying amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment in the future to the carrying amounts of the asset or liability affected.

Dream Industrial's critical accounting judgments, estimates and assumptions in applying accounting policies are described in Note 4 to the condensed consolidated financial statements and also in our annual consolidated statements for the year ended December 31, 2013.

Goodwill

In connection with the acquisitions of the Initial and KingSett portfolios in October and December of 2012, respectively, the Trust recorded goodwill totalling approximately \$35 million. The goodwill balances, among other things, consist of the portfolio premiums as IFRS requires that the properties acquired are recorded at the sum of their individual values. IFRS requires that management test whether there has been an impairment of goodwill on the occurrence of a triggering event or at least annually. Since the second quarter of 2013, the prevailing trading price of the Trust's Units has been less than the IFRS book value per unit in the Trust's financial statements. Currently, the book value per unit in the Trust's financial statements is \$10.22 per unit, including the subsidiary redeemable units. The trading price of the Trust's unit reached a low of \$8.24 in September of 2013 but showed improvement in the latter part of 2013 and the first half of 2014, reaching a high of \$9.90 in July of 2014, and has been trading in a range of \$9.84 to \$9.0 since that time. The goodwill balance represents a value of approximately 46 cents per unit, including the subsidiary redeemable units.

Because of the prevailing trading prices of the Units, at each balance sheet date since June of 2013, management has performed an analysis of its goodwill on a segment basis and determined that no impairment exists. The factors considered have included the Trust's comparative property growth expectations and performance, AFFO/FFO growth, values of the investment properties, discount rates that would be used to value the Trust's cash flows, improvements in the Trust's unit price during 2014 and expectations and value estimates by the analyst community that follows the Trust.

The trading price of the Trust's Units is considered to be an important factor in determining whether a trigger for impairment exists in the value of the goodwill. Management did not write down the value of the goodwill based on our analysis.

CHANGES IN ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

Future accounting policy changes

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

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

SECTION VI – SUPPLEMENTARY INFORMATION

The following tables within this section below include supplementary information to our portfolio as at September 30, 2014.

PROPERTY LIST AND SELECTED DATA

Property	Total GLA in square feet	Year built/renovated	Clear ceiling height (warehouse component) in feet	Total site area in acres	No. of tenants	Weighted average remaining lease term in years	In-place and committed occupancy in square feet
7140 40th Street SE, Calgary ⁽¹⁾	351,306	1978/2007	30.0	13.8	1	8.1	100.0%
1919 84th Avenue (Park 19), Edmonton	48,365	1975/1987	21.0	3.7	1	4.7	100.0%
2721 Hopewell Place NE, Calgary	37,690	2006	22.0	1.9	1	8.0	100.0%
204 26229 Township Road 531A (Parkland County), Edmonton	34,904	2005	24.0	9.0	1	0.4	100.0%
6908 6th Street SE (Glenmore Business Park), Calgary	31,467	1978	18.0	3.2	1	5.0	100.0%
3917 81st Avenue, Edmonton	30,353	2006	28.0	5.5	1	6.6	100.0%
2876 Sunridge Way NE (Sunridge Business Park), Calgary	30,000	2000	16.0	2.3	1	6.2	100.0%
3250 Sunridge Way NE (Sunridge Business Park), Calgary	27,180	2000	24.0	2.1	1	0.8	100.0%
15301 100th Street, Grand Prairie	27,058	2005	24.0	13.2	1	5.4	100.0%
2240 Premier Way (GE Turbine), Edmonton	26,381	2003	30.0	1.5	1	3.8	100.0%
7121 6th Street SE (Glenmore Business Park), Calgary	19,274	1984	20.0	0.9	1	2.2	100.0%
6715 85th Avenue, Fort St. John	17,405	2006	28.0	29.7	1	7.0	100.0%
120 Pond Street East, Brooks	14,305	2006	24.0	5.2	1	7.0	100.0%
Western Canada Single Tenant	695,688		26.5	92.0	13	6.4	100.0%
310 Henderson Drive, Regina	373,284	1976	24.0	24.0	2	9.0	100.0%
15303 128th Avenue, Edmonton	178,143	1977/2004	25.0	12.4	3	8.5	100.0%
611-615 71st Avenue SE & 7515 6th Street SE (Glenmore Business Park), Calgary	167,742	1979	20.0	6.5	19	3.9	100.0%
628 668 Henderson Drive (Chestemere), Regina	163,777	1975	19.0	9.1	24	2.7	95.9%
7504 30th Street SE, Calgary	138,729	1976	22.0	6.0	2	4.9	100.0%
11445 163rd Street (Alberta Park), Edmonton	130,142	1981	22.0	5.2	7	2.5	100.0%
9603-9699 45th Avenue NW, Edmonton	111,240	1975	22.0	6.0	18	1.8	94.0%
603 Park Street, Regina	109,403	1978	19.0	6.8	19	2.7	79.1%
3916 61st Avenue, Calgary	99,978	1976	26.0	5.1	2	2.1	100.0%
7004-7042 30th Street SE, Calgary	94,029	1976	18.0	5.3	7	2.2	100.0%
651 Henderson Drive (Henderson Business Centre), Regina	90,231	1982	19.0	5.0	18	1.7	97.5%
26229 Township Road 531, Parkland County ⁽¹⁾	89,242	1968	24.7	6.5	14	3.2	100.0%
7008 5th Street SE (Glenmore Business Park), Calgary	86,007	1975	17.0	3.7	7	3.8	100.0%
11404 Winterburn Rd NW, Edmonton ⁽¹⁾	81,917	2004	23.8	6.3	15	2.6	95.0%
7004 5th Street SE (Glenmore Business Park), Calgary	79,213	1975	20.0	3.4	12	3.2	100.0%
9451 45th Avenue (Southwood Centre), Edmonton	75,172	1998	28.0	4.5	2	3.9	100.0%
4710-4760 14th Street NE (McCall Industrial Park), Calgary	72,903	1976	18.0	4.0	20	2.8	95.1%
2777 23rd Avenue NE (Sunridge Business Park), Calgary	67,250	2001	24.0	3.8	3	4.3	100.0%
3510 29th Street NE (ACC Centre), Calgary	65,009	1998	24.0	3.0	6	3.5	64.6%
7111 6th Street SE (Glenmore Business Park), Calgary	64,939	1985	20.0	2.9	4	4.5	100.0%
3401 19th Street, Calgary	63,962	1976	22.0	4.1	6	3.1	100.0%
2150 29th Street NE (Sunridge Business Park), Calgary	59,865	1999	24.0	3.3	7	3.0	100.0%
7710 5th Street SE (Glenmore Business Park), Calgary	58,926	1980	20.0	2.3	21	2.3	97.5%
2175 29th Street NE (Sunridge Business Park), Calgary	58,184	2000	24.0	3.5	3	5.9	100.0%
2256 29th Street NE (Sunridge Business Park), Calgary	58,015	1998	24.0	3.5	5	4.1	100.0%
550 71st Avenue SE (Glenmore Business Park), Calgary	57,744	1982	12.0	2.6	9	4.0	93.4%
1139-1165 40th Avenue NE, Calgary	57,402	1974	20.0	2.9	5	4.9	92.9%
2151 32nd Street NE (Sunridge Business Park), Calgary	57,198	1999	24.0	3.4	5	3.0	83.0%
501-529 36th Avenue SE, Calgary	57,122	1974	18.0	2.9	4	4.7	81.1%
4504-4576 14th Street NE, Calgary	57,004	1976	16.0	4.1	30	3.4	100.0%
2928 Sunridge Way NE (Sunridge Business Park), Calgary	57,001	2003	24.0	4.1	5	4.3	100.0%
4403-4435 97th Street North West, Edmonton	57,000	1975	24.0	3.2	6	1.9	100.0%

