

Dream Industrial REIT

Q1 Report 2021

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Management's discussion and analysis

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

SECTION I

KEY PERFORMANCE INDICATORS

Performance is measured by these and other key indicators:

	As at	
	March 31, 2021	December 31, 2020
Total portfolio		
Number of assets ⁽¹⁾	186	177
Investment properties fair value	\$ 3,573,045	\$ 3,241,601
Gross leasable area ("GLA") (in millions of sq. ft.)	28.8	27.3
Occupancy rate – in-place and committed (period-end)	97.2%	95.6%
Occupancy rate – in-place (period-end)	95.7%	94.7%
Average in-place and committed base rent per sq. ft. (period-end)		
Canadian portfolio	\$ 7.60	\$ 7.48
U.S. portfolio (US\$)	\$ 4.05	\$ 4.01
European portfolio (€)	€ 5.20	€ 5.11
Estimated market rent to in-place and committed base rent spread (%) (period-end)		
Canadian portfolio	12.9%	9.4%
U.S. portfolio	5.7%	6.5%
European portfolio	5.8%	6.7%
Weighted average lease term ("WALT") (years)	4.2	4.1
	Three months ended March 31,	
	2021	2020
Operating results		
Net income	\$ 95,264	\$ 42,017
Funds from operations ("FFO") ⁽²⁾	34,908	27,994
Net rental income	46,662	39,741
Comparative properties net operating income ("NOI") (constant currency basis) ⁽²⁾	36,437	35,355
Per Unit amounts		
Distribution rate	\$ 0.17	\$ 0.17
FFO – diluted ⁽²⁾⁽³⁾	\$ 0.19	\$ 0.17
Financing⁽⁴⁾		
Average level of net total debt-to-assets ratio ⁽²⁾	30.0%	26.0%

	As at	
	March 31, 2021	December 31, 2020
Financing⁽⁴⁾		
Credit rating – DBRS	BBB (mid)	BBB (mid)
Net total debt-to-assets ratio ⁽²⁾	28.7%	31.3%
Net total debt-to-adjusted EBITDAFV (years) ⁽²⁾	6.0	6.2
Interest coverage ratio (times) ⁽²⁾	4.8	4.4
Weighted average term to maturity on debt (years)	5.1	4.8
Secured debt, percentage of total assets ⁽²⁾	18.5%	23.3%
Unencumbered assets, percentage of investment properties ⁽²⁾	57.4%	44.5%
Available liquidity ⁽²⁾	\$ 395,172 \$	573,235
Capital		
Total number of Units (in thousands) ⁽⁵⁾	191,973	171,231
Net asset value (“NAV”) per Unit ⁽²⁾	\$ 12.82 \$	12.55
Unit price	13.42	13.15

(1) The term “Number of properties” in prior period has been renamed to “Number of assets” and redefined as a building, or a cluster of buildings in close proximity to one another attracting similar tenants. Accordingly, the number of assets in prior periods has been revised to reflect the change in definition.

(2) FFO, comparative properties NOI (constant currency basis), diluted FFO per Unit, average level of net total debt-to-assets ratio, net total debt-to-assets ratio, net total debt-to-adjusted EBITDAFV, interest coverage ratio, secured debt, percentage of total assets, unencumbered assets, percentage of investment properties, available liquidity, and NAV per Unit are non-GAAP measures. See “Non-GAAP Measures and Other Disclosures” for a description of these non-GAAP measures.

(3) A description of the determination of diluted amounts per Unit can be found in the section “Non-GAAP Measures and Other Disclosures” under the heading “Weighted average number of Units”.

(4) Financing metrics include income (loss) from discontinued operations as applicable.

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

BUSINESS UPDATE

Dream Industrial REIT has carried strong momentum into 2021 with a very active first quarter. The Trust closed \$274.4 million of acquisitions across North America and Europe in the first quarter and \$76.5 million subsequent to March 31, 2021, with an additional \$155 million under contract or in exclusivity. The Trust has made significant progress on its development strategy with nearly 700,000 square feet underway and an additional 300,000 square feet in final pre-development stages.

Operations update

Robust leasing momentum at attractive rental spreads – Strong demand from high-quality occupiers continues to result in significant rental rate growth across the Trust’s portfolio. Since the end of Q4 2020, the Trust has signed approximately 2.0 million square feet of new leases and renewals at an average spread of 20% over prior rates. Quarterly leasing highlights include:

- i. The Trust signed a 32,000 square foot renewal with a tenant in the Greater Montréal Area that expanded to a neighbouring 15,000 square foot unit, while achieving a 20% rental spread over the average expiring rent.
- ii. The Trust continues to maximize rental rate growth in the GTA. During the quarter, the Trust signed three leases totalling nearly 60,000 square feet at its properties in Mississauga, at rental rates that were more than double the prior rates.
- iii. In the U.S., the Trust signed three leases in Columbus for nearly 73,000 square foot at an average 30% spread to the expiring rent.
- iv. At the Laval distribution facility vacated by Spectra Premium Industries Inc. at the start of 2021, the Trust optimized the building to accommodate more modern distribution requirements, resulting in a new five-year lease with a national logistics tenant for 165,000 square feet at higher rent, in addition to 2.5% annual contractual rental growth, which was absent in the prior lease. The new lease will commence June 1, 2021.
- v. In the Netherlands, the Trust signed a 196,000 square foot renewal commencing January 1, 2022, with a 20% rental rate spread to expiring rent.

Strong rent collections – The Trust’s portfolio has remained resilient through market disruptions and rent collections have essentially returned to pre-pandemic levels. The Trust has collected over 99% of recurring contractual gross rent during Q1 2021. In addition, the Trust has collected substantially all of the contractual gross rent for Q4 2020 and Q3 2020. The Trust has not entered into any rent deferral arrangements subsequent to Q2 2020. To date, the Trust has received nearly 95% of the \$2.3 million of contractual gross rent deferred during Q2 2020.

The following table summarizes selected operational statistics with respect to the last three quarters, all presented as a percentage of recurring contractual gross rent as at May 4, 2021:

Selected operational statistics

	Q3 2020	Q4 2020	Q1 2021
Cash collected from tenants	96.6%	99.4%	99.1%
CECRA cash collected from government	2.0%	—%	—%
Sub-total of cash collected from tenants and government⁽¹⁾	98.6%	99.4%	99.1%
CECRA (the Trust’s portion)	1.1%	—%	—%
Sub-total of cash collected, adjusted for CECRA	99.7%	99.4%	99.1%
Remaining to be collected	0.3%	0.6%	0.9%
Total⁽¹⁾	100.0%	100.0%	100.0%

(1) Includes applicable taxes.

Acquisitions, development and finance update

During the quarter, the Trust closed on nine assets across Canada, the U.S. and Europe totalling \$274.4 million and waived all conditions on three income-producing assets in Canada and Europe totalling \$41 million, at a weighted average capitalization rate of 4.5%. These acquisitions add 1.8 million square feet of high-quality, well-located and functional logistics space to the Trust’s portfolio. Built on average in the mid-2000s, these assets are above the average quality of the Trust’s portfolio, with an average clear ceiling height of 30 feet. The acquisitions were funded by cash-on-hand and proceeds from the equity offering completed in January 2021.

The pipeline for future acquisitions remains strong with over \$155 million of assets under contract or in exclusivity that are likely to close in the next 45 to 60 days, subject to satisfactory due diligence. Pro forma these acquisitions, the Trust will have acquired over \$500 million of assets in 2021, adding 3.0 million square feet of high-quality GLA to the Trust’s portfolio.

Developments – The Trust has initiated a structured development program to add high-quality assets to its portfolio. The Trust is focused on building and executing on a development program that capitalizes on its predominantly urban portfolio across North America and Europe. The Trust has commenced two projects totalling 700,000 square feet in Las Vegas, Nevada and Montréal, Québec, and expects to commence an additional 300,000 square feet of projects in 2021.

Subsequent to quarter-end, the Trust closed on a 30-acre land parcel located in Brampton for \$35 million, representing an attractive valuation of \$1.2 million per acre. The site is expected to support the development of 550,000 square feet of prime logistics space in one of the strongest industrial sub-markets in Canada. The Trust intends to commence construction in the next 18 to 30 months and expects to achieve an unlevered yield on cost of approximately 6% on the project, which represents a spread of at least 200 basis points compared to capitalization rates ("cap rates") for comparable stabilized properties and should result in meaningful NAV per unit growth.

Capital strategy – The Trust continues to focus on increasing financial flexibility. On January 29, 2021, the Trust closed on a \$259 million equity offering, and utilized the net proceeds to pre-pay \$131 million of Canadian mortgages with an average interest rate of 3.59% on February 1, 2021. Subsequent to quarter-end, the Trust early repaid a US\$21.5 million loan secured by a U.S. property without any prepayment penalty. Pro forma the repayment of this mortgage and closing of assets that are currently firm, under contract, or in exclusive negotiations, the Trust’s unencumbered asset pool is expected to total \$2.3 billion, representing over 60% of the Trust’s total investment properties value. Thus far in 2021, the Trust has deployed over \$500 million of capital towards acquisitions and repayment of secured debt, with an additional \$245 million of capital earmarked for acquisitions that are firm, under contract, or in exclusive negotiations, as well as planned development projects. On April 26, 2021, the Trust completed a \$201 million equity offering, which will allow the Trust to continue to execute on its growth strategy while keeping leverage in the Trust’s targeted range.

Environmental, social and governance ("ESG") update

The Trust is actively pursuing and executing the forward-looking plans that were identified in its 2019 Sustainability Report issued in December 2020, which include data collection, ESG policy development, investments in clean power and green financing opportunities.

During the quarter, the Trust initiated its tenant outreach plan to communicate and align its sustainability goals with key partners, and to access energy consumption data that will drive opportunities to improve efficiency.

The Trust continues to invest in light-emitting diode ("LED") lighting upgrades to improve the energy efficiency of its properties; a total of 213,000 square feet of GLA were upgraded to LED lighting in the quarter. The Trust is also investigating opportunities to obtain green building certifications within its portfolio. The Trust is currently evaluating the scope of work required to obtain certification on an initial set of six to eight buildings located in North America and Europe. The Trust is looking to expand its green building certification program over time.

The Trust is exploring opportunities to invest in clean power in its portfolio within Canada and the Netherlands. In Canada, the Trust is participating in a program launched by Emissions Reduction Alberta to install up to 8,200 roof-top solar panels on several buildings in its portfolio. The Trust is also progressing through its feasibility assessment of the installation of up to 38,600 solar panels in the Netherlands, pursuant to the subsidy that was granted by the Dutch government in 2020. In addition, the Trust is advancing its work on a green financing framework, which outlines allocating potential financing proceeds to sustainable projects which may include green buildings, energy efficiency, renewable energy, sustainable water and wastewater management, and clean transportation.

The Trust participated in establishing a Diversity, Inclusion and Advancement Team to evaluate its current policies, practices and culture through a diverse and inclusive lens to identify new approaches that will enhance its employees' opportunities.

BASIS OF PRESENTATION

Our discussion and analysis of the financial position and results of operations of Dream Industrial Real Estate Investment Trust ("Dream Industrial REIT" or the "Trust") should be read in conjunction with the audited consolidated financial statements of Dream Industrial REIT and the accompanying notes for the year ended December 31, 2020, and the unaudited condensed consolidated financial statements of Dream Industrial REIT and the accompanying notes for the three months ended March 31, 2021. Such consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Canadian dollar is the functional and reporting currency for purposes of preparing the condensed consolidated financial statements.

This management's discussion and analysis ("MD&A") is dated as at May 4, 2021.

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

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

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

Estimated market rents disclosed throughout the MD&A are management's estimates at a point in time and are subject to change based on future market conditions.

FORWARD-LOOKING DISCLAIMER

Certain information herein contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation, including but not limited to statements relating to the Trust's objectives and strategies to achieve those objectives; the Trust's expectations relating to the benefits to be realized from demand drivers for industrial space; the effect of acquisitions on our leverage levels; the anticipated timing of closing of acquisitions; the expected going-in cap rate of acquisitions; our acquisition pipeline; the pro forma composition of our portfolio after the completion of the acquisitions and potential development opportunities; our unencumbered assets ratio after the completion of acquisitions and debt repayments; our development and redevelopment plans, including timing of construction commencement and intensification, timing of completion of our developments and anticipated development yields; anticipated density and GLA that our excess land can accommodate; the Trust's ability to deliver on ESG initiatives; the Trust's ability to obtain green building certifications and respective timing; the implementation and results of the Trust's solar power programs; the Trust's ability to obtain green bond framework financing; the Trust's ability to perform well operationally and financially through the COVID-19 pandemic; the amount

by which market rents exceed in-place rents; the Trust's beliefs, plans, estimates, projections and intentions; and similar statements concerning anticipated future events, future growth, future leasing activity, including those associated with the ability to lease vacant space and rental rates on future leases, results of operations, performance, business prospects and opportunities, acquisitions or divestitures, tenant base, rent collection, future maintenance and development plans, capital investments, financing, income taxes, litigation and the real estate industry in general. Forward-looking statements generally can be identified by words such as "outlook", "objective", "strategy", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "could", "likely", "plan", "project", "budget", "continue", or similar expressions suggesting future outcomes or events. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Trust's control, which could cause actual results to differ materially from those disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, general and local economic and business conditions; employment levels; the uncertainties around the timing and amount of future financings; uncertainties surrounding the COVID-19 pandemic; the financial condition of tenants and borrowers; leasing risks; interest rate and currency rate fluctuations; regulatory risks; environmental risks; our ability to sell investment properties at a price that reflects fair value; and our ability to source and complete accretive acquisitions.