Property	Total GLA in square feet	Year built/renovated	Clear ceiling height (warehouse component) in feet	Total site area in acres	No. of tenants	Weighted average remaining lease term in years	In-place and committed occupancy in square feet
6812 6th Street SE (Glenmore Business Park), Calgary	56,988	1978	20.0	5.7	6	3.2	100.0%
2121 29th Street NE (Sunridge Business Park), Calgary	56,648	2000	24.0	3.8	3	3.8	100.0%
402 McDonald Street (Imperial Business Centre), Regina	55,656	1984	18.0	2.8	16	2.9	100.0%
2985 23rd Avenue NE (Sunridge Business Park), Calgary	54,065	2000	24.0	3.0	3	5.3	100.0%
4402-4434 10th Street NE, Calgary	54,006	1974	16.0	3.1	8	2.4	100.0%
7003 5th Street SE (Glenmore Business Park), Calgary	52,436	1975	20.0	2.7	12	3.8	64.3%
16134 - 114th Avenue NW, Edmonton ⁽¹⁾	48,353	2006	26.8	4.4	9	3.0	100.0%
4021 9th Street SE, Calgary	45,344	1961	22.0	1.9	1	6.5	38.2%
2886 Sunridge Way NE (Sunridge Business Park), Calgary	44,433	2001	24.0	3.5	3	3.9	100.0%
610 70th Avenue SE (Glenmore Business Park), Calgary	44,240	1985	20.0	3.5	12	3.8	100.0%
1512-1514 8th Street, Edmonton	42,670	1980	20.0	10.2	2	4.8	100.0%
535-561 36th Avenue SE, Calgary	41,444	1974	16.0	1.9	3	5.7	100.0%
5824 Burbank Road SE, Calgary	39,860	1972	20.0	2.4	4	6.3	100.0%
310 Hoffer Drive (McDonald Business Centre), Regina	37,970	1985	18.0	2.8	9	1.6	100.0%
4001 19th Street, Calgary	37,105	1978	22.0	2.5	6	2.6	100.0%
6810 6th Street SE (Glenmore Business Park), Calgary	31,726	1978	19.0	3.2	3	5.7	100.0%
6804-6818 30th Street SE, Calgary	29,998	1976	16.0	1.2	3	1.7	69.9%
7131 6th Street SE (Glenmore Business Park), Calgary	29,002	1982	20.0	1.3	2	2.2	100.0%
6023-6039 Centre Street South, Calgary	28,792	1973	15.0	1.5	5	3.1	100.0%
16104 - 114th Avenue NW, Edmonton ⁽¹⁾	28,759	1972	20.0	4.4	7	2.9	85.4%
4502-4516 10th Street NE, Calgary	28,641	1974	16.0	1.4	6	1.7	100.0%
3030 Sunridge Way NE (Sunridge Business Park), Calgary	27,001	2000	24.0	2.1	5	2.4	100.0%
6043-6055 Centre Street South, Calgary	25,198	1973	15.0	1.3	6	3.8	100.0%
530-544 38A Avenue SE, Calgary	23,987	1974	16.0	1.2	7	3.3	100.0%
7007 5th Street SE (Glenmore Business Park), Calgary	23,371	1974	19.0	1.2	3	4.6	100.0%
616 71st Avenue SE (Glenmore Business Park), Calgary	21,894	1985	21.0	1.0	3	2.4	100.0%
1135-1149 45th Avenue NE, Calgary	21,552	1974	16.0	1.3	5	2.7	100.0%
6910 6th Street SE (Glenmore Business Park), Calgary	21,237	1978	16.0	2.1	4	4.0	100.0%
4620-4640 11th Street NE, Calgary	21,124	1971	16.0	1.4	10	2.3	100.0%
102-114 61st Avenue SW, Calgary	18,890	1973	14.0	1.1	4	4.3	100.0%
4001-4019 23rd Street NE, Calgary	15,787	1976	16.0	1.1	6	3.3	100.0%
2915-2925 58th Avenue SE, Calgary	15,556	1976	16.0	1.0	6	2.8	100.0%
4515-4519 1st Street SE, Calgary	14,340	1969	16.0	0.7	3	1.6	100.0%
3503-3521 62nd Avenue SE, Calgary	13,371	1975	13.0	1.2	8	2.7	100.0%
4501-4509 1st Street SE, Calgary	13,200	1970	16.0	0.7	4	5.6	100.0%
4523-4529 1st Street SE, Calgary	11,400	1969	13.0	0.7	3	3.4	100.0%
Western Canada Multi Tenant	4,213,817		21.1	254.7	510	4.1	96.2%
Western Canada	4,909,505		21.9	346.7	523	4.5	96.8%
275 Wellington Street East, Aurora	317,000	1986	27.0	16.3	1	7.5	100.0%
45 Progress Avenue, Toronto	209,754	1965/2000	24.0	10.3	1	6.3	100.0%
290 Humberline Drive, Etobicoke ⁽¹⁾	180,329	1981/2010	20.0	6.9	1	8.3	100.0%
750 Creditstone Road	176,535	1999	24.0	9.0	1	3.3	100.0%
121 Pippin Road	169,500	1999	24.0	8.6	1	3.3	100.0%
700 Ormont Drive	123,370	1974	21.0	4.7	1	5.0	100.0%
2340 St. Laurent Blvd., Ottawa	114,724	1989	24.0	6.2	1	10.6	100.0%
580 Industrial Road, London	113,595	1972/2002	24.0	12.7	1	2.3	100.0%
441 Chrislea Road, Vaughan	100,626	1998	22.0	4.1	1	4.0	100.0%
2130 South Service Road West, Oakville	98,175	1986/2005	24.0	4.4	1	1.2	100.0%
970 Fraser Drive, Burlington	95,444	1999	28.0	6.9	1	13.3	100.0%
274 Humberline Drive, Etobicoke ⁽¹⁾	80,540	1981	20.0	3.9	1	5.6	100.0%
2226 South Service Road West, Oakville	79,174	1980	22.0	3.5	1	6.3	100.0%
439 Sovereign, London	77,877	1988	22.0	5.6	1	1.1	100.0%

Property	Total GLA in square feet	Year built/renovated	Clear ceiling height (warehouse component) in feet	Total site area in acres	No. of tenants	Weighted average remaining lease term in years	In-place and committed occupancy in square feet
9305 Twin Oaks Drive, Windsor	74,239	1996	28.0	5.2	1	5.9	100.0%
2 Lone Oak Court, Toronto	72,197	2001	24.0	4.4	1	7.8	100.0%
6885-6895 Menway Court, Mississauga	66,383	1988	20.0	3.4	1	1.4	100.0%
41 Metropolitan Road, Toronto	59,400	1975/1997	17.0	4.4	1	1.5	100.0%
896 Meyerside Drive, Mississauga	46,774	1986	20.0	2.4	1	1.7	100.0%
880 Rangeview Road, Mississauga	45,600	1977/2005	24.0	3.2	1	1.0	100.0%
135 Pinebush Road, Cambridge	44,470	2001	60.0	5.6	1	5.8	100.0%
5905 Kennedy Road, Mississauga	38,158	1988	22.0	2.1	1	0.9	100.0%
6045 Kestrel Road, Mississauga	34,879	1986	20.0	1.8	1	1.6	100.0%
2946 Walker Road, Windsor	32,264	1960	22.0	4.0	1	2.3	100.0%
781 Westgate Road, Oakville	29,850	1985	22.0	4.2	1	5.9	100.0%
6520 Gottardo Court, Mississauga	25,932	1987	18.0	1.2	1	7.3	100.0%
750 Barmac Drive	23,959	1979	18.0	1.5	1	4.4	100.0%
7420 Pacific Circle, Mississauga	23,777	1987	18.0	1.2	1	4.8	100.0%
1300 Fewster Road, Mississauga	23,500	1969	14.0	1.2	1	1.8	100.0%
5805 Kennedy Road, Mississauga	21,780	1986	18.0	1.0	1	2.8	100.0%
5380 Timberlea Boulevard	19,988	1986	18.0	1.0	1	5.3	100.0%
5462 Timberlea Boulevard	17,708	1977	18.0	1.0	1	5.7	100.0%
5370 Timberlea Boulevard	16,682	1986	18.0	0.8	1	3.8	100.0%
5750 Coopers Avenue, Mississauga	16,366	1987	18.0	0.9	1	6.3	100.0%
5444 Timberlea Boulevard	15,316	1977	18.0	0.9	1	3.3	100.0%
Ontario Single Tenant	2,685,865		23.5	154.5	35	5.2	100.0%
6581-6601 Kitimat Road, Mississauga	318,363	1986	25.0	16.9	15	3.3	97.7%
2360 Cornwall Road, Oakville	199,736	2004	28.0	10.3	4	2.7	100.0%
45 A & B West Wilmot Street, Richmond Hill	189,128	1986	19.0	8.0	39	2.5	90.4%
255 Wicksteed Avenue, Toronto	177,562	1955	24.0	8.0	4	4.3	94.7%
2140-2150 Winston Park Drive, Mississauga	172,329	1987	19.0	7.5	45	2.9	97.6%
5900 Finch Avenue East, Scarborough	166,237	1993	24.0	7.6	4	1.9	100.0%
90 Nolan Court, Markham	124,930	1982	18.0	7.0	27	3.2	97.1%
55 Horner Avenue, Etobicoke	93,300	1988	22.0	6.2	4	3.1	100.0%
4515/4525 Rhodes Drive, Windsor	91,057	1999	22.0	9.0	3	3.6	76.5%
3 & 5 Blair Drive, Brampton	82,232	2001	28.0	6.4	2	2.9	100.0%
1111 Tristar Drive, Mississauga	77,726	1986	22.0	3.7	3	0.9	87.4%
903-951 Matheson Boulevard	77,420	1977	18.0	3.8	7	2.9	100.0%
1100 Courtney Park Drive, Mississauga	72,393	1981	22.0	3.4	4	2.1	100.0%
100 Lingard Road, Cambridge	70,154	2003	46.0	5.4	2	4.4	100.0%
5825-5895 Kennedy Road, Mississauga	67,836	1988	15.0	3.4	7	4.3	88.4%
6400 Shawson Drive, Mississauga	61,817	1981	22.0	2.9	3	2.4	100.0%
5554 Tomken Road	61,623	1979	18.0	3.2	9	2.2	100.0%
6300 Viscount Road, Mississauga ⁽¹⁾	60,179	1966	16.0	4.3	3	4.1	83.1%
845 Harrington Court, Burlington	55,932	1982	15.0	4.0	8	3.5	90.9%
5716-5730 Coopers Avenue, Mississauga	53,668	1987	14.0	3.4	22	2.3	96.8%
855 Matheson Boulevard	46,608	1986	18.0	2.0	13	2.3	100.0%
5448 Timberlea Boulevard	32,025	1977	16.0	1.8	2	3.0	100.0%
5430 Timberlea Boulevard	31,448	1977	17.0	1.8	2	2.5	100.0%
5466 Timberlea Boulevard	28,657	1977	18.0	1.6	2	7.3	100.0%
135 East Beaver Creek, Richmond Hill	28,506	1986	17.0	1.8	2	1.0	100.0%
5420 Timberlea Boulevard	19,816	1977	18.0	1.1	1	2.2	24.2%
Ontario Multi Tenant	2,460,682		22.1	134.4	237	3.0	95.4%
Ontario	5,146,547		22.9	289.0	272	4.2	97.8%
1411, 1421 and 1451 Rue Ampère, Boucherville	457,875	1998/2002	27.0	21.6	1	10.7	100.0%
10001 Metropolitan Boulevard East, Montréal	327,000	2004	40.7	28.5	1	9.7	100.0%