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; the impact of the COVID-19 pandemic on the Trust; government measures to contain the COVID-19 pandemic; local real estate conditions; timely leasing of vacant space and re-leasing of occupied space upon expiry; dependence on tenants' financial condition; the uncertainties of acquisition activity; the ability to integrate acquisitions; interest rates; availability of equity and debt financing; our continued compliance with the real estate investment trust ("REIT") exemption under the specified investment flow-through trust ("SIFT") legislation; and other risks and factors described from time to time in the documents filed by the Trust with securities regulators.

All forward-looking information is as of May 4, 2021. Dream Industrial REIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information about these assumptions, risks and uncertainties is contained in our filings with securities regulators. Certain filings are also available on our website at www.dreamindustrialreit.ca.

BACKGROUND

Dream Industrial REIT is an unincorporated, open-ended real estate investment trust. As at March 31, 2021, the Trust owns and operates a portfolio comprising 186 assets totalling approximately 28.8 million square feet of gross leasable area in key markets across North America and increasingly in strong European industrial markets. The Trust's goal is to grow and upgrade the quality of its portfolio which primarily consists of distribution and urban logistics properties. Our REIT Units are listed on the Toronto Stock Exchange ("TSX") under the trading symbol DIR.UN.

OUR STRATEGY

Dream Industrial REIT owns and operates a diversified portfolio of distribution, urban logistics and light industrial properties across key markets in Canada, the U.S. and Europe. We are committed to:

- owning and operating a high-quality portfolio of industrial assets in markets with strong operating fundamentals;
- investing in our key markets in industrial assets offering long-term cash flow and net asset value growth prospects;
- maximizing the value of our industrial assets through innovative asset management strategies;
- providing compelling total returns to our unitholders, anchored by sustainable cash distributions; and
- integrating sustainability at the corporate and property levels.

Value enhancing growth

With a global acquisition platform, we have local, on-the-ground teams who have a strong track record of sourcing attractive industrial assets across Canada, the U.S. and Europe. We have strong established relationships in all our local markets, which allows us to source high-quality and accretive acquisitions with long-term cash flow and net asset value growth potential. When evaluating potential acquisitions, we consider a variety of criteria, including expected cash flow returns; replacement cost of the asset; its location, functionality and appeal to future tenants; sustainability attributes of the asset and how the asset complements our existing portfolio; and per Unit accretion.

Continuous portfolio optimization

We regularly evaluate and benchmark each individual asset in our portfolio, assessing historical and future performance as well as value growth potential. We identify opportunities to recycle assets within our portfolio and reinvest the proceeds into higher quality assets that are less management and capital intensive.

Active asset management

Through creative asset management strategies, such as initiating and executing on development projects, we are able to unlock organic net operating income and net asset value growth. We actively manage our assets to optimize performance, maintain value, and attract and retain tenants. We have local teams across our portfolio with over 80 real estate professionals highly experienced in leasing, operations and portfolio management operating out of nine regional offices in our key markets. We strive to ensure that our assets are the most attractive, efficient and cost-effective premises for our tenants.

Conservative financial policy

We operate our business in a disciplined manner with a focus on maintaining a strong balance sheet and liquidity position. We seek to maintain a conservative leverage, naturally hedge foreign currency investments and build up a high-quality unencumbered asset pool, while reducing borrowing costs and preserving liquidity.

Focus on environmental, social and governance

We focus on promoting the highest standards of corporate governance, social responsibility and ethical behaviour throughout our organization. Our sustainability practices are primarily focused on: i) energy efficiency throughout our portfolio by integrating sustainable building technology; ii) increasing tenant engagement; and iii) incorporating energy management initiatives into our capital expenditure planning. Our social initiatives encompass three key areas: i) commitment to the development of employees through continuous learning and promotion of healthy workplaces and lifestyles; ii) active commitment to the community and local charitable organizations; and iii) commitment to tenant satisfaction and engagement. We continuously apply sound and effective corporate governance practices in the day-to-day decisions and actions of our business. Our governance highlights include: i) a diverse and experienced board with a majority of independent trustees; and ii) strong governance and transparency in all aspects of our business.

SECTION II

OUR ASSETS

Dream Industrial REIT owns and operates a portfolio of 186 assets (280 industrial buildings) totalling approximately 28.8 million square feet of gross leasable area in key markets across Canada, the U.S. and Europe as at March 31, 2021.

Across our regions, our portfolio consists of distribution, urban logistics and light industrial buildings.

- **Distribution buildings** – are highly functional large-bay buildings located in close proximity to major transportation corridors. Most tenants at these buildings have e-commerce operations or are in the third-party logistics industry.
- **Urban logistics buildings** – are small- to mid-bay buildings located in close proximity to major population centres and are ideally suited to meet last-mile distribution needs. They are typically multi-let with shorter lease terms and lower average tenant size.
- **Light industrial buildings** – have a large footprint and are typically single-tenants. Tenants have typically invested significant capital at these properties and have signed long-term leases or have taken occupancy for a long period of time.

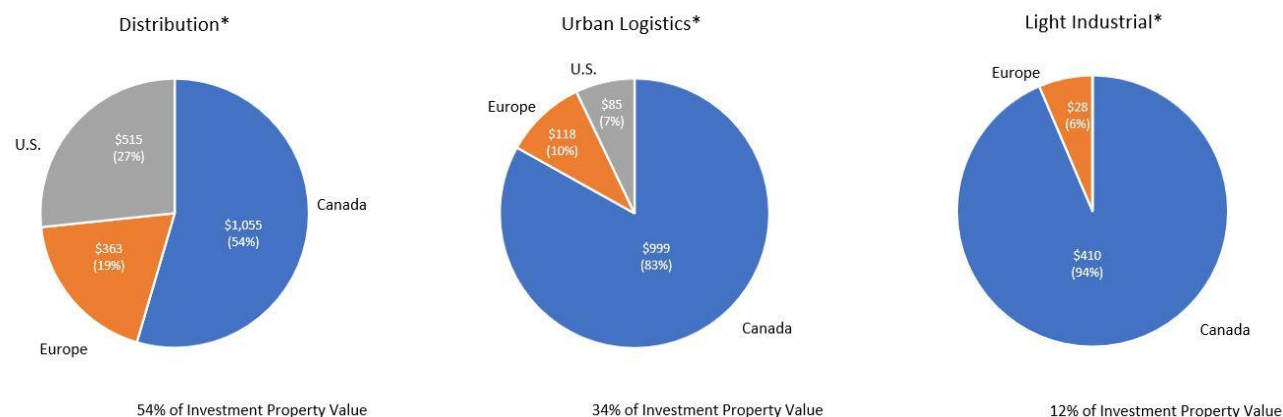
Focused portfolio strategy

In Canada, our focus is on mid- to large-bay properties primarily in the GTA and the Greater Montréal Area where we expect to benefit from increased user demand relative to supply of quality industrial product, and where in-place rental rates are generally below market rental rates and the outlook for rental rate growth is robust. The Trust is also targeting to increase scale in our existing sub-markets and add to our large urban logistics clusters.

In the U.S., our strategy is to acquire larger bay distribution properties in major markets within the Midwestern U.S., capitalizing on strong e-commerce demand for distribution assets, steady contractual rent growth and attractive going-in capitalization rates.

In Europe, our goal is to acquire mid- to large-bay properties in major markets in the Netherlands and Germany. Across these markets there is growing demand for urban logistics space, increased user demand relative to supply of quality industrial product, attractive going-in capitalization rates and upside potential from growth in market rents.

As at March 31, 2021, our investment property value by building type allocated by region is as follows:



* All dollar amounts in these charts are presented in millions.

Key property statistics by building type as at March 31, 2021 are summarized in the table below:

	March 31, 2021		
	Distribution	Urban logistics	Light industrial
Number of assets ⁽¹⁾	83	77	26
Number of buildings	108	145	27
Owned GLA (thousands of square feet)	16,422	9,077	3,290
Site area (in acres)	963	586	186

(1) Number of assets comprise a building, or a cluster of buildings in close proximity to one another attracting similar tenants.

Development strategy

The Trust is focused on building and executing a development pipeline across its target markets.

The Trust's development strategy has three key components: 1) greenfield development, 2) intensification of excess land on its income-producing properties, and 3) redevelopment of existing properties with the goal of achieving higher density and rents.

The greenfield development program is currently comprised of the 24.5 acre site in Las Vegas, of which the Trust holds an 80% interest through a joint venture and expects to commence the construction of a 460,000 square foot Class A logistics property in the second quarter of 2021. In addition, subsequent to quarter-end, the Trust has waived its conditions on the acquisition of a 30.0 acre site in Brampton, Ontario. The Trust intends to intensify the site and anticipates the construction of a 550,000 square foot Class A distribution facility in the near term.

The Trust's excess land portfolio is comprised of over 20 sites in Ontario, Québec, Europe and the U.S. with over 60 acres of excess land providing an opportunity to add up to 1.5 million square feet of GLA over time.

The Trust continuously evaluates redevelopment opportunities across its portfolio from technical and financial feasibility perspectives. The Trust's current redevelopment pipeline is comprised of several sites in Ontario and Europe. The current density on these sites is approximately 35%, providing for an opportunity to fully redevelop the properties with modern logistics space commanding higher rents and leading to over 300,000 square feet of incremental GLA.

The Trust continues to advance the intensification and redevelopment projects across its portfolio. The following table provides details on the Trust's near-term development pipeline:

Location	Region	Site area (in acres)	Current GLA (in thousands of sq. ft.)	Target GLA (in thousands of sq. ft.)	Current objective
Underway					
Range Road, Las Vegas ⁽¹⁾	U.S.	25	—	464	New development
401 Marie-Curie Boulevard, Montréal	Québec	38	527	748	Intensification
100 East Beaver Creek, Richmond Hill	Ontario	6	110	153	Intensification
Total underway		69	637	1,365	
Planning					
Whitby, ON	Ontario	24	210	380	Redevelopment
Mississauga, ON	Ontario	10	212	205	Redevelopment
Montréal, QC	Québec	14	206	296	Intensification
Montréal, QC	Québec	17	225	300	Intensification
Dresden, Germany	Europe	30	274	524	Intensification
Total planning		95	1,127	1,705	
Total near-term development pipeline		164	1,764	3,070	

(1) Held through a joint venture of which the Trust owns an 80% interest.

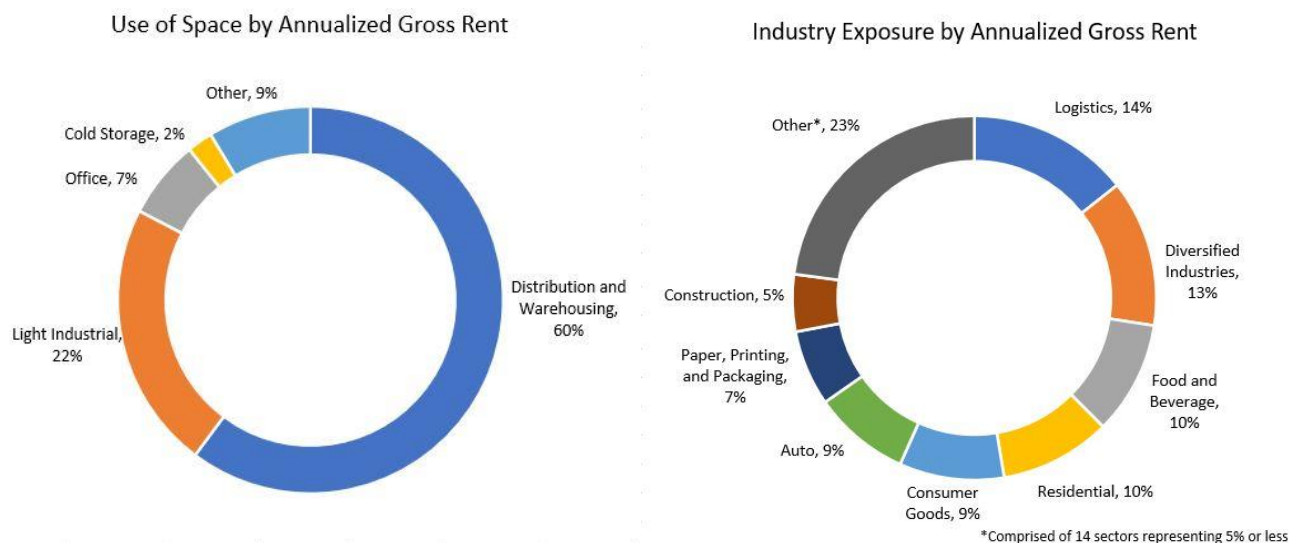
During the quarter, the Trust closed on the previously announced acquisition of 401 Marie-Curie Boulevard, a 527,000 square foot Class A distribution facility in the Greater Montréal Area. The property is situated on 38.4 acres of land with site coverage of 32%, offering the opportunity to increase the property's footprint by approximately 220,000 square feet, taking coverage to 45%. We expect the intensification to occur in two phases; the first phase of construction for 131,000 square feet has recently commenced, and the second phase for 90,000 square feet will commence in the third quarter of 2021. We expect to achieve a yield on construction costs of over 6.5%.

Also in the near term, the Trust intends to expand an existing 110,000 square foot property in the GTA, 100 East Beaver Creek, located in close proximity to Highways 404 and 407. The Trust expects to add 43,000 square feet in Q3 2021, with an expected yield on construction cost of over 8.0%. The design-builder has been engaged with municipal approvals underway, advancing this project to the next stage of development construction.

Tenant base profile

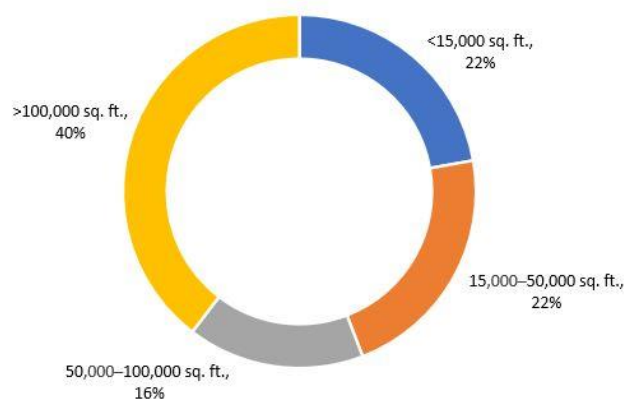
Our portfolio comprises primarily functional distribution and warehousing space occupied by tenants from various industries, with no one industry accounting for more than 15% of annualized gross rent. As at March 31, 2021, the Trust had over 1,100 tenants.

The following charts show the industries in which our tenants operate, and their use of space based on annualized gross rental revenue as at March 31, 2021:

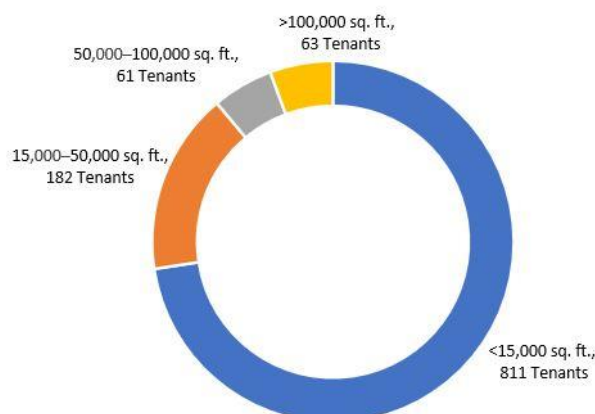


The following charts show the tenant size breakdown by annualized gross rental revenue and the tenant size breakdown by number of tenants as at March 31, 2021:

Tenant Size Breakdown by Annualized Gross Rent



Tenant Size Breakdown by Number of Tenants



Approximately 78% of our annualized gross rental revenue is derived from over 300 tenants each occupying over 15,000 square feet with an average size of approximately 76,000 square feet. The remaining annualized gross rental revenue is derived from just over 800 smaller tenants primarily located in the urban logistics assets.

The following table outlines the contributions of our top ten tenants to our annualized gross rental revenue as at March 31, 2021:

Tenant	Use of space	Gross rental revenue	Thousands of sq. ft.	WALT (years)
Nissan North America Inc.	Distribution and warehousing	2.8%	1,189	3.7
TC Transcontinental	Distribution and warehousing, light industrial	1.6%	523	4.0
Gienow Windows & Doors Inc.	Distribution and warehousing, light industrial	1.4%	371	8.2
Spectra Premium Industries Inc.	Distribution and warehousing, light industrial	1.3%	472	4.1
ODW Logistics	Distribution and warehousing	1.2%	343	2.8
Accel Inc.	Distribution and warehousing	1.1%	417	5.3
United Agri Products Canada Inc.	Distribution and warehousing	1.1%	275	2.5
Amazon Inc.	Distribution and warehousing	1.0%	416	5.6
Molson Breweries Properties	Distribution and warehousing	1.0%	225	1.8
West Marine Products Inc.	Distribution and warehousing	0.9%	472	1.8
Total		13.4%	4,703	4.0

On January 1, 2021, Spectra Premium Industries Inc. vacated its Laval, Québec location, reducing its contribution to 1.3% of annualized gross rental revenue. No impact is expected on the other two properties currently occupied by Spectra Premium Industries Inc. which total 472,000 square feet. In February 2021, the Trust re-leased the Laval space with commencement expected in June 2021.

Assets (also known as investment properties) comprise a building, or a cluster of buildings in close proximity to one another attracting similar tenants. Many of our buildings form parts of larger clusters and business parks. As part of our asset management strategy, we approach these clusters as a single asset for the purposes of capital allocation, leasing and property management initiatives.

The table below summarizes the grouping of buildings into property clusters by region as at March 31, 2021 and December 31, 2020:

	March 31, 2021			December 31, 2020		
	Number of buildings	Number of assets	Owned GLA (thousands of sq. ft.)	Number of buildings	Number of assets	Owned GLA (thousands of sq. ft.)
Ontario	80	48	6,864	79	47	6,758
Québec	44	33	5,289	40	29	4,278
Western Canada	81	43	5,079	81	43	5,079
Canadian portfolio	205	124	17,232	200	119	16,115
U.S. portfolio	30	19	7,416	29	18	7,276
European portfolio	45	43	4,141	42	40	3,885
Total portfolio	280	186	28,789	271	177	27,276

OUR OPERATIONS

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

Total portfolio in-place and committed occupancy

Our in-place and committed occupancy includes lease commitments totalling approximately 440,000 square feet for space that is being readied for occupancy but for which rental revenue is not yet recognized. Our leasing team has had a strong start to 2021, securing an additional 184,000 square feet of lease commitments relative to the prior quarter, coupled with the positive impact of our acquired properties.

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

(percentage)	Total portfolio		
	March 31, 2021	December 31, 2020	March 31, 2020
Ontario	97.9	97.8	97.6
Québec	98.5	98.1	99.2
Western Canada	94.2	94.8	94.6
Canadian portfolio	97.0	96.9	97.1
U.S. portfolio	97.8	92.6	94.0
European portfolio	97.2	96.1	95.6
Total	97.2	95.6	96.1

In-place and committed occupancy in Ontario increased by 10 basis points ("bps") and 30 bps relative to December 31, 2020 and March 31, 2020, respectively, primarily driven by the acquisition of a fully occupied 107,500 square foot building, and additional commitments totalling 27,000 square feet on vacant space compared to the prior quarter, partially offset by negative leasing absorptions.

In-place and committed occupancy in Québec increased by 40 bps from the prior quarter, primarily attributable to acquired occupancy totalling approximately 1,025,000 square feet with weighted average of occupancy over 99%, and a new lease commitment of 165,000 square feet relating to previously vacant space. On a year-over-year basis, in-place and committed occupancy decreased by 70 bps due to net negative leasing absorption. The Trust continues to actively market the vacant spaces and reduce the spread between prior expiring net rent and market rent.

In-place and committed occupancy in Western Canada decreased by 60 bps compared to the prior quarter and 40 bps compared to Q1 2020, primarily due to lease expirations of 277,000 square feet, partially offset by 149,000 square feet of renewals and 39,000 square feet of new leases taking occupancy during the quarter.

In-place and committed occupancy in the U.S. increased by 5.2% and 3.8% relative to December 31, 2020 and March 31, 2020, respectively. The increase is due to a new lease commencing this quarter with a subsidiary of Amazon on 302,500 square feet of previously acquired vacant space in Louisville, as well as 102,000 square feet in Columbus, of which 75,000 square feet commenced during the quarter.

In-place and committed occupancy in Europe increased by 110 bps quarter-over-quarter and 160 bps compared to the prior year comparative quarter due to higher occupancy at our acquired properties as well as 116,000 square feet of new lease commitments entered into during the period.

Total portfolio occupancy continuity

The following tables detail the change in in-place and committed occupancy across our Canadian, U.S. and European portfolios for the three months ended March 31, 2021:

	Three months ended March 31, 2021							
	Canadian portfolio		U.S. portfolio		European portfolio		Total portfolio	
	Thousands of sq. ft.	Percentage of GLA	Thousands of sq. ft.	Percentage of GLA	Thousands of sq. ft.	Percentage of GLA	Thousands of sq. ft.	Percentage of GLA
Occupancy (in-place and committed) at beginning of period	15,620	96.9%	6,735	92.6%	3,732	96.1%	26,087	95.6%
Vacancy committed for future occupancy	(229)	(1.4%)	(27)	(0.4%)	—	—%	(256)	(0.9%)
Occupancy (in-place) at beginning of period	15,391	95.5%	6,708	92.2%	3,732	96.1%	25,831	94.7%
Occupancy related to acquired properties and remeasurements	1,135		140		256		1,531	
Occupancy (in-place) at beginning of period – adjusted	16,526	95.9%	6,848	92.3%	3,988	96.3%	27,362	95.0%
Natural expiries and relocations	(941)	(5.5%)	(86)	(1.2%)	(115)	(2.8%)	(1,142)	(4.0%)
Early terminations	(214)	(1.2%)	—	—%	—	—%	(214)	(0.7%)
New leases	363	2.1%	404	5.5%	116	2.8%	883	3.1%
Renewals and relocations	540	3.1%	86	1.2%	36	0.9%	662	2.3%
Occupancy (in-place) at period-end	16,274	94. %	7,252	97.8%	4,025	97.2%	27,551	95.7%
Vacancy committed for future occupancy	439	2.6%	—	—%	1	—%	440	1.5%
Occupancy (in-place and committed) at period-end	16,713	97.0%	7,252	97.8%	4,026	97.2%	27,991	97.2%

The overall tenant retention ratio across our portfolio for the three months ended March 31, 2021 was 58.0% (December 31, 2020 – 86.6%). Tenant retention ratio is calculated as the ratio of total square feet of renewed and relocated space over natural expiries and relocations. The decline in tenant retention ratio for the quarter was driven by transitory vacancies with 481,500 square feet of lease expiries in Ontario and 277,000 square feet in Western Canada. The expiring rents on these units averaged 5.3% below market, and approximately 317,000 square feet of these vacancies have been re-leased at rents 11.5% higher than the prior rents.

New lease, renewal and relocation spreads

The following table details the new lease, renewal and relocation spreads for deals transacted from January 1, 2021 to April 30, 2021 across our total portfolio and that took occupancy during the quarter and beyond:

	Thousands of sq. ft.	Rental rate spread ⁽¹⁾
Ontario	508	54.8%
Québec	344	12.4%
Western Canada	319	(4.5%)
Canadian portfolio	1,171	24.9%
U.S. portfolio	494	11.6%
European portfolio	303	15.9%

(1) Rental rate spread (%) is calculated as the ratio of rental rate spread (per sq. ft.) divided by the weighted average prior and expiring rate (per sq. ft.). Rental rate spread (per sq. ft.) is calculated as the difference between the weighted average new, renewal and relocation rate and the weighted average prior and expiring rate. Rental rate spread excludes deals on leased space that has been vacant upon acquisition.

For the three months ended March 31, 2021, our leasing team transacted approximately 1.5 million square feet of leasing activity. Rental spreads were strong in Ontario, Québec, the U.S. and Europe, reflecting the robust demand for industrial space. In Western Canada, the slightly negative rental spreads were paired with contractual rental steps within these leases to capture some future rental growth.

Total portfolio rental rates

Average in-place and committed base rent is contractual base rent and excludes recoveries and recoverable tenant inducements.

The following table details the average in-place and committed base rent by region for our total portfolio:

Total portfolio	Average in-place and committed base rent (per sq. ft.)					
	March 31, 2021		December 31, 2020		March 31, 2020	
Ontario	\$	7.38	\$	7.09	\$	6.76
Québec		6.85		6.65		6.50
Western Canada		8.74		8.74		8.81
Canadian portfolio	\$	7.60	\$	7.48	\$	7.33
U.S. portfolio (US\$)	\$	4.05	\$	4.01	\$	4.05
European portfolio (€)	€	5.20	€	5.11	€	5.10

As at March 31, 2021, the average in-place and committed base rent for our Canadian portfolio was \$7.60 per square foot, compared to \$7.48 per square foot as at December 31, 2020 and \$7.33 per square foot as at March 31, 2020. The increase in the Canadian portfolio is driven by higher in-place rents on acquisitions closed in the quarter, as well as lease renewals and future lease commitments capturing strong positive rental rate spreads primarily in the Ontario and Québec regions, partially offset by negative rental rate spreads in Western Canada.

As at March 31, 2021, the average in-place and committed base rent for our U.S. portfolio was US\$4.05 per square foot, compared to US\$4.01 per square foot as at December 31, 2020 and US\$4.05 per square foot as at March 31, 2020. The increase is due to strong rental spreads on lease rollovers in Cincinnati and Columbus during the quarter.

As at March 31, 2021, the average in-place and committed base rent for our European portfolio was €5.20 per square foot, compared to €5.11 per square foot as at December 31, 2020 and €5.10 per square foot as at March 31, 2020. The increase resulted from rental spreads on new leases signed during the period and positive impacts from acquisitions in the quarter.

The following table compares the average in-place and committed base rent per square foot with our estimated market rent per square foot by region for our total portfolio as at March 31, 2021:

Total portfolio	March 31, 2021				
	Average in-place and committed base rent (per sq. ft.)		Estimated market rent (per sq. ft.)	Estimated market rent/average in-place and committed base rent	WALT (years)
Ontario	\$	7.38	\$ 9.32	26.3%	4.7
Québec		6.85	7.64	11.5%	3.6
Western Canada		8.74	8.55	(2.2%)	3.3
Canadian portfolio	\$	7.60	\$ 8.58	12.9%	4.0
U.S. portfolio (US\$)	\$	4.05	\$ 4.28	5.7%	3.6
European portfolio (€)	€	5.20	€ 5.50	5.8%	5.8
Total portfolio WALT (years)					4.2

Estimated market rent represents management's best estimate of the base rent that would be achieved in a new arm's length lease in the event that a unit becomes vacant after a reasonable marketing period, with an inducement and lease term appropriate for the particular space. Market rent by property is reviewed regularly by our leasing and portfolio management teams. Market rents may differ by property or by unit and depend upon a number of factors. Some of the factors considered include the condition of the space, the location within the building, the amount of office build-out for the units, the lease term and a normal level of tenant inducements. Market rental rates are also compared quarterly against recent comparable lease deals in each market and quarterly independent external appraisal information, if applicable. The current estimated market rents are at a point in time, with no allowance for increases in future years and are subject to change based on future market conditions in the respective regions.