Property	Total GLA in square feet	Year built/renovated	Clear ceiling height (warehouse component) in feet	Total site area in acres	No. of tenants	Weighted average remaining lease term in years	In-place and committed occupancy in square feet
1900 Dickson Street (Molson Distribution Centre), Montréal	225,000	2003	26.0	17.1	1	8.3	100.0%
2350 de la Province, Longueuil	222,485	1967	20.0	11.5	1	1.3	100.0%
1125 50th Avenue, Montréal	210,710	2000	26.0	13.3	1	5.0	100.0%
8000 Avenue Blaise-Pascal, Montréal	206,345	1993	23.0	13.8	1	7.5	100.0%
1313 Autoroute Chomedey, Laval	184,493	1999	26.0	8.1	1	10.7	100.0%
650 rue Bergeron, Drummondville	181,000	2007	28.0	10.5	1	3.2	100.0%
1155 Autoroute Chomedey, Laval	115,362	1990/2002	22.0	4.1	-	-	0.0%
101 Autoroute 440, Laval ⁽¹⁾	68,444	1977	22.0	4.6	1	3.7	100.0%
1805 50e Avenue, Lachine	60,750	1986	19.0	2.3	1	6.7	100.0%
585-625 Avenue Meloche, Dorval	54,410	1981	18.0	2.7	1	0.9	100.0%
1421 rue Nobel, Sainte-Julie	50,878	1998	22.0	4.3	1	7.1	100.0%
3800 Trans-Canada Highway, Pointe-Claire	50,000	1966	18.0	3.4	1	1.2	100.0%
3700-3720 Autoroute des Laurentides, Laval ⁽¹⁾	49,500	2002	24.0	3.6	1	7.8	100.0%
1870 boulevard Saint-Régis, Dollard-des-Ormeaux	40,231	1984	22.0	1.8	1	6.7	100.0%
29 rue de Varennes, Gatineau	23,959	2006	20.0	3.4	1	6.3	100.0%
361 boul. Montpellier, St. Laurent ⁽¹⁾	19,220	1987	18.0	1.2	1	9.3	100.0%
Québec Single Tenant	2,547,662		26.4	155.8	17	7.2	95.5%
2995 boul. le Corbusier, Laval ⁽¹⁾	131,680	1975	29.0	4.7	3	7.1	94.0%
5000 rue Fairway & 1645 50e Avenue, Lachine	106,517	1978	18.0	5.5	4	0.5	68.9%
1700-1764 50e Avenue, Lachine	94,569	1989	24.0	4.2	2	2.9	100.0%
1100-1154 rue Berlier, Laval	91,843	1975	18.0	4.5	10	2.6	100.0%
9090-9100 boul. Canvendish, St. Laurent ⁽¹⁾	89,322	1987	18.0	7.5	6	4.3	100.0%
333 Chemin du Tremblay, Boucherville	86,842	1987	18.0	3.8	4	5.9	81.6%
1876-1936 32e Avenue, Montréal	84,659	1987	18.0	4.7	6	2.8	100.0%
1500 rue Nobel, Boucherville	82,081	1989	18.0	4.1	5	2.5	57.6%
2000 32e Avenue, Lachine	81,288	1985	18.0	4.8	3	1.8	100.0%
1624-1692 50e Avenue, Lachine	79,094	1975	19.0	4.3	7	2.9	81.6%
1151-1179 Autoroute 440, Laval	78,491	1975	19.0	3.9	13	4.7	75.0%
10001-10091 Renaude-Lapointe, Montréal	77,846	1987	18.0	3.7	4	3.9	100.0%
2101 rue Nobel, Sainte-Julie	73,411	1992	20.0	4.8	3	4.3	88.8%
1950 32e Avenue, Montréal	71,923	1988	18.0	4.5	8	2.7	93.3%
1825-1865 32e Avenue, Montréal	71,616	1986	18.0	4.9	8	3.5	75.9%
4300-4400 boul. Bois-Franc, St. Laurent ⁽¹⁾	68,575	1987	18.0	3.9	2	5.7	88.4%
4605-4645 rue Fairway & 1405-1465 46e Avenue, Lachine	60,728	1974	19.0	4.0	7	7.0	100.0%
1010 rue Berlier & 2854-2870 boulevard Industriel, Laval	58,622	1975	19.0	3.1	4	2.0	61.2%
1025-1087 Autoroute 440, Laval	56,622	1979	18.0	2.8	12	1.7	100.0%
135 Chemin du Tremblay, Boucherville	49,808	1989	16.0	2.4	9	1.6	100.0%
38 rue de Valcourt, Gatineau	16,370	1985	12.0	1.2	8	0.9	100.0%
Québec Multi Tenant	1,611,907		19.4	87.3	128	3.6	88.4%
Québec	4,159,569		23.7	243.1	145	5.9	92.7%
Central Canada	9,306,116		23.2	532.1	417	4.9	95.5%
131 Thornhill Drive (Burnside Business Park), Dartmouth	115,773	1986	18.0	4.7	1	1.2	100.0%
58 Wright Avenue (Burnside Business Park), Dartmouth	43,000	1972	24.0	2.4	1	6.8	100.0%
722 Edinburgh Drive, Moncton	41,200	1975/1990	20.0	8.6	1	1.5	100.0%
50 Garland Avenue (Burnside Business Park), Dartmouth	35,574	2006	10.0	2.5	1	1.9	100.0%
80 Thornhill Drive (Burnside Business Park), Dartmouth	10,090	1984	20.0	1.1	1	5.1	100.0%
Eastern Canada Single Tenant	245,637		18.3	19.3	5	2.5	100.0%
202 Brownlow Avenue (Burnside Business Park), Dartmouth	212,289	1986	18.0	13.8	59	4.9	96.6%
320-340 Wright Avenue (Burnside Business Park), Dartmouth	170,129	2007	24.0	10.6	12	3.4	100.0%
201 Brownlow Avenue (Burnside Business Park), Dartmouth	160,177	1988	16.0	10.7	32	4.3	91.3%
7 Mellor Avenue, Dartmouth	122,490	2007	24.0	7.2	11	6.3	96.4%
10 Morris Drive (Burnside Business Park), Dartmouth	118,785	1979	18.0	7.5	20	1.8	91.1%

Property	Total GLA in square feet	Year built/renovated	Clear ceiling height (warehouse component) in feet	Total site area in acres	No. of tenants	Weighted average remaining lease term in years	In-place and committed occupancy in square feet
71 Thornhill Drive, Dartmouth	100,680	1980	28.0	5.2	3	5.0	89.7%
131-135 Ilsley Avenue (Burnside Business Park), Dartmouth	97,770	1984	18.0	6.6	16	2.4	93.4%
121 Ilsley Avenue, Dartmouth	96,738	1983	19.0	8.0	17	2.5	73.8%
75 Akerley Boulevard, Dartmouth	96,228	1982	19.0	7.8	20	3.4	100.0%
222 Edinburgh Drive, Moncton	93,504	1977/1999	22.0	7.7	5	1.9	56.0%
11 Morris Drive (Burnside Business Park), Dartmouth	89,779	1977	18.0	5.0	20	2.6	89.9%
120 Troop Avenue (Burnside Business Park), Dartmouth	87,049	2004	24.0	5.7	6	2.0	100.0%
100 Wright Avenue (Burnside Business Park), Dartmouth	76,127	1979	18.0	4.4	13	2.5	100.0%
100 Ilsley Avenue (Burnside Business Park), Dartmouth	76,052	1984	14.0	6.1	16	4.3	94.5%
55 Akerley Boulevard, Dartmouth	75,306	1975	19.0	5.8	7	2.4	94.8%
51 Raddall Avenue (Burnside Business Park), Dartmouth	70,002	1986	18.0	4.7	11	2.1	100.0%
170 Joseph Zatzman Drive (Burnside Business Park), Dartmouth	65,671	1981	16.0	4.0	11	2.8	91.8%
50 Akerley Boulevard (Burnside Business Park), Dartmouth	62,685	1983	18.0	1.6	11	3.3	86.7%
10 Vidito Drive, Dartmouth	61,988	1980	22.0	2.7	2	4.6	100.0%
101 Thornhill Drive (Burnside Business Park), Dartmouth	61,381	1982	18.0	3.8	8	2.8	93.3%
105 Akerley Boulevard (Burnside Business Park), Dartmouth	57,436	1983	18.0	3.3	6	2.6	93.8%
30-58 Mosher Drive (Burnside Business Park), Dartmouth	56,937	1972	18.0	2.6	4	2.7	100.0%
29-59 Mosher Drive (Burnside Business Park), Dartmouth	54,367	1974	18.0	3.6	4	6.0	100.0%
50 Troop Avenue (Burnside Business Park), Dartmouth	53,859	2001	24.0	3.6	3	1.9	100.0%
32 Troop Avenue (Burnside Business Park), Dartmouth	47,790	2000	24.0	3.3	4	3.2	100.0%
109 Ilsley Avenue (Burnside Business Park), Dartmouth	44,829	1987	16.0	3.1	12	4.2	82.1%
81 Wright Avenue (Burnside Business Park), Dartmouth	44,366	1986	20.0	3.6	4	4.0	84.7%
95 Akerley Boulevard, Dartmouth	38,027	1980	14.0	2.1	12	2.6	92.4%
30 Simmonds Drive (Burnside Business Park), Dartmouth	37,484	1982	16.0	2.8	12	1.6	100.0%
40 Thornhill Drive (Burnside Business Park), Dartmouth	32,186	1982	16.0	3.8	8	3.5	71.6%
50 Thornhill Drive (Burnside Business Park), Dartmouth	32,065	1983	16.0	3.8	10	1.9	92.3%
60 Thornhill Drive (Burnside Business Park), Dartmouth	32,002	1986	16.0	2.0	6	5.3	84.9%
10 Thornhill Drive, Dartmouth	28,616	1983	15.0	3.4	9	3.0	91.6%
16 Garland Avenue (Burnside Business Park), Dartmouth	10,888	2008	14.0	1.5	4	5.3	100.0%
Eastern Canada Multi Tenant	2,565,682		19.4	171.4	398	3.4	92.4%
Eastern Canada	2,811,319		19.3	190.7	403	3.4	93.1%
Total	17,026,940		22.2	1,069.5	1,343	4.5	95.5%

(1) Represents properties acquired in September 2014.

LARGEST TENANTS BY GLA

Tenant	Total area in square feet	Properties	City	Province
Spectra/Premium Industries	642,368	1411, 1421 and 1451 rue Ampère	Boucherville	Québec
		1313 Autoroute Chomedey	Laval	Québec
TC Transcontinental	523,345	275 Wellington Street East	Aurora	Ontario
		8000 Avenue Blaise-Pascal	Montréal	Québec
Gienow Windows & Doors Inc.	351,306	7140 40th Street SE	Calgary	Alberta
Royal Group Inc.	346,035	750 Creditstone Road	Vaughan	Ontario
		121 Pippin Road	Vaughan	Ontario
The Brick Warehouse LP	327,000	10001 Metropolitan Boulevard East	Montréal	Québec
United Agri Products Canada Inc.	275,335	310 Henderson Drive	Regina	Saskatchewan
Molson Breweries Properties	225,000	1900 Dickson Street (Molson Distribution Centre)	Montréal	Québec
Hasbro Canada Corporation	222,485	2350 de la Province	Longueuil	Québec
Nellson Nutraceutical Canada	210,710	1125 50th Avenue	Montréal	Québec
Array Canada Inc.	209,754	45 Progress Avenue	Toronto	Ontario
McKesson Canada Corporation	181,000	650 rue Bergeron	Drummondville	Québec
Alumicor Limited	180,329	290 Humberline Drive	Etobicoke	Ontario
Rocktenn-Container Canada/Rocketenn-Preprint Canada	134,863	7420 Pacific Circle	Mississauga	Ontario
		6581-6601 Kitimat Road	Mississauga	Ontario
Multy Home LP	123,370	700 Ormont Drive	North York	Ontario
DIRTT Environmental Solution	122,419	7504 30th Street SE	Calgary	Alberta
Helly Hansen Canada Limited	115,773	131 Thornhill Drive (Burnside Business Park)	Dartmouth	Nova Scotia
The Dollco Corporation	114,724	2340 St. Laurent Blvd.	Ottawa	Ontario
Colabor Limited Partnership	113,595	580 Industrial Road	London	Ontario
Clean Harbors Industrial	113,506	15301 100th Street	Grand Prairie	Alberta
		204 26229 Township Road 531A (Parkland County)	Edmonton	Alberta
		6715 85th Avenue	Fort St. John	British Columbia
		120 Pond Street East	Brooks	Alberta
		26229 Township Road 531	Parkland County	Alberta
Fath PV Tech Inc.	104,248	5900 Finch Avenue East	Scarborough	Ontario
Aquarium Services Warehouse	100,626	441 Chrislea Road	Vaughan	Ontario
Total	4,737,791			

Condensed consolidated balance sheets

(unaudited)

(in thousands of Canadian dollars)	Note	September 30, 2014	December 31, 2013
Assets			
NON-CURRENT ASSETS			
Investment properties	6	\$ 1,687,005	\$ 1,540,791
Other non-current assets	7	41,384	39,416
Deferred income tax assets		-	1,075
		1,728,389	1,581,282
CURRENT ASSETS			
Amounts receivable	9	4,639	4,051
Prepaid expenses and other assets		5,211	4,214
Cash and cash equivalents		119	258
		9,969	8,523
Total assets		\$ 1,738,358	\$ 1,589,805
Liabilities			
NON-CURRENT LIABILITIES			
Debt	10	\$ 790,239	\$ 728,341
Subsidiary redeemable units	11	167,894	144,096
Deferred Unit Incentive Plan	12	1,946	1,028
Deferred income tax liabilities		314	-
Other non-current liabilities	13	10,811	10,330
		971,204	883,795
CURRENT LIABILITIES			
Debt	10	127,790	112,041
Amounts payable and accrued liabilities	14	25,284	23,153
		153,074	135,194
Total liabilities		1,124,278	1,018,989
Equity			
Unitholders' equity		575,544	546,680
Retained earnings		38,635	24,136
Accumulated other comprehensive loss		(99)	-
Total equity	15	614,080	570,816
Total liabilities and equity		\$ 1,738,358	\$ 1,589,805

See accompanying notes to the condensed consolidated financial statements.

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



Vincenza Sera
Trustee



Sheldon Wiseman
Trustee

Condensed consolidated statements of net income and comprehensive income

(unaudited)

(in thousands of Canadian dollars)	Note	Three months ended September 30,		Nine months ended September 30,	
		2014	2013	2014	2013
Investment properties revenue		\$ 40,319	\$ 37,842	\$ 121,661	\$ 101,795
Investment properties operating expenses		(12,293)	(10,621)	(38,886)	(29,928)
Net rental income		28,026	27,221	82,775	71,867
Other revenue					
Interest and fee income		3	17	16	239
		3	17	16	239
Other expenses					
General and administrative		(2,144)	(2,009)	(6,129)	(5,294)
Interest:					
Interest expense on debt	16	(8,446)	(8,084)	(24,737)	(22,000)
Subsidiary redeemable units	16	(2,982)	(2,850)	(8,680)	(8,447)
Depreciation and amortization		(19)	(45)	(30)	(45)
		(13,591)	(12,988)	(39,576)	(35,786)
Income before fair value adjustments, income taxes and other items		14,438	14,250	43,215	36,320
Other items					
Fair value adjustments to investment properties	6	(3,569)	2,263	4,056	3,686
Fair value adjustments to financial instruments	17	13,218	6,114	(876)	46,363
Gains (costs) on transactions and other activities	18	(1,075)	(615)	(1,318)	(12,196)
		8,574	7,762	1,862	37,853
Income before income taxes		23,012	22,012	45,077	74,173
Recovery (deferred) income taxes	8	48	(1,352)	(1,389)	(1,624)
Net income for the period		\$ 23,060	\$ 20,660	\$ 43,688	\$ 72,549
Other comprehensive income (loss)					
Unrealized gain (loss) on effective interest rate hedge	10	\$ 47	\$ -	\$ (99)	\$ -
		47	-	(99)	-
Comprehensive income for the period		\$ 23,107	\$ 20,660	\$ 43,589	\$ 72,549

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of changes in equity

(unaudited)

(in thousands of Canadian dollars, except number of units)	Note	Number of Units	Unitholders' equity	Attributable to unitholders of the Trust		
				Retained earnings	Accumulated other comprehensive loss	Total
Balance at January 1, 2014		54,921,726	\$ 546,680	\$ 24,136	\$ -	\$ 570,816
Net income for the period		-	-	43,688	-	43,688
Distributions paid and payable		-	-	(29,189)	-	(29,189)
REIT Units issued	15	2,659,575	25,583	-	-	25,583
Distribution Reinvestment Plan		332,441	3,110	-	-	3,110
Unit Purchase Plan		1,497	14	-	-	14
REIT Units issued for vested deferred trust units	12	21,630	193	-	-	193
Issue costs		-	(36)	-	-	(36)
Other comprehensive loss		-	-	-	(99)	(99)
Balance at September 30, 2014		57,936,869	\$ 575,544	\$ 38,635	\$ (99)	\$ 614,080