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

Lease maturity profile, net of lease commitments

The following table details our total portfolio lease maturity profile by region, net of renewals and new leases completed as at March 31, 2021:

Total portfolio (in thousands of sq. ft.)	Vacancy, net of commitments	Remainder of 2021	2022	2023	2024	2025	2026+	Total
Ontario	143	278	793	907	656	1,154	2,933	6,864
Québec	79	93	997	1,077	1,052	854	1,137	5,289
Western Canada	297	571	817	1,098	694	536	1,066	5,079
Canadian portfolio	519	942	2,607	3,082	2,402	2,544	5,136	17,232
U.S. portfolio	164	196	914	2,005	642	535	2,960	7,416
European portfolio	115	184	379	360	267	496	2,340	4,141
Total GLA	798	1,322	3,900	5,447	3,311	3,575	10,436	28,789
Percentage of total GLA	2.8%	4.6%	13.6%	18.9%	11.5%	12.4%	36.2%	100.0%

Lease expiry profile for remainder of 2021

The following table details our total portfolio lease maturity profile for the remainder of 2021 by region, net of renewals and net of committed new leases on vacant space:

Total portfolio (in thousands of sq. ft.)	Ontario	Québec	Western Canada	Canada portfolio	U.S. portfolio	European portfolio	Total
2021 expiries (as at March 31, 2021)	(457)	(509)	(736)	(1,702)	(712)	(404)	(2,818)
Expiries committed for renewals	179	416	165	760	516	220	1,496
Expiries, net of committed renewals	(278)	(93)	(571)	(942)	(196)	(184)	(1,322)
Commitment as a % of expiries	39.2%	81.7%	22.4%	44.7%	72.5%	54.5%	53.1%
Current vacancies	(344)	(245)	(369)	(958)	(164)	(116)	(1,238)
Current vacancies committed for future occupancy	201	166	72	439	—	1	440
Current vacancies, net of commitments for future occupancy	(143)	(79)	(297)	(519)	(164)	(115)	(798)

Net rental income from continuing operations

Net rental income is defined by the Trust as total investment properties revenue less investment properties operating expenses from continuing operations.

For a detailed discussion about investment properties revenue and operating expenses from continuing operations for the three months ended March 31, 2021 and March 31, 2020, refer to the section “Our Results of Operations”.

	Three months ended March 31,			
	2021		2020	
	Amount	%	Amount	%
Ontario	\$ 12,610	27%	\$ 10,979	27%
Québec	7,485	16%	6,770	17%
Western Canada	10,552	22%	10,651	27%
Canadian portfolio	30,647	65%	28,400	71%
U.S. portfolio	9,140	20%	9,066	23%
European portfolio	6,875	15%	2,292	6%
Properties sold	—	—%	(17)	0%
Net rental income from continuing operations	\$ 46,662	100%	\$ 39,741	100%

Net rental income from continuing operations for the three months ended March 31, 2021 increased by \$6.9 million, or 17.4%, over the prior year comparative quarter. The increase was mainly driven by the impact of acquired investment properties throughout 2020 and Q1 2021, as well as comparative properties NOI growth in the first quarter.

Comparative properties NOI and comparative properties NOI (constant currency basis)

Year-over-year comparison

Comparative properties NOI (constant currency basis) is a non-GAAP measure used by management in evaluating the performance of properties fully owned by the Trust in the current and prior year comparative periods, using a constant currency basis. Comparative properties NOI (constant currency basis) is lower during periods of free rent to reflect that there is no cash rent received. For accounting purposes, free rent is recorded and amortized within straight-line rent. See “Non-GAAP Measures and Other Disclosures” for a description of these non-GAAP measures.

The tables below detail the comparative properties NOI (constant currency basis) and other items to assist in understanding the impact each component has on net rental income from continuing operations for the three months ended March 31, 2021 and March 31, 2020.

	Three months ended		Change		Change in	Change in	Owned GLA
	March 31, 2021	March 31, 2020	in \$	in %	weighted average occupancy %	in-place base rent %	(thousands of sq. ft.)
Ontario	\$ 10,023	\$ 9,451	\$ 572	6.1%	(2.1%)	9.2%	5,420
Québec	6,748	6,944	(196)	(2.8%)	(5.5%)	3.5%	4,121
Western Canada	10,841	10,688	153	1.4%	0.1%	1.4%	5,079
Canadian portfolio	27,612	27,083	529	2.0%	(2.3%)	4.8%	14,620
U.S. portfolio (constant currency basis)	8,825	8,272	553	6.7%	2.0%	2.4%	7,276
Comparative properties NOI (constant currency basis)	36,437	35,355	1,082	3.1%	(0.9%)	3.8%	21,896
Impact of foreign currency translation on comparative properties NOI	—	517	(517)				
NOI from acquired properties – Canada	3,092	1,391	1,701				
NOI from acquired properties – U.S.	135	—	135				
NOI from acquired properties – Europe	6,869	2,295	4,574				
Straight-line rent	468	815	(347)				
Amortization of lease incentives	(503)	(327)	(176)				
Expected credit loss	—	(312)	312				
Lease termination fees and other expenses	186	24	162				
COVID-19 related adjustments and provisions	(22)	—	(22)				
NOI from sold properties	—	(17)	17				
Net rental income from continuing operations	\$ 46,662	\$ 39,741	\$ 6,921	17.4%			

For the three months ended March 31, 2021, comparative properties NOI (constant currency basis) increased by \$1.1 million, or 3.1%, compared to the prior year comparative quarter. Free rent granted to tenants during the quarter and prior year comparative quarter was \$0.3 million and \$0.7 million, respectively.

Comparative properties NOI for Ontario increased by \$0.6 million, or 6.1%, compared to the prior year comparative quarter, primarily due to significant increases in rental spreads on new and renewed leases, as well as rent escalations on existing tenants in the GTA and London.

In Québec, comparative properties NOI decreased by \$0.2 million, or 2.8%, compared to the prior year comparative quarter as a result of Spectra Premium Industries Inc.'s lease termination in Laval. In February 2021, the Trust re-leased the Laval vacancy at rates generating similar near-term NOI but with contractual escalations; the lease is expected to commence June 2021. Partially offsetting this decline were positive rental spreads on existing properties and lower free rent relative to the prior year comparative quarter.

Western Canada's comparative properties NOI increased by \$0.2 million, or 1.4%, compared to the prior year comparative quarter, primarily attributable to less free rent granted to tenants than in Q1 2020.

Comparative properties NOI for the U.S. increased by \$0.6 million, or 6.7%, compared to the prior year comparative quarter, driven primarily by a 302,500 square foot new single-tenant lease at our Louisville property, rent escalations on existing tenants and decreases in non-recoverable operating expenses.

OUR RESULTS OF OPERATIONS

	Three months ended March 31,	
	2021	2020
Investment properties revenue	\$ 65,431	\$ 56,550
Investment properties operating expenses	(18,769)	(16,809)
Net rental income	46,662	39,741
Other income		
Interest, fee income and other	234	865
	234	865
Other expenses		
General and administrative	(4,515)	(3,741)
Interest:		
Debt and other financing costs ⁽¹⁾	(7,981)	(9,133)
Subsidiary redeemable units	(3,246)	(3,311)
Debt settlement costs	(3,059)	(3,949)
	(18,801)	(20,134)
Fair value adjustments and net loss on transactions and other activities		
Fair value adjustments to investment properties	74,601	(36,539)
Fair value adjustments to financial instruments	(1,874)	57,272
Net gain (loss) on transactions and other activities	(1,609)	1,887
	71,118	22,620
Income before income taxes and discontinued operations	99,213	43,092
Deferred and current income taxes expense, net	(3,949)	(1,056)
Income from continuing operations, net of taxes	95,264	42,036
Loss from discontinued operations, net of taxes	—	(19)
Net income	\$ 95,264	\$ 42,017
Other comprehensive income (loss)		
Items that will be reclassified subsequently to net income:		
Unrealized gain (loss) on foreign currency translation of foreign operations, net of taxes	\$ (29,935)	\$ 43,699
Unrealized gain on hedging instruments, net of taxes	18,591	—
Share of other comprehensive income (loss) from equity accounted investment	(109)	749
	(11,453)	44,448
Comprehensive income	\$ 83,811	\$ 86,465

(1) For the three months ended March 31, 2021 and March 31, 2020, the mark-to-market amortization netted against interest expense was \$48 and \$129, respectively.

Investment properties revenue

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

Investment properties revenue for the three months ended March 31, 2021 increased by \$8.9 million, or 15.7%, when compared to the prior year comparative quarter. The increase was mainly due to the impact of acquired properties in 2021 and 2020, as well as growth in the portfolio resulting from higher rental rates on new leases and renewals.

Investment properties operating expenses

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

Investment properties operating expenses for the three months ended March 31, 2021 increased by \$2.0 million, or 11.7%, when compared to the prior year comparative quarter. The increase was mainly due to the impact of acquired properties in 2021 and 2020.

General and administrative expenses

The following table summarizes our general and administrative (“G&A”) expenses for the three months ended March 31, 2021 and March 31, 2020:

	Three months ended March 31,	
	2021	2020
Asset management fee	\$ (1,725)	\$ (1,403)
General corporate expenses ⁽¹⁾	(2,236)	(1,972)
Deferred compensation expenses	(554)	(366)
Total	\$ (4,515)	\$ (3,741)

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

G&A expenses for the three months ended March 31, 2021 increased by \$0.8 million, or 20.7%, when compared to the prior year comparative quarter. Asset management fees to Dream Asset Management Corporation (“DAM”) increased due to acquisitions completed during the quarter and throughout 2020. General corporate expenses increased year-over-year primarily due to costs associated with growing the European platform.

Interest expense on debt and other financing costs

Interest expense on debt and other financing costs for the three months ended March 31, 2021 decreased by \$1.2 million, or 12.6%, when compared to the prior year comparative quarter.

Interest expense decreased primarily due to prepayment of Canadian mortgages during the quarter, partially offset by interest on the unsecured U.S. term loan and unsecured debentures entered into in the latter part of the fourth quarter in 2020.

Debt settlement costs

Debt settlement costs for the three months ended March 31, 2021 was \$3.1 million. These costs were incurred as a result of the Trust early discharging seven Canadian mortgages totalling \$130.7 million on February 1, 2021 with net proceeds from the January 2021 public offering of REIT Units. During the three months ended March 31, 2020, the Trust incurred \$3.9 million of debt settlement costs as a result of the Trust early discharging mortgages totalling \$159.5 million with net proceeds from the February 2020 public offering of REIT Units.

Fair value adjustments to investment properties

Refer to the section “Investment Properties” under the heading “Fair value adjustments to investment properties” for a discussion of fair value changes to investment properties for the three months ended March 31, 2021 and March 31, 2020.

Fair value adjustments to financial instruments

The fair value adjustments to subsidiary redeemable units and deferred trust units are dependent on the change in the Trust’s unit price, and the adjustments may vary significantly year-over-year.

The fair value measurements of the interest rate swaps are calculated internally using external data provided by qualified professionals based on the present value of the estimated future cash flows determined using observable yield curves, and the adjustments may vary significantly year-over-year.

The following table summarizes our fair value adjustments to financial instruments for the three months ended March 31, 2021 and March 31, 2020:

	Three months ended March 31,	
	2021	2020
Unrealized remeasurement of carrying value of subsidiary redeemable units	\$ (5,009)	\$ 69,569
Unrealized remeasurement of carrying value of deferred trust units	(448)	2,563
Unrealized remeasurement of interest rate swaps	3,583	(6,066)
Unrealized remeasurement of foreign exchange swaps	—	(8,794)
Total fair value adjustments to financial instruments	\$ (1,874)	\$ 57,272

Net gain (loss) on transactions and other activities

The following table summarizes our net loss on transactions and other activities for the three months ended March 31, 2021 and March 31, 2020:

	Three months ended March 31,	
	2021	2020
Internal leasing costs	\$ (898)	\$ (797)
Foreign exchange gain (loss) ⁽¹⁾	(706)	2,688
Depreciation of property and equipment	(5)	(4)
Total	\$ (1,609)	\$ 1,887

(1) The foreign exchange gain (loss) relates to capital transactions denominated in foreign currency with foreign wholly owned subsidiaries.

Deferred and current income taxes expense, net

Net deferred and current income taxes expense for the three months ended March 31, 2021 increased by \$2.9 million, when compared to the prior year comparative quarter. The increase was primarily driven by the difference between the fair value of our U.S. and European investment properties relative to the tax cost base. Substantially all of the net deferred and current income taxes expense for the three months ended March 31, 2021 and March 31, 2020 is deferred income taxes.

Other comprehensive income (loss)

Other comprehensive income (loss) comprises unrealized gain (loss) on foreign currency translation, unrealized gain (loss) on hedging instruments, net of taxes, and currency translation resulting from our equity accounted investment. The unrealized gain (loss) on foreign currency translation may vary significantly year-over-year depending on the value of the Canadian dollar relative to the U.S. dollar and euro. The unrealized gain (loss) on hedging instruments may vary significantly year-over-year depending on the fair value adjustments on the cross-currency interest rate swaps designated as hedges.

Funds from operations ("FFO")

FFO (including diluted FFO per Unit) is a non-GAAP measure used by management in evaluating the Trust's operating performance. FFO per Unit is calculated as FFO divided by the weighted average number of Units. FFO and weighted average number of Units are further defined in the section "Non-GAAP Measures and Other Disclosures".