(in thousands of Canadian dollars, except number of units)	Number of Units	Unitholders' equity	Attributable to unitholders of the Trust		
			Retained earnings (deficit)	Total equity	
Balance at January 1, 2013	36,257,538	\$ 351,299	\$ (25,088)	\$ 326,211	
Net income for the period	-	-	72,832	72,832	
Distributions paid and payable	-	-	(25,405)	(25,405)	
Public offering of REIT Units	18,313,053	197,518	-	197,518	
Distribution Reinvestment Plan	191,570	1,816	-	1,816	
Unit Purchase Plan	1,826	18	-	18	
REIT Units issued for vested deferred trust units	20,400	218	-	218	
Issue costs	-	(5,347)	-	(5,347)	
Balance at September 30, 2013	54,784,387	\$ 545,522	\$ 22,339	\$ 567,861	

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of cash flows

(unaudited)

(in thousands of Canadian dollars)	Note	Three months ended September 30,		Nine months ended September 30,	
		2014	2013	2014	2013
Generated from (utilized in) operating activities					
Net income for the period		\$ 23,060	\$ 20,660	\$ 43,688	\$ 72,549
Non-cash items:					
Depreciation and amortization, net	21	(352)	(595)	(1,319)	(1,767)
Other adjustments	21	(10,080)	(7,590)	(4,927)	(37,916)
Investment in lease incentives and initial direct leasing costs	6	(3,066)	(1,347)	(5,672)	(3,268)
Interest paid on subsidiary redeemable units	16	2,850	2,850	8,548	7,497
Change in non-cash working capital	21	4,467	6,894	(176)	4,960
		16,879	20,872	40,142	42,055
Generated from (utilized in) investing activities					
Additions to property and equipment		(23)	(25)	(62)	(76)
Investment in investment properties	6	(744)	(514)	(3,058)	(579)
Transaction costs paid		(589)	(104)	(758)	(15,907)
Acquisition of investment properties, net of cash acquired		(67,513)	-	(69,872)	(91,223)
		(68,869)	(643)	(73,750)	(107,785)
Generated from (utilized in) financing activities					
Mortgage financings, net of financing costs	10	73,127	14,287	142,639	112,269
Draw on revolving credit facility, net of financing costs	10	19,210	-	43,320	-
Mortgage principal repayments		(5,388)	(5,210)	(16,114)	(12,969)
Mortgage lump sum repayments		-	(15,709)	(55,243)	(22,858)
Repayment of debt and other facilities	10	(23,327)	-	(46,649)	(84,500)
Payment made for the tender of 6.75% Debentures		-	-	-	(705)
Distributions paid on Units		(8,774)	(8,662)	(25,904)	(22,432)
Interest paid on subsidiary redeemable units	16	(2,850)	(2,850)	(8,548)	(7,497)
Cash proceeds on issue of Units		6	6	14	115,133
Unit issue costs paid		(22)	(708)	(46)	(9,176)
		51,982	(18,846)	33,469	67,265
Change in cash and cash equivalents		(8)	1,383	(139)	1,535
Cash and cash equivalents, beginning of period		127	2,458	258	2,306
Cash and cash equivalents, end of period		\$ 119	\$ 3,841	\$ 119	\$ 3,841

See accompanying notes to the condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

(All dollar amounts in thousands of Canadian dollars, except as otherwise noted and for unit or per unit amounts)

Note 1

ORGANIZATION

Effective May 5, 2014, Dundee Industrial REIT changed its name to Dream Industrial Real Estate Investment Trust ("Dream Industrial REIT", "Dream Industrial" or the "Trust"). Dream Industrial is an open-ended investment trust created pursuant to a Declaration of Trust, as amended and restated, under the laws of the Province of Ontario. The condensed consolidated financial statements of Dream Industrial include the accounts of Dream Industrial and its consolidated subsidiaries. Dream Industrial's portfolio comprises industrial properties located in urban centres across Canada. A subsidiary of Dream Industrial performs the property management function.

The Trust's registered office is 30 Adelaide Street East, Suite 1600, Toronto, Ontario, Canada M5C 3H1. The Trust is listed on the Toronto Stock Exchange under the symbol "DIR.UN". Dream Industrial's condensed consolidated financial statements for the three and nine months ended September 30, 2014, were authorized for issuance by the Board of Trustees on November 11, 2014, after which date they may only be amended with the Board of Trustees' approval.

Equity is described in Note 15; however, for simplicity, throughout the Notes, reference is made to the following:

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

Subsidiary redeemable units classified as a liability are described in Note 11; however, for simplicity, throughout the Notes, reference is made to "subsidiary redeemable units", meaning the LP Class B Units of Dream Industrial LP ("DILP"), formerly known as Dundee Industrial Limited Partnership.

At September 30, 2014, Dream Office Real Estate Investment Trust ("Dream Office REIT"), directly and indirectly through its subsidiaries, held 18,551,855 (December 31, 2013 – 16,282,096) subsidiary redeemable units, being all of the subsidiary redeemable units of the Trust.

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

The condensed consolidated financial statements have been prepared using the same significant accounting policies and methods as those used in the consolidated financial statements for the year ended December 31, 2013, except as disclosed in Note 3 of the condensed consolidated financial statements.

These condensed consolidated financial statements should be read in conjunction with the Trust's consolidated financial statements for the year ended December 31, 2013.

Note 3

ACCOUNTING POLICIES SELECTED AND APPLIED FOR SIGNIFICANT TRANSACTIONS AND EVENTS

The accounting policies selected and applied for significant transactions and events are consistent with those for the year ended December 31, 2013.

Changes in accounting policies

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

Accounting for levies imposed by governments

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

Accounting for internal leasing costs

Prior to January 1, 2014, the Trust capitalized incremental internal leasing costs within initial direct leasing costs to investment properties, where these costs would not have been incurred had no leasing activity taken place and are reasonably and directly attributable to the leasing activity. On April 2, 2014, the International Financial Reporting Interpretation Committee ("IFRIC") issued an agenda decision indicating that internal leasing costs such as salary costs of permanent staff involved in negotiating and arranging new leases do not qualify as incremental costs. As a result, the Trust has adopted an accounting policy of recognizing certain internal leasing costs involved in negotiating and arranging new leases in the condensed consolidated statements of comprehensive income as incurred. This accounting policy has been applied retrospectively. The impact to the three months ended September 30, 2014 and September 30, 2013 is an increase to internal leasing costs expense of \$975 and \$664, respectively, and a corresponding increase in fair value adjustments to investment properties of \$975 and \$664, respectively. The impact to the nine months ended September 30, 2014 and September 30, 2013 is an increase to internal leasing costs expense of \$2,947 and \$1,227, respectively, and a corresponding increase in fair value adjustments to investment properties of \$2,947 and \$1,227, respectively. This change did not result in an impact to the condensed consolidated balance sheets. External direct leasing costs continue to be capitalized to investment properties.

Segment reporting

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

Derivative financial instruments and hedging activity

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

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

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

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

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

Future changes in accounting standards

Revenue recognition

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

Financial instruments

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

Note 4

CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS IN APPLYING ACCOUNTING POLICIES

Preparing the condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying values of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying value of the affected asset or liability in the future. Management has applied the same methodologies in making critical accounting judgments, estimates and assumptions as disclosed in the Trust's consolidated financial statements for the year ended December 31, 2013.

Note 5

INVESTMENT PROPERTY ACQUISITIONS

Detailed below are the investment property acquisitions completed during the nine months ended September 30, 2014:

	Interest acquired (%)	Purchase price ⁽¹⁾	Date acquired
GE Turbine	50.0	\$ 2,359	May 8, 2014
Dream Office Portfolio	100.0	33,684	September 9, 2014
KingSett 2014 Portfolio ⁽²⁾	100.0	97,520	September 9, 2014
Total		\$ 133,563	

(1) Includes transaction costs and fair value adjustments on the Units issued.

(2) Portfolio acquisitions were completed on September 9, 2014 except for one property which was closed on September 11, 2014.

The consideration consists of:

Cash paid during the period	\$ 69,872
Issuance of LP Class B Units	21,949
Issuance of REIT Units	25,583
	117,404
Transaction costs	2,352
Assumed mortgages at fair value	11,336
Assumed non-cash working capital	2,471
Total consideration for investment properties	\$ 133,563

In relation to the acquisition of KingSett 2014 Portfolio, the Trust issued 1,620,458 REIT Units on September 9, 2014 and also issued 1,039,117 REIT Units on September 11, 2014. The Units were issued at a contractual price of \$9.40 per Unit. Under IFRS, the consideration was required to be fair valued using the closing Unit prices of \$9.67 and \$9.54 on September 9 and September 11, 2014, respectively.

In relation to the acquisition of Dream Office Portfolio, the Trust issued 2,269,759 LP Class B Units on September 9, 2014 to an affiliate of Dream Office REIT. The LP Class B Units were issued at a contractual price of \$9.40 per Unit. The fair value of investment properties acquired was determined using the closing REIT Unit price of \$9.67 on September 9, 2014.

Note 6

INVESTMENT PROPERTIES

	Note	Nine months ended September 30, 2014	Year ended December 31, 2013
Balance at beginning of year		\$ 1,540,791	\$ 1,147,410
Additions:			
Acquisitions from business combination		-	220,239
Investment property acquisitions	5	133,563	161,000
Building improvements		3,058	2,215
Lease incentives and initial direct leasing costs		5,672	6,497
Total additions to investment properties		142,293	389,951
Gains and losses included in net income:			
Fair value adjustments to investment properties ⁽¹⁾		4,056	3,504
Amortization of lease incentives		(135)	(74)
Total gains included in net income		3,921	3,430
Balance at end of period		\$ 1,687,005	\$ 1,540,791

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

The asset that was classified as asset held for sale in the first quarter of 2014 had been reclassified into investment properties in the third quarter.

The Trust's investment properties have been reduced by \$5,593 (December 31, 2013 – \$3,535) related to straight-line rent receivable, which has been reclassified to other non-current assets.

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

	September 30, 2014		December 31, 2013	
	Range (%)	Weighted average (%)	Range (%)	Weighted average (%)
Cap rate	5.50–8.25	6.71	6.00–8.75	6.73
Discount rate	7.00–9.00	7.67	6.75–9.50	7.68
Terminal rate	6.25–8.50	6.98	6.25–9.00	6.97

Investment properties with an aggregate fair value of \$149 million as at September 30, 2014 (December 31, 2013 – \$87.3 million) were valued by qualified external valuation professionals. Investment properties with an aggregate September 30, 2014 fair value of \$1,686 million were valued by external valuation professionals for the period between October 4, 2012 and September 30, 2014.

If the cap rate were to increase by 25 basis points (“bps”), the value of investment properties would decrease by \$33.9 million. If the cap rate were to decrease by 25 bps, the value of investment properties would increase by \$94.4 million.

As at September 30, 2014, investment properties with a fair value of \$1,444,855 (December 31, 2013 – \$1,336,887) are pledged as first-ranking and/or second-ranking collateral for mortgages. As at September 30, 2014, investment properties with a fair value of \$121,908 (December 31, 2013 – \$80,692) are pledged as security for the Trust's revolving credit facility.

Note 7

OTHER NON-CURRENT ASSETS

	Note	September 30, 2014	December 31, 2013
Deposits		\$ 191	\$ 479
Property and equipment		101	69
Straight-line rent receivable		5,593	3,535
Goodwill		35,333	35,333
Conversion feature on the convertible debentures	10	166	-
Total		\$ 41,384	\$ 39,416

Note 8

RECOVERY (DEFERRED) INCOME TAXES

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

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Income before income taxes	\$ 23,012	\$ 22,012	\$ 45,077	\$ 74,173
Income not subject to taxation	(23,661)	(14,838)	(40,895)	(77,666)
Income in subsidiary corporation	(649)	7,174	4,182	(3,493)
Tax calculated at the Canadian statutory tax rate of 28.7% (2013 – 27.6%)	(191)	1,980	1,200	(964)
Increase (decrease) resulting from:				
Recovery (expenses) not deductible for tax	3	7	(599)	3,045
Adjustment in expected future tax rates	2	(3)	(9)	(93)
Other items	138	(632)	797	(364)
Recovery (deferred) income taxes	\$ (48)	\$ 1,352	\$ 1,389	\$ 1,624

Note 9

AMOUNTS RECEIVABLE

	September 30, 2014	December 31, 2013
Trade receivables	\$ 2,927	\$ 2,282
Less: Provision for impairment of trade receivables	(414)	(284)
Trade receivables, net	2,513	1,998
Other amounts receivable	2,126	2,053
Amounts receivable	\$ 4,639	\$ 4,051

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

	Nine months ended September 30,	
	2014	2013
As at January 1	\$ 284	\$ 275
Provision for impairment of trade receivables	169	372
Receivables written off during the period as uncollectible	(39)	(361)
As at September 30	\$ 414	\$ 286

The carrying value of amounts receivable approximates fair value due to their current nature. As at September 30, 2014, trade receivables of approximately \$856 (December 31, 2013 – \$182) were past due but not considered impaired as the Trust has ongoing relationships with these tenants and the aging of these trade receivables is not indicative of expected default.

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

	September 30, 2014
2014 (remainder of year)	\$ 27,694
2015 to 2018	334,493
2019 to 2027	172,910
	\$ 535,097

Note 10

DEBT

	September 30, 2014	December 31, 2013
Mortgages ⁽¹⁾	\$ 783,889	\$ 703,502
Revolving credit facility ⁽¹⁾	8,838	12,114
Convertible debentures	125,302	124,766
Total	918,029	840,382
Less: Current portion	(127,790)	(112,041)
Non-current debt	\$ 790,239	\$ 728,341

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

Mortgage financing activities

The Trust completed the following financings for the nine months ended September 30, 2014.

	Nine months ended September 30, 2014		
	Amount	Average term to maturity (years)	Weighted average effective interest rate (%)
New mortgages	\$ 143,800	6.4	3.62
New mortgages assumed on investment property acquisitions	11,128	2.3	3.13
Overall	\$ 154,928	6.1	3.58

Convertible debentures

	Carrying value	
	September 30, 2014	December 31, 2013
5.25% Debentures	\$ 104,827	\$ 104,065
6.75% Debentures	20,475	20,701
Total	\$ 125,302	\$ 124,766

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

Revolving credit facility

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

	Borrowing capacity	Letter of credit issued ⁽³⁾	Principal amount outstanding ⁽⁵⁾	Available to be drawn ⁽²⁾	Interest rate ⁽⁴⁾	Maturity date
Revolving credit facility ⁽¹⁾	\$ 75,000	\$ 500	\$ 9,210	\$ 65,290	3.75%	June 30, 2016

(1) Nineteen properties are secured as first-ranking mortgages on the facility.

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

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

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

(5) Excludes financing costs.

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

	Weighted average effective interest rates ⁽¹⁾		Maturity dates	Debt amount	
	September 30, 2014	December 31, 2013		September 30, 2014	December 31, 2013
Fixed rate					
Mortgages ⁽²⁾	3.48%	3.40%	2014–2024	\$ 773,769	\$ 703,502
Convertible debentures	6.12%	6.12%	2017–2019	125,302	124,766
Total fixed rate debt	3.85%	3.84%		899,071	828,268
Variable rate					
Mortgage	2.97%	-	2015	10,120	-
Revolving credit facility	3.75%	3.90%	2016	8,838	12,114
Total variable rate debt	3.33%	3.90%		18,958	12,114
Total debt	3.86%	3.84%		\$ 918,029	\$ 840,382

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

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

The scheduled principal repayments and debt maturities are as follows:

	Mortgages	Revolving credit facility	Convertible debentures	Total
2014	\$ 28,773	\$ -	\$ -	\$ 28,773
2015	148,604	-	-	148,604
2016	111,797	9,210	-	121,007
2017	107,982	-	19,420	127,402
2018	92,073	-	-	92,073
2019 and thereafter	288,190	-	111,250	399,440
	777,419	9,210	130,670	917,299
Financing costs	(2,123)	(372)	(2,973)	(5,468)
Fair value adjustments on initial recognition of assumed debt	8,593	-	(2,395)	6,198
	6,470	(372)	(5,368)	730
Total	\$ 783,889	\$ 8,838	\$ 125,302	\$ 918,029

Other financial instruments

The following table lists the fair value of financial instruments:

	September 30, 2014	December 31, 2013
Fair value of interest rate swap	\$ 99	\$ -
Conversion feature on the convertible debentures	(166)	973

Interest rate swap

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

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

Transaction date	Mortgage principal amount (notional)	Fixed interest rate	Maturity date	Financial instrument classification	Fair value
February 24, 2014	\$ 54,693	3.31%	March 1, 2019	Cash flow hedge	\$ 99

The Trust has assessed that there is no ineffectiveness in the hedge of its interest rate exposure. The effectiveness of the hedging relationship is reviewed on a quarterly basis. As an effective hedge, unrealized gains or losses on the interest rate swap agreement are recognized in accumulated other comprehensive income in the condensed consolidated statement of changes in equity. At September 30, 2014, the aggregate fair value of the interest rate swap amounted to a \$99 financial liability (December 31, 2013 – \$nil). The associated unrealized gains or losses that are recognized in accumulated other comprehensive income will be reclassified in the same period during which the interest payments on the hedged item affect net income.