FFO and diluted FFO per Unit for the three months ended March 31, 2021 and March 31, 2020 are shown in the table below:

	Three months ended March 31,	
	2021	2020
FFO	\$ 34,908	\$ 27,994
Weighted average number of Units (in thousands)	185,808	163,296
FFO per Unit – diluted	\$ 0.19	\$ 0.17

Diluted FFO per Unit for the three months ended March 31, 2021 was \$0.19, compared to \$0.17 for the three months ended March 31, 2020. For the three months ended March 31, 2021, FFO per Unit increased as a result of comparative properties NOI growth, income from acquisitions closed during the quarter and 2020, and lower interest expense as a result of the Trust's debt strategy to reduce borrowing costs implemented in late 2020. This was partially offset by a slight increase in G&A expenses from the growth of our European platform and dilution from timing of deployment of the Trust's excess liquidity.

Related party transactions

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

Agreements with DAM

The following table summarizes our fees paid to or received from DAM, including both continuing and discontinued operations, for the three months ended March 31, 2021 and March 31, 2020:

	Three months ended March 31,	
	2021	2020
Incurring under the Asset Management Agreement:		
Asset management fee (included in general and administrative expenses)	\$ (1,725)	\$ (1,403)
Acquisition fee (included in investment properties)	(1,593)	(2,748)
Expense reimbursements related to financing arrangements	(240)	(272)
Total costs incurred under the Asset Management Agreement	\$ (3,558)	\$ (4,423)
Total costs reimbursed under the Shared Services and Cost Sharing Agreement	\$ (112)	\$ (541)

The Asset Management Agreement (“AMA”) with DAM provides for an incentive fee payable in an amount equal to 15% of the Trust’s adjusted funds from operations (“AFFO”) per Unit as defined in the AMA, which includes gains on the disposition of any properties in the year in excess of the hurdle amount, which was initially set at \$0.80 per Unit and increases annually by 50% of the increase in the consumer price index (the “Hurdle Amount”).

The AMA has an initial term ending October 3, 2022 and is automatically renewed for further five-year terms unless and until terminated in accordance with its terms. The AMA may be terminated by DAM at any time after the initial term. Other than in respect of termination resulting from certain events of insolvency of DAM, on termination of the AMA, all accrued fees under the AMA, including the incentive fee, are payable to DAM. In such circumstances or if the Trust is acquired, the incentive fee is calculated as if all the Trust’s properties were sold on the applicable date.

Disposition gains in the AFFO calculation used for determining the incentive fee are based on the fair value of the Trust’s investment properties, at the applicable date, relative to their historic purchase price. As at March 31, 2021, the historic purchase price for the Trust’s investment portfolio was \$2.9 billion (December 31, 2020 – \$2.6 billion).

For the most recently completed fiscal year ended October 3, 2020 for the AMA, the Hurdle Amount for the purpose of calculating the incentive fee was \$0.86 per Unit. As at March 31, 2021 and December 31, 2020, no incentive fees have been paid or are payable by the Trust to DAM.

The amount of the incentive fee payable by the Trust on any date will be contingent upon various factors, including, but not limited to, changes in the Trust’s AFFO as defined in the AMA, movements in the fair value of investment properties, acquisitions and dispositions, future foreign exchange rates, and changes in the total number of outstanding Units of the Trust.

Agreements with Dream Office Real Estate Investment Trust (“Dream Office REIT”)

The following table summarizes the costs reimbursed to Dream Office REIT for the three months ended March 31, 2021 and March 31, 2020:

	Three months ended March 31,	
	2021	2020
Total costs reimbursed under the Services Agreement	\$ (1,324)	\$ (1,295)

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

The following table summarizes our interest paid and payable to subsidiaries of Dream Office REIT on its subsidiary redeemable units for the three months ended March 31, 2021 and March 31, 2020:

	Three months ended March 31,	
	2021	2020
Interest paid and payable to Dream Office REIT on subsidiary redeemable units	\$ (3,246)	\$ (3,311)

Agreements with PAULS Corp

The following table summarizes our fees paid and costs reimbursed to an affiliate of PAULS Corp for the three months ended March 31, 2021 and March 31, 2020:

	Three months ended March 31,	
	2021	2020
Property management	\$ (195)	\$ (208)
Portfolio management	(193)	(211)
Leasing costs	(219)	—
Financing costs	—	(8)
Pre-development cost recovery	(9)	(111)
Total costs incurred under the Property Management Agreement	\$ (616)	\$ (538)

SECTION III

INVESTMENT PROPERTIES

Investment properties continuity

Changes in the value of our investment properties by region for the three months ended March 31, 2021 are summarized in the following tables:

	Three months ended					
	December 31, 2020	Property acquisitions	Building improvements, lease incentives and initial direct leasing costs	Fair value adjustments ⁽¹⁾	Amortization of lease incentives, foreign currency translation ⁽²⁾ and other adjustments	March 31, 2021
Ontario	\$ 1,076,343	\$ 18,370	\$ 1,669	\$ 43,253	\$ 175	\$ 1,139,810
Québec	493,228	201,424	681	14,963	(327)	709,969
Western Canada	613,301	—	1,796	(1,519)	(215)	613,363
Canadian portfolio	2,182,872	219,794	4,146	56,697	(367)	2,463,142
U.S. portfolio	585,388	15,638	2,190	4,808	(7,226)	600,798
European portfolio	473,341	49,374	274	13,096	(26,980)	509,105
Total investment properties	\$ 3,241,601	\$ 284,806	\$ 6,610	\$ 74,601	\$ (34,573)	\$ 3,573,045

(1) During the three months ended March 31, 2021, the Trust wrote off acquisition related costs totalling \$10,446 included in fair value adjustments on investment properties.

(2) Included in the U.S. and European portfolios are foreign currency translation adjustments totalling \$(7,390) and \$(26,991), respectively.

Significant assumptions used in the valuation of investment properties

The fair value of the investment properties as at March 31, 2021 and December 31, 2020 represents the Trust's best estimate based on internally and externally available information as at the end of the reporting period.

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

The duration and full scope of the economic impact of COVID-19 are unknown at this time. Key valuation assumptions that could be impacted over the long term include market rents, leasing costs, vacancy rates, discount rates and cap rates. The Trust will continue to monitor the effect of the economic environment on the valuation of its investment properties. If there are any changes in the critical and key assumptions used in valuing the investment properties, or in regional, national or international economic conditions, or new developments in the COVID-19 pandemic, the fair value of investment properties may change materially.

The significant valuation metrics used in the cap rate method are stabilized cap rates. The following table summarizes stabilized cap rates by region as at March 31, 2021 and December 31, 2020:

Stabilized cap rates	Total portfolio ⁽¹⁾			
	March 31, 2021		December 31, 2020	
	Range (%)	Weighted average (%) ⁽²⁾	Range (%)	Weighted average (%) ⁽²⁾
Ontario	4.50–7.50	5.05	4.50–7.50	5.04
Québec	4.75–6.75	5.39	5.00–6.75	5.56
Western Canada	6.25–7.50	6.60	6.00–7.75	6.61
Canadian portfolio	4.50–7.50	5.56	4.50–7.75	5.60
U.S. portfolio	5.25–6.75	5.94	5.25–6.75	5.93
European portfolio	5.00–9.00	6.10	5.00–9.00	6.41
Total portfolio	4.50–9.00	5.69	4.50–9.00	5.75

(1) Excludes investment properties acquired during the quarter as applicable.

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

The significant valuation metrics used in the discounted cash flow method as at March 31, 2021 and December 31, 2020 are set out in the table below:

	Total portfolio ⁽¹⁾			
	March 31, 2021		December 31, 2020	
	Range (%)	Weighted average (%) ⁽²⁾	Range (%)	Weighted average (%) ⁽²⁾
Discount rate	5.50–8.50	6.54	5.50–8.50	6.55
Terminal cap rate	4.75–9.00	5.99	4.75–9.00	6.03

(1) Excludes investment properties acquired during the quarter as applicable.

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

The Trust believes other valuation metrics, such as implied weighted average cap rates by region, will enable users to better understand how specific operating metrics, such as in-place rents versus market rents and in-place versus in-place and committed occupancy levels in the respective regions, may impact our values. Implied weighted average cap rate is determined using the annualized three months ended March 31, 2021 net rental income by property, excluding the net rental income of properties acquired during the quarter and net rental income of sold properties. Net rental income used in calculating the implied average cap rate also excludes the impact of lease termination fees and other rental income, estimated credit loss, COVID-19 related adjustments and provisions, and amortization of lease incentives.

Investment property value per square foot by region is another valuation metric that enables users to compare the transacted value per square foot in similar markets during the period.

The following table summarizes the implied weighted average cap rate and value per square foot by region as at March 31, 2021 and December 31, 2020:

	Total portfolio ⁽¹⁾			
	March 31, 2021		December 31, 2020	
	Implied cap rate (%)	Value per square foot	Implied cap rate (%)	Value per square foot
Ontario	4.38	\$ 166	4.56	\$ 159
Québec	5.31	121	5.85	115
Western Canada	7.08	121	7.03	121
Canadian portfolio	5.33	\$ 140	5.55	\$ 135
U.S. portfolio (value per square foot in US\$)	6.13	64	6.02	63
European portfolio (value per square foot in €)	5.74	€ 80	5.94	€ 72
Total portfolio (value per square foot in \$)	5.53	\$ 121	5.68	\$ 118

(1) Excludes investment properties acquired during the quarter as applicable.

Acquisitions

The following acquisitions were completed during the three months ended March 31, 2021:

	Acquired GLA (thousands of sq. ft.)	Occupancy at acquisition (%)	WALT at acquisition (years)	Purchase price ⁽¹⁾	Date acquired
401 Marie-Curie Boulevard, Montréal, Québec	525	100.0	5.9	\$ 114,150	January 29, 2021
Derchinger Straße 116, Augsburg, Germany ⁽²⁾	44	100.0	9.9	8,440	February 1, 2021
2000 Gateway Boulevard, Cincinnati, Ohio ⁽²⁾	140	100.0	2.4	15,467	February 12, 2021
Eiselaue Weg 13, Ulm, Germany ⁽²⁾	53	100.0	7.8	8,613	March 1, 2021
279 Humberline Drive, Etobicoke, Ontario	107	100.0	14.6	17,500	March 1, 2021
3055 rue Anderson, Montréal, Québec	366	100.0	3.2	61,750	March 11, 2021
1059 Boulevard des Entreprises, Montréal, Québec	57	100.0	2.0	7,100	March 23, 2021
1300–1410 55th Ave, Montréal, Québec	82	95.0	2.9	10,675	March 24, 2021
Hecto 1–3, Zevenaar, Netherlands ⁽²⁾	159	100.0	10.0	30,665	March 30, 2021
Total	1,533	99.7	5.8	\$ 274,360	

(1) Excludes transaction costs of \$10,446.

(2) Acquisitions in the U.S., Germany, and the Netherlands were settled in local currency and translated into Canadian dollars as at the respective transaction dates.

Subsequent to March 31, 2021, the Trust completed the following acquisitions in Canada and Europe:

	Purchase price ⁽¹⁾	Date acquired
4 Eiffelstraße, Herbrechtingen, Germany ⁽²⁾	\$ 7,391	April 1, 2021
1680 Vimont Court, Ottawa, Ontario	26,100	April 23, 2021
295 Pinebush Road, Cambridge, Ontario	7,980	April 23, 2021
Brampton East Lands, Brampton, Ontario ⁽³⁾	35,000	April 30, 2021
Total	\$ 76,471	

(1) Gross purchase price before adjustments and transaction costs.

(2) Purchase price was settled in local currency and translated into Canadian dollars as at the transaction date.

(3) Brampton East Lands is a parcel of land.

For the year ended December 31, 2020, the Trust acquired 62 investment properties for gross proceeds net of adjustments and before transaction costs totalling \$623.0 million.

Dispositions

There were no dispositions for the three months ended March 31, 2021 and the year ended December 31, 2020.

Building improvements

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

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

Non-recoverable capital expenditures are not recovered from tenants and are costs incurred to repair or maintain the property's structural condition and bring properties up to the Trust's operating standards.

Value-add capital expenditures are not recovered from tenants and include upgrades completed on certain properties that are expected to increase the Trust's ability to attract tenants and obtain higher rental rates.

The following table summarizes building improvements incurred for the three months ended March 31, 2021 and March 31, 2020:

	Three months ended March 31,	
	2021	2020
Recoverable capital expenditures	\$ 1,016	\$ 345
Non-recoverable capital expenditures	157	50
Value-add capital expenditures	588	225
Total building improvements	\$ 1,761	\$ 620

Building improvements for the three months ended March 31, 2021 increased by \$1.1 million compared to the prior year comparative quarter, primarily due to an emergency replacement of two water mains within our Western Canada assets for approximately \$0.8 million.

Lease incentives and initial direct leasing costs

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

Lease incentives and initial direct leasing costs shown in the table below include costs attributable to leases that commenced in the respective periods. Due to the timing of the signing of lease agreements, certain costs, such as lease commissions, may be incurred in advance of lease commencement.

The following table summarizes leasing costs incurred for the three months ended March 31, 2021 and March 31, 2020:

	Three months ended March 31,	
	2021	2020
Lease incentives and initial direct leasing costs	\$ 4,849	\$ 4,027

Fair value adjustments to investment properties

For the three months ended March 31, 2021, the Trust recorded a fair value gain of \$74.6 million, mainly driven by fair value gains in the Ontario, Québec, Europe and U.S. regions of \$43.3 million, \$15.0 million, \$13.1 million and \$4.8 million, respectively, partially offset by a fair value loss of \$1.5 million in Western Canada. The increase in fair value for Québec was primarily driven by cap rate compression and the increase in fair value for Ontario was driven by higher market rents.

OUR FINANCING

Debt strategy

Our debt strategy involves maintaining a conservative leverage and building up a high-quality unencumbered asset pool, while reducing borrowing costs, preserving liquidity and hedging our foreign currency investments. We are focused on improving our overall cost of capital and risk profile of our business by maintaining an investment grade credit rating and diversifying our sources of debt through a combination of secured and unsecured debt. The Trust is effectively lowering its overall cost of borrowing and hedges its foreign currency investments by replacing higher interest rate Canadian debt with lower interest rate euro-equivalent debt.

Debt summary

Our discussion of debt includes the cross-currency interest rate swaps. However, pursuant to IFRS, the cross-currency interest rate swaps are included in “Other non-current liabilities” or “Other non-current assets” in the condensed consolidated financial statements.

	As at	
	March 31, 2021	December 31, 2020
Financing metrics⁽¹⁾		
Credit rating – DBRS	BBB (mid)	BBB (mid)
Net total debt-to-assets ratio ⁽²⁾	28.7%	31.3%
Net total debt-to-adjusted EBITDAFV (years) ⁽²⁾	6.0	6.2
Interest coverage ratio (times) ⁽²⁾	4.8	4.4
Weighted average face interest rate on debt (period-end)	2.44%	2.57%
Weighted average remaining term to maturity on debt (years)	5.1	4.8
Total debt ⁽²⁾	\$ 1,110,683	\$ 1,268,414
Secured debt, percentage of total assets ⁽²⁾	18.5%	23.3%
Unencumbered assets, percentage of investment properties ⁽²⁾	57.4%	44.5%
Available liquidity (period-end) ⁽²⁾	\$ 395,172	\$ 573,235

(1) Financing metrics include income (loss) from discontinued operations as applicable.

(2) Net total debt-to-assets ratio, net total debt-to-adjusted EBITDAFV, interest coverage ratio, total debt, secured debt, percentage of total assets, unencumbered assets, percentage of investment properties, and available liquidity are non-GAAP measures. The descriptions and calculations of these measures are included in the section “Non-GAAP Measures and Other Disclosures”.

Liquidity and capital resources

Dream Industrial REIT’s primary sources of capital are cash generated from (utilized in) operating activities, draws on the unsecured revolving credit facility, mortgage financing and refinancing, and equity and debt issuances. Our primary uses of capital include the payment of distributions, property acquisitions, costs of attracting and retaining tenants, recurring property maintenance, major property improvements, development projects, debt principal repayments, and interest payments.

In our condensed consolidated financial statements, our current liabilities exceed our current assets by \$9.4 million. We are able to use our unsecured revolving credit facility on short notice, which eliminates the need to hold a significant amount of cash and cash equivalents on hand. Working capital balances fluctuate significantly from period to period depending on the timing of receipts and payments. Amounts payable outstanding at the end of any reporting period depend primarily on the timing of leasing costs and capital expenditures incurred, as well as the impact of transaction costs incurred on any acquisitions or dispositions completed during the reporting period.

Scheduled principal repayments that are due in 2021 total \$12.4 million, and debt maturities that are due in 2021 total \$27.0 million. The debt maturities are typically refinanced with mortgages of terms between five and ten years or repaid. With our balanced debt maturity schedule, undrawn unsecured revolving credit facility of \$314.4 million, cash and cash equivalents of \$80.8 million and unencumbered assets pool of \$2.1 billion, we have sufficient liquidity and capital resources as at March 31, 2021 to fulfill the Trust’s ongoing obligations.

Financing activities

Mortgages

On February 1, 2021, the Trust early discharged seven Canadian mortgages totalling \$130.7 million, with a weighted average face interest rate of 3.59%. The Trust incurred debt settlement costs totalling \$3.1 million in relation to the early discharge of mortgages. The early discharge of mortgages and associated debt settlement costs were funded with the Trust’s net proceeds from the January 29, 2021 public offering of REIT Units.

Debt maturity profile

Our current total debt profile is balanced with maturities that are well distributed over the next nine years. The Trust manages its maturity schedule by limiting maturity exposure in any given year and mitigating interest rate risk. When rates are favourable, the Trust fixes interest rates and extends loan terms.

The following is our total debt maturity profile as at March 31, 2021:

	Debt balance due at maturity	Scheduled principal repayments on debt maturing in future periods	Amount	Weighted average face interest rate
Remainder of 2021	\$ 26,992	\$ 12,390	\$ 39,382	4.00%
2022	—	17,415	17,415	—%
2023	98,077	15,465	113,542	3.59%
2024 ⁽¹⁾	249,970	14,239	264,209	1.63%
2025 ⁽²⁾	272,372	12,544	284,916	0.86%
2026–2030	360,862	36,124	396,986	3.55%
Total	\$ 1,008,273	\$ 108,177	\$ 1,116,450	2.44%
Unamortized financing costs			(5,767)	
Total debt⁽³⁾			\$ 1,110,683	

(1) The debt balance due 2024 includes a term loan of \$187,132, net of an \$801 cross-currency interest rate swap asset.

(2) The debt balance due 2025 includes debentures of \$242,388, net of a \$5,951 cross-currency interest rate swap asset.

(3) Total debt is a non-GAAP measure, which includes the fair value of the financial liability or asset on the cross-currency interest rate swaps; refer to detailed descriptions and calculations in the “Non-GAAP Measures and Other Disclosures” section.

On April 1, 2021, the Trust early repaid a \$27.0 million mortgage secured by a U.S. property without any prepayment penalty.

Commitments and contingencies

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

The Trust participates in a joint venture with other related parties that own a development site in Las Vegas, Nevada. Under the operating agreement, the Trust has committed to make capital contributions of US\$10.7 million for the development of the project, in addition to the purchase price of the land. Since inception of the joint venture to March 31, 2021, the Trust has funded US\$1.0 million (December 31, 2020 – US\$0.9 million) in development costs.

OUR EQUITY

Total equity

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

	March 31, 2021		December 31, 2020	
	Number of Units	Amount	Number of Units	Amount
REIT Units and unitholders' equity	173,420,935	\$ 1,860,189	152,678,861	\$ 1,605,724
Retained earnings	—	346,332	—	281,531
Accumulated other comprehensive income	—	6,168	—	17,621
Total equity per condensed consolidated financial statements	173,420,935	2,212,689	152,678,861	1,904,876
Add: LP B Units	18,551,855	248,966	18,551,855	243,957
Total equity (including LP B Units)⁽¹⁾	191,972,790	\$ 2,461,655	171,230,716	\$ 2,148,833
NAV per Unit ⁽¹⁾		\$ 12.82		\$ 12.55

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

NAV per Unit for the quarter ended March 31, 2021 increased to \$12.82 from \$12.55 at December 31, 2020, largely reflecting an increase in investment property values across our portfolio as private market demand for industrial assets remains robust.

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 the LP B Units and are used to provide voting rights with respect to Dream Industrial REIT to persons holding LP B Units. The LP B Units are held by wholly owned subsidiaries of Dream Office REIT. Both the REIT Units and the Special Trust Units entitle the holder to one vote for each Unit at all meetings of the unitholders. The LP B Units are exchangeable on a one-for-one basis for REIT Units at the option of the holder. The LP B Units and corresponding Special Trust Units together have economic and voting rights equivalent in all material respects to REIT Units.

Pursuant to the Distribution Reinvestment and Unit Purchase Plan ("DRIP") and the distribution reinvestment provisions of the amended and restated limited partnership agreement governing Dream Industrial LP, the following table summarizes the number of REIT Units issued and cost of issuing the REIT Units to the subsidiaries of Dream Office REIT for the three months ended March 31, 2021 and March 31, 2020:

	Three months ended March 31,	
	2021	2020
REIT Units issued to Dream Office REIT	—	385,535
Total cost of REIT Units issued to Dream Office REIT	\$ —	\$ 4,950

The table below summarizes Dream Office REIT's ownership of the Trust as at March 31, 2021 and December 31, 2020:

	As at	
	March 31, 2021	December 31, 2020
Number of REIT Units held by Dream Office REIT	8,052,451	8,052,451
Number of LP B Units held by Dream Office REIT	18,551,855	18,551,855
Total number of Units held by Dream Office REIT	26,604,306	26,604,306
Dream Office REIT's percentage ownership of the Trust	13.9%	15.5%

On April 26, 2021, the Trust completed a public offering of 14,858,000 REIT Units. Subsequent to this offering, Dream Office REIT's ownership of the Trust was reduced to 12.9%.

Continuity of equity

The following table summarizes the changes in our outstanding equity:

	REIT Units	LP B Units	Total Units
Total Units outstanding on January 1, 2021	152,678,861	18,551,855	171,230,716
REIT Units issued pursuant to January 29, 2021 public offering	20,240,000	—	20,240,000
REIT Units issued pursuant to DRIP	413,601	—	413,601
REIT Units issued pursuant to Deferred Unit Incentive Plan ("DUIP") and Unit Purchase Plan	88,473	—	88,473
Total Units outstanding on March 31, 2021	173,420,935	18,551,855	191,972,790
Percentage of all Units	90.3%	9.7%	100.0%
REIT Units issued pursuant to DRIP	174,557	—	174,557
REIT Units issued pursuant to April 26, 2021 public offering	14,858,000	—	14,858,000
Total Units outstanding on May 4, 2021	188,453,492	18,551,855	207,005,347
Percentage of all Units	91.0%	9.0%	100.0%

Public offerings and private placement of REIT Units

The following table summarizes the public offering of REIT Units issued during the three months ended March 31, 2021. Total costs related to the offering were charged directly to unitholders' equity.

Date of public offering	Number of REIT Units	Unit price	Gross proceeds	Issue costs
January 29, 2021 ⁽¹⁾	20,240,000	\$ 12.80	\$ 259,072	\$ 11,062

(1) Includes 2,640,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

On April 26, 2021, the Trust completed a public offering of 14,858,000 REIT Units at a price of \$13.55 per REIT Unit for gross proceeds of \$201.3 million, including 1,938,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

The following table summarizes the public offering of REIT Units issued for the year ended December 31, 2020.

Date of public offering	Number of REIT Units	Unit price	Gross proceeds	Issue costs
February 12, 2020 ⁽¹⁾	16,859,000	\$ 13.65	\$ 230,125	\$ 9,892

(1) Includes 2,199,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

Short form base shelf prospectus

On October 15, 2019, the Trust filed and obtained a receipt for a final short form base shelf prospectus dated October 11, 2019, which is valid for a 25-month period, during which time the Trust may, from time to time, offer and issue REIT Units, subscription receipts and debt securities, or any combination thereof, having an aggregate offering price of up to \$2.0 billion. As at March 31, 2021, \$661.8 million of REIT Units have been issued under the current base shelf prospectus. On April 26, 2021, the Trust issued a further \$201.3 million of REIT Units under the current base shelf prospectus, bringing the total to \$863.1 million. The issuance was made pursuant to the current base shelf prospectus as supplemented by a prospectus supplement.

At-the-Market Equity Program ("ATM Program")

On February 26, 2021, the Trust filed a prospectus supplement to establish an ATM Program that would allow the Trust to issue REIT Units up to an aggregate sale price of \$200.0 million to the public from time to time at prevailing market prices, directly on the TSX or on other marketplaces to the extent permitted. As at March 31, 2021, no REIT Units have been issued under the ATM Program.

Distribution Reinvestment and Unit Purchase Plan ("DRIP")

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

In response to the market disruption caused by the COVID-19 pandemic, the Trust suspended its DRIP effective as of the distribution payable on April 15, 2020 to unitholders of record as at March 31, 2020 (the "March 2020 Distribution"). On December 18, 2020, the Trust announced the reinstatement of the DRIP and Unit Purchase Plan commencing with the distribution payable on January 15, 2021 to unitholders of record as at December 31, 2020. Upon reinstatement of the DRIP, plan participants enrolled in the DRIP at the time of its suspension who remain enrolled at the time of its reinstatement had their participation in the DRIP automatically resumed.

Distribution policy

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

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

The following table summarizes the total distributions (non-GAAP measure) and DRIP participation rate (non-GAAP measure) for the three months ended March 31, 2021 and March 31, 2020:

	Three months ended March 31, 2021		Three months ended March 31, 2020	
	Amount	% of total	Amount	% of total
Distributions reinvested less 3% bonus distribution (DRIP participation rate) ⁽¹⁾	\$ 6,819	20.3%	\$ 7,857	27.2%
Distributions paid in cash ⁽¹⁾	26,733	79.7%	21,052	72.8%
Total distributions excluding 3% bonus distribution	33,552	100.0%	28,909	100.0%
3% bonus distribution	157		299	
Total distributions⁽¹⁾	\$ 33,709		\$ 29,208	

(1) Total distributions, DRIP participation rate and distributions paid in cash are non-GAAP measures. See "Non-GAAP Measures and Other Disclosures" for a description.

Cash flows from operating activities less interest and other financing costs paid on debt and total distributions (a non-GAAP measure)

In any given period, actual cash flows generated from (utilized in) operating activities less interest and other financing costs paid on debt may differ from total distributions (a non-GAAP measure), primarily due to fluctuations in non-cash working capital and the impact of leasing costs, which fluctuate with lease maturities, renewal terms, the type of asset being leased, and when tenants fulfill the terms of their respective lease agreements. These seasonal fluctuations or the unpredictability of when leasing costs are incurred are funded with our cash and cash equivalents on hand and, if necessary, with our existing demand revolving credit facility. As a result of these factors, the Trust anticipates that future cash flows generated from (utilized in) operating activities less interest and other financing costs paid on debt may be less than total distributions (a non-GAAP measure). With a conservative balance sheet, significant liquidity and a plan to improve and grow our portfolio, the Trust does not anticipate suspending the cash distributions in the foreseeable future.