Conversion feature on the convertible debentures

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

	Note	September 30, 2014	December 31, 2013
Opening balance		\$ 973	\$ 6,228
Assumed from business combination		-	1,053
Fair value adjustment on conversion feature of the convertible debentures	17	(1,139)	(6,308)
Ending balance		\$ (166)	\$ 973

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

Note 11

SUBSIDIARY REDEEMABLE UNITS

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

The Trust has the following subsidiary redeemable units outstanding:

	Note	Nine months ended September 30, 2014		Year ended December 31, 2013	
		Number of units issued and outstanding	Amount	Number of units issued and outstanding	Amount
Opening balance		16,282,096	\$ 144,096	16,198,747	\$ 181,426
New issuance of units		2,269,759	21,949	-	-
Distribution Reinvestment Plan		-	-	83,349	938
Remeasurement of carrying value	17	-	1,849	-	(38,268)
Ending balance		18,551,855	\$ 167,894	16,282,096	\$ 144,096

In relation to the acquisition of four properties from an affiliate of Dream Office REIT ("Dream Office Portfolio"), on September 9, 2014, the Trust issued 2,269,759 LP Class B Units to an affiliate of Dream Office REIT for a total fair value of \$21.9 million.

During the nine months ended September 30, 2014, the Trust recorded \$8,680 (September 30, 2013 – \$8,447) in distributions on the subsidiary redeemable units, which are included as interest expense in the condensed consolidated statement of net income and comprehensive income (see Note 16).

As at September 30, 2014, 18,551,855 (December 31, 2013 – 16,282,096) Special Trust Units were issued and outstanding.

Note 12

DEFERRED UNIT INCENTIVE PLAN

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

The movement in the DUIP balance was as follows:

	Note	Nine months ended September 30, 2014
As at January 1, 2014		\$ 1,028
Compensation expense during the year		945
REIT Units issued for vested deferred trust units		(193)
Remeasurement of carrying value	17	166
As at September 30, 2014		\$ 1,946

During the nine months ended September 30, 2014, \$945 of compensation expense was recorded (nine months ended September 30, 2013 – \$953) and included in general and administrative expenses. For the same period, \$166 (nine months ended September 30, 2013 – \$29) was recognized in fair value adjustments to financial instruments representing the remeasurement of the DUIP liability for the period.

	Deferred trust units	Income deferred trust units	Total units
Outstanding and payable at January 1, 2014	223,543	14,313	237,856
Granted during the period	192,111	19,680	211,791
REIT Units issued	(20,017)	(1,613)	(21,630)
Cancelled upon termination	(668)	(70)	(738)
Fractional units paid in cash	-	(9)	(9)
Outstanding and payable at September 30, 2014	394,969	32,301	427,270
Vested but not issued at September 30, 2014	27,466	2,108	29,574

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

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

Note 13

OTHER NON-CURRENT LIABILITIES

	Note	September 30, 2014	December 31, 2013
Tenant security deposits		\$ 10,712	\$ 9,357
Other financial instruments liabilities	10	99	973
Total		\$ 10,811	\$ 10,330

Note 14

AMOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2014	December 31, 2013
Trade payables	\$ 3,093	\$ 5,274
Accrued liabilities and other payables	11,236	10,009
Accrued interest	5,410	3,345
Rent received in advance	2,166	1,321
Distributions payable	3,379	3,204
Total	\$ 25,284	\$ 23,153

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

Note 15

EQUITY

	September 30, 2014		December 31, 2013	
	Number of Units	Amount	Number of Units	Amount
REIT Units	57,936,869	\$ 575,544	54,921,726	\$ 546,680
Retained earnings	-	38,635	-	24,136
Accumulated other comprehensive loss	-	(99)	-	-
Total	57,936,869	\$ 614,080	54,921,726	\$ 570,816

Dream Industrial REIT Units

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

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

In relation to the acquisition of KingSett 2014 Portfolio, the Trust issued 1,620,458 REIT Units on September 9, 2014 and also issued 1,039,117 REIT Units on September 11, 2014 for a total fair value of \$25,583.

Short form base shelf prospectus

On November 26, 2012, the Trust issued a short form base shelf prospectus which is valid for a 25-month period, during which time the Trust may, from time to time, offer and issue units and debt securities convertible into or exchangeable for Units of the Trust, or any combination thereof, having an aggregate offering price of up to \$1 billion. As at September 30, 2014, \$168,842 (December 31, 2013 – \$168,842) in REIT Units and \$111,250 (December 31, 2013 – \$111,250) in debt securities have been issued under the short form base shelf prospectus.

Note 16

INTEREST

Interest on debt

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

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Interest expense incurred, at contractual rate	\$ 8,875	\$ 8,750	\$ 26,221	\$ 23,862
Amortization of financing costs	321	211	823	624
Amortization of fair value adjustments on initial recognition of assumed debt	(750)	(877)	(2,307)	(2,486)
Interest expense	8,446	8,084	24,737	22,000
Add/deduct:				
Amortization of financing costs	(321)	(211)	(823)	(624)
Amortization of fair value adjustments on initial recognition of assumed debt	750	877	2,307	2,486
Change in accrued interest	(1,946)	(1,761)	(1,933)	(2,664)
Cash interest paid	\$ 6,929	\$ 6,989	\$ 24,288	\$ 21,198

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

Interest on subsidiary redeemable units

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

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Paid in cash	\$ 2,850	\$ 2,850	\$ 8,548	\$ 7,497
Paid by way of reinvestment in subsidiary redeemable units	-	-	-	938
Less: Interest payable at December 31, 2013 (December 31, 2012)	-	-	(950)	(938)
Less: Interest payable at June 30	(950)	(950)	-	-
Plus: Interest payable at September 30	1,082	950	1,082	950
Total	\$ 2,982	\$ 2,850	\$ 8,680	\$ 8,447

The interest payable at September 30, 2014 was satisfied on October 15, 2014, in cash.

Note 17

FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS

	Note	Three months ended September 30,		Nine months ended September 30,	
		2014	2013	2014	2013
Fair value adjustment on conversion feature of the convertible debentures	10	\$ 660	\$ 570	\$ 1,139	\$ 6,275
Remeasurement of carrying value of subsidiary redeemable units	11	12,479	5,536	(1,849)	40,059
Remeasurement of carrying value of Deferred Unit Incentive Plan	12	79	8	(166)	29
		\$ 13,218	\$ 6,114	\$ (876)	\$ 46,363

Note 18

GAINS (COSTS) ON TRANSACTIONS AND OTHER ACTIVITIES

	Note	Three months ended September 30,		Nine months ended September 30,	
		2014	2013	2014	2013
Debt settlement gains (costs)		\$ -	\$ 49	\$ (59)	\$ 49
Investment in business transformation	20	(100)	-	(300)	-
Internal leasing costs		(975)	(664)	(2,947)	(1,227)
Acquisition costs		-	-	1,988	(11,018)
Total		\$ (1,075)	\$ (615)	\$ (1,318)	\$ (12,196)

During the nine months ended September 30, 2014, the Trust incurred \$300 of business transformation costs related to the process and technology improvements pursuant to the shared services and cost sharing agreement with DREAM Asset Management Corp.

Note 19

SEGMENTED INFORMATION

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

Three months ended September 30, 2014	Segment						Total
	Western	Ontario	Québec	Eastern	total	Other ⁽¹⁾	
Operations							
Investment properties revenue	\$ 14,303	\$ 10,763	\$ 6,662	\$ 7,621	\$ 39,349	\$ 970	\$ 40,319
Investment properties operating expenses	(4,343)	(3,487)	(1,588)	(2,827)	(12,245)	(48)	(12,293)
Net rental income	\$ 9,960	\$ 7,276	\$ 5,074	\$ 4,794	\$ 27,104	\$ 922	\$ 28,026

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

Three months ended September 30, 2013	Segment						Total
	Western	Ontario	Québec	Eastern	total	Other ⁽¹⁾	
Operations							
Investment properties revenue	\$ 13,302	\$ 10,113	\$ 6,221	\$ 7,409	\$ 37,045	\$ 797	\$ 37,842
Investment properties operating expenses	(4,085)	(2,591)	(1,313)	(2,699)	(10,688)	67	(10,621)
Net rental income	\$ 9,217	\$ 7,522	\$ 4,908	\$ 4,710	\$ 26,357	\$ 864	\$ 27,221

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

Nine months ended September 30, 2014	Segment						Total
	Western	Ontario	Québec	Eastern	total	Other ⁽¹⁾	
Operations							
Investment properties revenue	\$ 42,631	\$ 32,577	\$ 19,957	\$ 24,034	\$ 119,199	\$ 2,462	\$ 121,661
Investment properties operating expenses	(13,627)	(10,486)	(5,079)	(9,525)	(38,717)	(169)	(38,886)
Net rental income	\$ 29,004	\$ 22,091	\$ 14,878	\$ 14,509	\$ 80,482	\$ 2,293	\$ 82,775

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

Nine months ended September 30, 2013	Segment						Total
	Western	Ontario	Québec	Eastern	total	Other ⁽¹⁾	
Operations							
Investment properties revenue	\$ 38,708	\$ 22,353	\$ 18,322	\$ 19,992	\$ 99,375	\$ 2,420	\$ 101,795
Investment properties operating expenses	(12,222)	(6,207)	(3,713)	(7,658)	(29,800)	(128)	(29,928)
Net rental income	\$ 26,486	\$ 16,146	\$ 14,609	\$ 12,334	\$ 69,575	\$ 2,292	\$ 71,867