To the extent that cash generated from (utilized in) operating activities less interest and other financing costs paid on debt may be less than the total distributions (a non-GAAP measure), the Trust will fund the shortfalls with cash and cash equivalents on hand and with the amounts available on the unsecured revolving credit facility. The use of the unsecured revolving credit facility may involve risks compared with using cash and cash equivalents on hand as a source of funding, such as the risk that interest rates may rise in the future, which may make it more expensive for the Trust to borrow under the unsecured revolving credit facility, and the risk associated with increasing the overall indebtedness of the Trust. See “Unsecured revolving credit facility” section in Note 7 of the condensed consolidated financial statements for a description of the terms and interest payable under the revolving credit facility. In the event that shortfalls exist, the Trust does not anticipate that cash distributions will be suspended in the foreseeable future but does expect that there could be timing differences between the execution of our acquisition strategy and asset recycling opportunities and the redeployment of capital raised from equity offerings. Accordingly, to the extent there are shortfalls, distributions may be considered an economic return of capital. The Trust determines the distribution rate by, among other considerations, its assessment of cash flows generated from (utilized in) operating activities less interest and other financing costs paid on debt. Dream Industrial REIT’s Declaration of Trust provides the Board of Trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust.

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

The following table summarizes net income, cash flows generated from (utilized in) operating activities less interest and other financing costs paid on debt (included in the condensed consolidated financial statements), and total distributions (a non-GAAP measure) for the three months ended March 31, 2021 and March 31, 2020:

	Three months ended March 31,	
	2021	2020
Cash generated from operating activities	\$ 39,492	\$ 28,471
Interest and other financing costs paid on debt	(7,866)	(9,275)
Net income	95,264	42,017
Total distributions ⁽¹⁾	33,709	29,208

(1) Total distributions is a non-GAAP measure. See “Non-GAAP Measures and Other Disclosures” under the heading “Total distributions”.

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

	Three months ended March 31,	
	2021	2020
Excess of net income over total distributions ⁽¹⁾	\$ 61,555	\$ 12,809
Shortfall of cash generated from operating activities less interest and other financing costs paid on debt over total distributions ⁽¹⁾	(2,083)	(10,012)

(1) Total distributions is a non-GAAP measure. See “Non-GAAP Measures and Other Disclosures” under the heading “Total distributions”.

For the three months ended March 31, 2021 and March 31, 2020, total distributions (a non-GAAP measure) exceeded cash flows generated from operating activities less interest and other financing costs paid on debt by \$2.1 million and \$10.0 million, respectively, due to the timing differences between the realization of working capital, investment in lease incentives and initial direct leasing costs, and redeployment of capital raised from equity offerings.

Of the total distributions (a non-GAAP measure) declared for the three months ended March 31, 2021 and March 31, 2020, \$7.0 million and \$8.2 million, respectively, were reinvested through the DRIP (including 3% bonus distributions). Over time, reinvestments pursuant to the DRIP will increase the number of Units outstanding, which may result in upward pressure on the total amount of cash distributions. Our Declaration of Trust provides our Board of Trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust, which allows for any unforeseen expenditures and the variability in cash distributions as a result of additional Units issued pursuant to the Trust's DRIP. Furthermore, the Board of Trustees has discretion to suspend the DRIP and Unit Purchase Plan at any time to preserve capital if it is determined to be in the best interest of the Trust to do so. Accordingly, as noted earlier in this section, the Trust suspended its DRIP and Unit Purchase Plan effective with the March 2020 Distribution in light of the market disruption caused by COVID-19. As the market conditions have improved throughout 2020, the Trust announced the reinstatement of the DRIP and Unit Purchase Plan on December 18, 2020.

SECTION IV

FOREIGN CURRENCY INFORMATION

Foreign currency translation rates

In accordance with the Trust's accounting policies, the foreign exchange rates used by the Trust to convert foreign denominated currencies for the three months ended March 31, 2021, December 31, 2020 and March 31, 2020 are summarized in the table below:

	Three months ended		
	March 31, 2021	December 31, 2020	March 31, 2020
CAD per US\$1.00 (average during period) ⁽¹⁾	\$ 1.2660	\$ 1.3030	\$ 1.3442
CAD per US\$1.00 (period-end) ⁽¹⁾	1.2575	1.2732	1.4187
CAD per €1.00 (average during period) ⁽¹⁾	1.5251	1.5537	1.4811
CAD per €1.00 (period-end) ⁽¹⁾	1.4759	1.5608	1.5584

(1) Average exchange rates impact comprehensive income and cash flows. Spot exchange rates impact monetary items and items recorded at fair value.

QUARTERLY INFORMATION

The following tables show quarterly information since April 1, 2019:

Key portfolio, leasing, financing and capital information

	2021				2020		2019	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Portfolio⁽¹⁾								
Number of assets ⁽²⁾	186	177	172	169	169	130	130	130
GLA (in millions of sq. ft.)	28.8	27.3	26.6	25.8	25.8	21.9	21.8	21.6
Leasing⁽¹⁾								
Occupancy rate – in-place and committed (period-end)	97.2%	95.6%	95.1%	95.6%	96.1%	95.8%	96.2%	96.9%
Occupancy rate – in-place (period-end)	95.7%	94.7%	94.1%	95.0%	95.8%	94.9%	95.8%	96.3%
Tenant retention ratio	58.0%	86.8%	62.3%	71.8%	89.5%	85.3%	46.5%	82.0%
Average in-place and committed base rent per sq. ft. (period-end)								
Canadian portfolio	\$ 7.60	\$ 7.48	\$ 7.43	\$ 7.38	\$ 7.33	\$ 7.43	\$ 7.39	\$ 7.29
U.S. portfolio (US\$)	\$ 4.05	\$ 4.01	\$ 4.00	\$ 3.95	\$ 4.05	\$ 3.87	\$ 3.85	\$ 3.81
European portfolio (€)	€ 5.20	€ 5.11	€ 4.89	€ 5.16	€ 5.10	—	—	—
Financing⁽³⁾								
Net total debt-to-assets ratio ⁽⁴⁾	28.7%	31.3%	29.6%	28.1%	28.2%	23.7%	31.4%	37.4%
Net total debt-to-adjusted EBITDAFV (years) ⁽⁴⁾	6.0	6.2	5.8	5.4	5.3	4.3	5.4	6.4
Interest coverage ratio (times) ⁽⁴⁾	4.8	4.4	4.2	4.1	3.9	3.8	3.8	3.7
Weighted average face interest rate on debt (period-end) ⁽⁵⁾	2.44%	2.57%	3.43%	3.57%	3.57%	3.59%	3.69%	3.69%
Weighted average remaining term to maturity on debt (years)	5.1	4.8	5.1	5.6	5.9	5.5	4.9	4.4
Unencumbered assets (in millions) ⁽⁴⁾⁽⁶⁾	\$ 2,051.0	\$ 1,441.6	\$ 1,283.4	\$ 1,107.4	\$ 842.5	\$ 96.3	\$ 345.3	\$ 381.1
Available liquidity ⁽⁴⁾	\$ 395.2	\$ 573.2	\$ 271.6	\$ 395.4	\$ 215.8	\$ 591.5	\$ 280.1	\$ 95.4
Capital								
Total number of Units (in millions) ⁽⁷⁾	192.0	171.2	171.2	171.2	171.2	153.4	139.4	138.5
NAV per Unit ⁽⁴⁾	\$ 12.82	\$ 12.55	\$ 12.10	\$ 11.75	\$ 11.84	\$ 11.76	\$ 11.09	\$ 11.04

(1) Total portfolio and leasing metrics exclude assets held for sale at the end of each period as applicable.

(2) The term "Number of properties" in prior periods has been renamed to "Number of assets" and redefined as a building, or a cluster of buildings in close proximity to one another attracting similar tenants. Accordingly, the number of assets in prior periods has been revised to reflect the change in definition.

- (3) Financing metrics include cross-currency interest rate swaps, assets and liabilities classified as held for sale at the end of each period and income (loss) from discontinued operations as applicable.
- (4) Net total debt-to-assets ratio, net total debt-to-adjusted EBITDAFV, interest coverage ratio, unencumbered assets, available liquidity and NAV per Unit are non-GAAP measures. See "Non-GAAP Measures and Other Disclosures" for a description.
- (5) Weighted average face interest rate on debt is calculated as the weighted average face interest rate of all interest bearing debt.
- (6) Unencumbered assets exclude assets held for sale at the end of each period as applicable.
- (7) Total number of Units includes 18.6 million LP B Units, which are classified as a liability under IFRS.

Results of operations

Given that the entire Eastern Canada region was classified as assets held for sale at the end of June 30, 2019 and subsequently sold on July 31, 2019, the associated results of operations were presented separately as income (loss) from discontinued operations in the condensed consolidated statements of comprehensive income for the trailing quarters as applicable.

	2021	2020				2019		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Investment properties revenue	\$ 65,431	\$ 61,323	\$ 59,013	\$ 59,060	\$ 56,550	\$ 50,984	\$ 49,511	\$ 49,796
Investment properties operating expenses	(18,769)	(16,811)	(16,761)	(16,682)	(16,809)	(14,760)	(13,593)	(14,611)
Net rental income	46,662	44,512	42,252	42,378	39,741	36,224	35,918	35,185
Other income	234	(22)	(17)	65	865	959	543	198
Other expenses	(18,801)	(16,256)	(15,727)	(16,484)	(20,134)	(15,605)	(14,952)	(15,625)
Fair value adjustments and net gain (loss) on transactions and other activities	71,118	55,058	52,723	(22,741)	22,620	90,612	(21,662)	64,720
Income (loss) before income taxes and discontinued operations	99,213	83,292	79,231	3,218	43,092	112,190	(153)	84,478
Deferred and current income taxes expense, net	(3,949)	(1,779)	(5,569)	(274)	(1,056)	(5,404)	(503)	(1,977)
Income (loss) from continuing operations, net of taxes	95,264	81,513	73,662	2,944	42,036	106,786	(656)	82,501
Income (loss) from discontinued operations, net of taxes	—	—	—	—	(19)	(144)	(2,310)	1,516
Net income (loss)	\$ 95,264	\$ 81,513	\$ 73,662	\$ 2,944	\$ 42,017	\$ 106,642	\$ (2,966)	\$ 84,017
Other comprehensive income (loss)								
Unrealized gain (loss) on foreign currency translation of foreign operations, net of taxes	(29,935)	(6,753)	1,160	(15,762)	43,699	(5,812)	4,680	(8,397)
Unrealized gain (loss) on hedging instruments, net of taxes	18,591	(4,054)	—	—	—	—	—	—
Share of other comprehensive income (loss) from equity accounted investment	(109)	(427)	(194)	(362)	749	(109)	—	—
	(11,453)	(11,234)	966	(16,124)	44,448	(5,921)	4,680	(8,397)
Comprehensive income (loss)	\$ 83,811	\$ 70,279	\$ 74,628	\$ (13,180)	\$ 86,465	\$ 100,721	\$ 1,714	\$ 75,620

Our results of operations may vary significantly from period to period as a result of fair value adjustments to investment properties, fair value adjustments to financial instruments, and net gains or losses on transactions and other activities. Operating activities from our U.S. and European portfolios and fair value adjustments to investment properties may impact the deferred income taxes in any given period. Furthermore, the growth in our net rental income from period to period reflects our strategy to grow and upgrade the quality of our portfolio by investing in the Trust's target markets.

Funds from operations

	2021				2020				2019
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
Net income (loss)	\$ 95,264	\$ 81,513	\$ 73,662	\$ 2,944	\$ 42,017	\$ 106,642	\$ (2,966)	\$ 84,017	
Add (deduct):									
Amortization of lease incentives ⁽¹⁾	503	436	457	425	327	400	361	388	
Interest expense on subsidiary redeemable units	3,246	3,247	3,246	3,247	3,311	3,344	3,344	3,344	
Fair value adjustments to investment properties ⁽¹⁾	(74,601)	(91,855)	(66,314)	1,551	36,539	(89,768)	(6,587)	(61,405)	
Fair value adjustments to financial instruments	1,874	36,489	11,428	20,270	(57,272)	(4,314)	28,191	(1,505)	
Costs on sale of investment properties ⁽¹⁾	—	—	—	—	2	557	2,220	419	
Fair value adjustments of deferred trust units included in G&A expenses	10	21	(41)	(67)	(43)	99	104	75	
Internal leasing costs ⁽¹⁾	898	772	796	702	797	596	608	747	
Other transaction costs	—	—	—	—	—	226	—	—	
Foreign exchange (gain) loss	706	(469)	1,362	213	(2,688)	2,219	(69)	(440)	
Deferred income taxes expense	3,949	1,781	5,563	273	1,055	5,436	489	1,977	
FFO ⁽²⁾ before the undernoted adjustment	\$ 31,849	\$ 31,935	\$ 30,159	\$ 29,558	\$ 24,045	\$ 25,437	\$ 25,695	\$ 27,617	
Debt settlement costs ⁽¹⁾	3,059	—	—	—	3,949	372	964	—	
FFO ⁽²⁾	\$ 34,908	\$ 31,935	\$ 30,159	\$ 29,558	\$ 27,994	\$ 25,809	\$ 26,659	\$ 27,617	
FFO per Unit – diluted ⁽²⁾⁽³⁾	\$ 0.19	\$ 0.19	\$ 0.18	\$ 0.17	\$ 0.17	\$ 0.18	\$ 0.19	\$ 0.20	

(1) Includes amounts from both continuing and discontinued operations as applicable in the respective periods.

(2) FFO and diluted FFO per Unit are non-GAAP measures. See “Non-GAAP Measures and Other Disclosures” for a description of these measures.

(3) The LP B Units are included in the calculation of diluted FFO 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 standard meaning and may not be comparable with similar measures presented by other income trusts.