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

Certain revenues and expenses are not specifically allocated to segments. The following table reconciles net rental income to net income in the consolidated financial statements:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Net rental income	\$ 28,026	\$ 27,221	\$ 82,775	\$ 71,867
Other revenue	3	17	16	239
Other expenses	(13,591)	(12,988)	(39,576)	(35,786)
Other items	8,574	7,762	1,862	37,853
Income before taxes	23,012	22,012	45,077	74,173
Recovery (deferred) income taxes	48	(1,352)	(1,389)	(1,624)
Net income for the period	\$ 23,060	\$ 20,660	\$ 43,688	\$ 72,549

Investment properties

Nine months ended September 30, 2014	Western	Ontario	Québec	Eastern	Total
Investment properties	\$ 653,825	\$ 447,990	\$ 314,077	\$ 271,113	\$ 1,687,005
Total capital expenditures and leasing costs	\$ 4,381	\$ 2,208	\$ 544	\$ 1,597	\$ 8,730

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

Note 20

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

From time to time, Dream Industrial and its subsidiaries enter into transactions with related parties that are conducted under normal commercial terms. Dream Industrial, DILP, Dream Industrial Management LP (a wholly owned subsidiary of DILP), Dream Industrial Management Corp. and Dream Office Management Corp., a subsidiary of Dream Office REIT, are parties to an administrative services agreement (the "Services Agreement") that is in effect until October 4, 2015. Unless terminated by any party to the Services Agreement, the term is automatically renewed for additional one-year terms. Effective October 4, 2012, Dream Industrial also has an asset management agreement (the "Asset Management Agreement") with DREAM Asset Management Corporation ("DAM"), formerly known as Dundee Realty Corporation, a subsidiary of DREAM Unlimited Corp., pursuant to which DAM provides certain asset management services to Dream Industrial and its subsidiaries, which is in effect until October 4, 2022.

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

On September 9, 2014, the Trust completed the acquisition of Dream Office Portfolio from an affiliate of Dream Office REIT for a purchase price of \$33,684, including transaction costs and fair value adjustment to Units. The Dream Office Portfolio consists of 248,000 square feet of four multi-tenant flex industrial properties located in Edmonton. The purchase price was funded by the issuance of 2,269,759 LP B Units to an affiliate of Dream Office REIT for a total fair value of \$21,949, with the remainder funded by the assumption of existing mortgages with a fair value of \$11,336 at an effective interest rate of 3.13% and an average term to maturity of 2.3 years, and assumed non-cash working capital and estimated transaction costs of \$399.

The Trust's future commitment for business transformation costs under the Shared Services and Cost Sharing Agreement over the next seven years is \$2,220. These costs relate to process and technology improvements that will be completed during that time.

Related party transactions

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

		Three months ended September 30,		Nine months ended September 30,	
	Note	2014	2013	2014	2013
Fees charged by DAM included in:					
General and administrative expenses		\$ 1,151	\$ 1,191	\$ 3,185	\$ 2,788
Property acquisitions and acquisition related costs		947	2	970	1,924
Financing costs		86	143	271	423
Investment in business transformation activities	18	100	-	300	-
Total fees charged by DAM		\$ 2,284	\$ 1,336	\$ 4,726	\$ 5,135
Amounts paid and payable to Dream Office REIT:					
Fees charged under the Services Agreement		\$ 1,472	\$ 1,630	\$ 4,359	\$ 2,953
Distributions paid to Dream Office REIT on subsidiary redeemable units		2,982	2,850	8,680	8,447
Amounts paid and payable to Dream Office REIT		\$ 4,454	\$ 4,480	\$ 13,039	\$ 11,400

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

	Note	September 30, 2014	December 31, 2013
Amounts payable and accrued liabilities to DAM for:			
Asset Management Agreement		\$ (1,074)	\$ (688)
Property acquisitions and acquisition related costs		(947)	-
Investment in business transformation activities	18	(100)	-
Cost reimbursements		(151)	(389)
Total payable to DAM		(2,272)	(1,077)
Amounts receivable from DAM for:			
Reimbursement of costs paid by the Trust		156	54
Total receivable from DAM		\$ 156	\$ 54
Amounts payable and accrued liabilities to Dream Office REIT for:			
Services Agreement		\$ (679)	\$ (917)
Distributions on subsidiary redeemable units		(1,082)	(950)
Total payable to Dream Office REIT		(1,761)	(1,867)
Amounts receivable from Dream Office REIT for:			
Deposits Dream Office REIT received on behalf of the Trust		6	75
Total receivable from Dream Office REIT		\$ 6	\$ 75

At September 30, 2014, Dream Office REIT's retained interest in the Trust was 24.3%.

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

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

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

Note 21

SUPPLEMENTARY CASH FLOW INFORMATION

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

	Note	Three months ended September 30,		Nine months ended September 30,	
		2014	2013	2014	2013
Amortization of lease incentives	6	\$ 58	\$ 26	\$ 135	\$ 50
Amortization of financing costs	16	321	211	823	624
Depreciation of property and equipment		19	45	30	45
Amortization of fair value adjustments on initial recognition of assumed debt	16	(750)	(877)	(2,307)	(2,486)
Total		\$ (352)	\$ (595)	\$ (1,319)	\$ (1,767)

The components of other adjustments under operating activities include:

	Note	Three months ended September 30,		Nine months ended September 30,	
		2014	2013	2014	2013
Deferred unit compensation expense	12	\$ 350	\$ 307	\$ 945	\$ 953
Straight-line rent adjustment		(733)	(823)	(2,058)	(2,351)
Fair value adjustments to investment properties	6	3,569	(2,263)	(4,056)	(3,686)
Fair value adjustments to financial instruments	17	(13,218)	(6,114)	876	(46,363)
Reinvestment in subsidiary redeemable units	11, 16	-	-	-	938
Recovery (deferred) income taxes	8	(48)	1,352	1,389	1,624
Transaction costs (gains) included in net income		-	(49)	(2,023)	10,969
Other adjustments to operating activities		\$ (10,080)	\$ (7,590)	\$ (4,927)	\$ (37,916)

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

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Decrease (increase) in amounts receivable	\$ 502	\$ 1,185	\$ (588)	\$ (573)
Decrease (increase) in prepaid expenses and other assets	179	(104)	(497)	(73)
Decrease (increase) in other non-current assets	2	(39)	288	(421)
Increase in amounts payable and accrued liabilities	3,524	5,970	503	5,708
Increase (decrease) in tenant security deposits	260	(118)	118	319
Change in non-cash working capital	\$ 4,467	\$ 6,894	\$ (176)	\$ 4,960

The following amounts were paid on account of interest:

	Note	Three months ended September 30,		Nine months ended September 30,	
		2014	2013	2014	2013
Interest					
Debt	16	\$ 6,929	\$ 6,989	\$ 24,288	\$ 21,198
Subsidiary redeemable units	16	2,850	2,850	8,548	7,497
Total		\$ 9,779	\$ 9,839	\$ 32,836	\$ 28,695

Note 22

COMMITMENTS AND CONTINGENCIES

Dream Industrial REIT and its operating subsidiaries are contingently liable under guarantees that are issued in the normal course of business and with respect to litigation and claims that arise from time to time. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the condensed consolidated financial statements of Dream Industrial.

Purchase and other obligations

The Trust has entered into lease agreements that may require tenant improvement costs of approximately \$3,880 (September 30, 2013 – \$1,535).

Pursuant to the Shared Services and Cost Sharing Agreement, the Trust has a commitment to pay \$2,220 to DAM over the next seven years.

Note 23

FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

	Carrying value as at September 30, 2014	Fair value as at September 30, 2014		
		Level 1	Level 2	Level 3
Recurring measurements				
Non-financial assets				
Investment properties	\$ 1,687,005	\$ -	\$ -	\$ 1,687,005
Financial assets				
Conversion feature on the convertible debentures	166	-	-	166
Financial liabilities				
Interest rate swap	99	-	-	99

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

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

	Carrying value as at September 30, 2014	Fair value as at September 30, 2014		
		Level 1	Level 2	Level 3
Fair values disclosed				
Mortgages	\$ 783,889	\$ -	\$ -	\$ 793,549
Revolving credit facility	8,838	-	-	9,210
Convertible debentures	125,302	-	-	135,148

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

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

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

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

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

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

	Credit spread	Volatility
5.25% Debentures	2.562%	11.951%
6.75% Debentures	3.382%	10.916%

The change in the fair value of the conversion feature of the convertible debentures for the nine months ended September 30, 2014 is disclosed in Note 10. Remeasurement of the conversion feature is included in the fair value adjustments to financial instruments line in the condensed consolidated statement of net income and comprehensive income.

Note 24

COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

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

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Corporate information

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Transfer agent

for change of address, registration
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Taxation of distributions

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

Stock exchange listing

The Toronto Stock Exchange

Listing symbols:

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

Distribution Reinvestment and Unit Purchase Plan

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

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

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

To enrol, contact:

**Computershare Trust Company
of Canada**

100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1
Attention: Dividend Reinvestment Services

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