Funds from operations (“FFO”)

Management believes FFO (including diluted FFO per Unit) is an important measure of our operating performance. This non-GAAP measurement is a commonly used measure of performance of real estate operations; however, it does not represent net income or cash flows generated from (utilized in) operating activities, as defined by IFRS, is not necessarily indicative of cash available to fund the Trust’s needs and may not be comparable with similar measures presented by other income trusts.

In February 2019, REALPAC issued a white paper on Funds from Operations and Adjusted Funds from Operations for IFRS. The Trust has reviewed the REALPAC FFO white paper guidelines and our determination of FFO is substantially aligned with the REALPAC FFO white paper guidelines with the exception of the add-back of debt settlement costs arising from capital management activities and disposals of investment properties. These debt settlement costs are primarily funded from either net proceeds from equity offerings or net proceeds from dispositions, and not from cash flows from operating activities. As a result, the Trust is of the view that debt settlement costs incurred as a result of capital management or investing activities should be excluded from the determination of FFO. Debt settlement costs incurred as a result of operating activities are included in the determination of FFO.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, FFO has been reconciled to net income in the table below for the three months ended March 31, 2021 and March 31, 2020.

	Three months ended March 31,	
	2021	2020
Net income for the period	\$ 95,264	\$ 42,017
Add (deduct):		
Amortization of lease incentives	503	327
Interest expense on subsidiary redeemable units	3,246	3,311
Fair value adjustments to investment properties	(74,601)	36,539
Fair value adjustments to financial instruments	1,874	(57,272)
Costs on sale of investment properties	—	2
Fair value adjustments of deferred trust units included in G&A expenses	10	(43)
Internal leasing costs	898	797
Foreign exchange (gain) loss	706	(2,688)
Deferred income taxes expense	3,949	1,055
FFO for the period before the undernoted adjustment	31,849	24,045
Debt settlement costs	3,059	3,949
FFO for the period	\$ 34,908	\$ 27,994

Weighted average number of Units

The basic weighted average number of Units 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 outstanding used in the FFO per Unit calculation includes the basic weighted average number of Units, unvested deferred trust units and associated income deferred trust units. As at March 31, 2021, there were 458,867 unvested deferred trust units and associated income deferred trust units (March 31, 2020 – 441,698).

	Three months ended March 31,	
	2021	2020
Weighted average Units outstanding		
Basic (in thousands)	185,378	162,897
Diluted (in thousands)	185,808	163,296

Comparative properties net operating income (“NOI”) and comparative properties NOI (constant currency basis)

Comparative properties NOI is a non-GAAP measure used by management in evaluating the performance of properties owned by the Trust in the current and comparative periods presented. This non-GAAP measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

When the Trust compares comparative properties NOI on a year-over-year basis for the three months ended March 31, 2021 and March 31, 2020, the Trust excludes investment properties acquired after January 1, 2020. Comparative properties NOI also excludes straight-line rent, amortization of lease incentives, expected credit loss, lease termination fees and other rental income, and COVID-19 related adjustments and provisions.

Comparative properties NOI (constant currency basis) is a non-GAAP measure used by management in evaluating the performance of properties owned by the Trust in the current and comparative periods on a constant currency basis. It is calculated by taking comparative properties NOI as defined above and excluding the impact of foreign currency translation by converting the comparative properties NOI denominated in foreign currency in the respective periods at the respective current period average exchange rates.

Comparative properties NOI (constant currency basis) is lower during periods of free rent to reflect that there is no cash rent received. For accounting purposes, free rent is recorded and amortized within straight-line rent.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, comparative properties NOI and comparative properties NOI (constant currency basis) have been reconciled to net rental income under the heading “Comparative properties NOI and comparative properties NOI (constant currency basis)”.

Net asset value (“NAV”) per Unit

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the table within the section “Our Equity” under the heading “Total equity” reconciles NAV per Unit to total equity (as per the condensed consolidated financial statements).

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

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

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

Total distributions

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the table below reconciles total distributions to amounts included in the condensed consolidated financial statements for the three months ended March 31, 2021 and March 31, 2020.

Amounts included in condensed consolidated financial statements	Three months ended March 31,	
	2021	2020
Distributions on REIT Units	\$ 30,463	\$ 25,897
Interest on subsidiary redeemable units	3,246	3,311
Total distributions	\$ 33,709	\$ 29,208

Distribution Reinvestment and Unit Purchase Plan (“DRIP”) participation rate

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

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, total distributions reinvested and total distributions paid in cash have been reconciled to amounts included in the condensed consolidated financial statements for the three months ended March 31, 2021 and March 31, 2020.

	Three months ended March 31,	
	2021	2020
Distributions reinvested as included in condensed consolidated financial statements	\$ 5,404	\$ 11,881
Less: Distributions reinvested pertaining to prior period	(796)	(3,725)
Add: Distributions reinvested on April 15	2,367	—
Less: 3% bonus distribution	(157)	(299)
Distributions reinvested less 3% bonus distribution (DRIP participation rate)	\$ 6,818	\$ 7,857

	Three months ended March 31,	
	2021	2020
Distributions paid on REIT Units	\$ 23,849	\$ 16,332
Interest paid on LP B Units	3,246	—
Less: Distributions paid on REIT Units pertaining to prior period	(8,110)	(5,267)
Less: Interest paid on LP B Units pertaining to prior period	(1,082)	—
Add: Distributions paid on REIT Units on April 15	7,748	8,905
Add: Interest paid on LP B Units on April 15	1,082	1,082
Distributions paid in cash	\$ 26,733	\$ 21,052

Unencumbered assets

Unencumbered assets represent the value of investment properties, excluding properties held for sale, that have not been pledged as collateral for the financing of the Trust's unsecured revolving credit facility or mortgages. Unencumbered assets, percentage of investment properties is calculated as total unencumbered assets divided by total investment properties value. These non-GAAP measures are used by management in assessing the borrowing capacity available to the Trust. However, these measures are not defined by IFRS, do not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the table below reconciles investment properties included in the condensed consolidated financial statements to unencumbered assets as at March 31, 2021 and December 31, 2020:

Amounts included in condensed consolidated financial statements	March 31, 2021	December 31, 2020
Investment properties	\$ 3,573,045	\$ 3,241,601
Less: Pledged as collateral	(1,522,069)	(1,800,012)
Unencumbered assets	\$ 2,050,976	\$ 1,441,589
Unencumbered assets, percentage of investment properties	57.4%	44.5%

Available liquidity

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the table below reconciles available liquidity to cash and cash equivalents as per the condensed consolidated financial statements as at March 31, 2021 and December 31, 2020:

Amounts per condensed consolidated financial statements	March 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 80,797	\$ 254,935
Undrawn unsecured revolving credit facility	314,375	318,300
Available liquidity	\$ 395,172	\$ 573,235

Total debt

Total debt (a non-GAAP measure) is calculated as the sum of current and non-current debt and the cross-currency interest rate swaps per the condensed consolidated financial statements. Management believes it is important to include any cross-currency interest rate swaps for the purposes of monitoring the Trust's debt levels. Secured debt, percentage of total assets is calculated as total secured debt divided by total assets. These measures are not defined by IFRS, do not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the table below reconciles total debt to debt as per the condensed consolidated financial statements as at March 31, 2021 and December 31, 2020.

Amounts per condensed consolidated financial statements	March 31, 2021	December 31, 2020
Non-current debt	\$ 1,074,828	\$ 1,128,773
Current debt	42,607	130,157
Fair value of cross-currency interest rate swaps ⁽¹⁾	(6,752)	9,484
Total debt	\$ 1,110,683	\$ 1,268,414
Secured debt	\$ 681,525	\$ 820,964
Unsecured debt	429,158	447,450
Total debt	\$ 1,110,683	\$ 1,268,414
Total assets	\$ 3,693,708	\$ 3,521,330
Secured debt, percentage of total assets	18.5%	23.3%

(1) As at March 31, 2021, the cross-currency interest rate swaps were in an asset position and were included in "Other non-current assets" in the condensed consolidated financial statements (December 31, 2020 – the cross-currency interest rate swaps were in a liability position and were included in "Other non-current liabilities in the condensed consolidated financial statements").

Net total debt-to-assets ratio and average level of net total debt-to-assets ratio

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the following table calculates the level of debt (net total debt-to-assets ratio) as at March 31, 2021, December 31, 2020, March 31, 2020 and December 31, 2019.

	March 31, 2021	December 31, 2020	March 31, 2020	December 31, 2019
Total debt ⁽¹⁾	\$ 1,110,683	\$ 1,268,414	\$ 889,454	\$ 1,014,568
Add (deduct):				
Unamortized financing costs	5,767	8,807	7,536	8,073
Unamortized fair value adjustments	—	(144)	(362)	(949)
Total debt at principal amount outstanding	1,116,450	1,277,077	896,628	1,021,692
Less: Cash and cash equivalents	(80,797)	(254,935)	(65,826)	(441,537)
Net total debt	\$ 1,035,653	\$ 1,022,142	\$ 830,802	\$ 580,155
Total assets	3,693,708	3,521,330	3,014,759	2,892,891
Less: Cash and cash equivalents	(80,797)	(254,935)	(65,826)	(441,537)
Total assets (net of cash and cash equivalents)	\$ 3,612,911	\$ 3,266,395	\$ 2,948,933	\$ 2,451,354
Net total debt-to-assets ratio	28.7%	31.3%	28.2%	23.7%
Average level of net total debt-to-assets ratio (quarterly)	30.0%		26.0%	

(1) Total debt is a non-GAAP measure, which includes the fair value of our cross-currency interest rate swaps; refer to detailed descriptions and calculations under the heading "Total debt".

Net total debt-to-adjusted EBITDAFV

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

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the following table calculates the annualized net total debt-to-adjusted EBITDAFV for the three months ended March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
Total debt ⁽¹⁾	\$ 1,110,683	\$ 1,268,414
Add (deduct):		
Unamortized financing costs	5,767	8,807
Unamortized fair value adjustments	—	(144)
Total debt at principal amount outstanding	1,116,450	1,277,077
Less: Cash and cash equivalents	(80,797)	(254,935)
Net debt	\$ 1,035,653	\$ 1,022,142
EBITDAFV⁽²⁾ – quarterly	42,230	40,020
Add:		
Normalized NOI of properties acquired in the quarter ⁽³⁾	1,251	1,173
Net rental loss from properties sold in prior periods ⁽⁴⁾	—	2
Adjusted EBITDAFV – quarterly	43,481	41,195
Adjusted EBITDAFV – annualized	\$ 173,924	\$ 164,780
Net total debt-to-adjusted EBITDAFV (years)	6.0	6.2

(1) Total debt is a non-GAAP measure, which includes the fair value of our cross-currency interest rate swaps; refer to detailed descriptions and calculations under the heading “Total debt”.

(2) EBITDAFV (a non-GAAP measure) for the three months ended March 31, 2021 and December 31, 2020 has been reconciled to net income for the respective periods under the heading “Earnings before interest, taxes, depreciation, amortization and fair value adjustments (“EBITDAFV”)”.

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

(4) Includes net rental loss from discontinued operations as applicable in the respective periods.

Interest coverage ratio

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

Interest coverage ratio as shown below is calculated as the trailing 12-month EBITDAFV divided by the trailing 12-month interest expense on debt and other financing costs. Interest expense on subsidiary redeemable units is excluded from this ratio as it represents distributions on units; however, pursuant to IFRS, the distributions are presented as interest expense. The interest coverage ratio includes the results of continuing and discontinued operations.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the following table calculates the interest coverage ratio for the years ended March 31, 2021 and December 31, 2020.

	For the trailing 12-month period ended March 31, 2021	For the year ended December 31, 2020
EBITDAFV ⁽¹⁾	\$ 158,241	\$ 152,347
Interest expense on debt and other financing costs	33,186	34,338
Interest coverage ratio (times)	4.8	4.4

(1) EBITDAFV (a non-GAAP measure) for the 12-month period ended March 31, 2021 and December 31, 2020 has been reconciled to net income (loss) under the heading “Earnings before interest, taxes, depreciation, amortization and fair value adjustments (“EBITDAFV”)”.

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

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", EBITDAFV has been reconciled to net income in the table below for the three months ended March 31, 2021, December 31, 2020 and March 31, 2020 and for the year ended December 31, 2020.

	For the three months ended			For the year ended	
	March 31, 2021	December 31, 2020	March 31, 2020	December 31, 2020	
Net income for the period	\$ 95,264	\$ 81,513	\$ 42,017	\$ 200,136	
Add (deduct):					
Fair value adjustments to investment properties	(74,601)	(91,855)	36,539	(120,079)	
Fair value adjustments to financial instruments	1,874	36,489	(57,272)	10,915	
Net (gain) loss on transactions and other activities	1,609	308	(1,885)	1,506	
Interest expense on debt and other financing costs	7,981	8,501	9,133	34,338	
Interest expense on subsidiary redeemable units	3,246	3,247	3,311	13,051	
Debt settlement costs	3,059	—	3,949	4,324	
Other items included in investment properties revenue ⁽¹⁾	(151)	38	(512)	(522)	
Deferred and current income taxes expense, net	3,949	1,779	1,056	8,678	
EBITDAFV for the period	\$ 42,230	\$ 40,020	\$ 36,336	\$ 152,347	

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

Trailing 12-month EBITDAFV and trailing 12-month interest expense on debt and other financing costs

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the following tables calculate EBITDAFV and interest expense on debt and other financing costs for the trailing 12-month period ended March 31, 2021.

	Trailing 12-month period ended March 31, 2021
EBITDAFV for the three months ended March 31, 2021 ⁽¹⁾	\$ 42,230
Add: EBITDAFV for the year ended December 31, 2020 ⁽¹⁾	152,347
Less: EBITDAFV for the three months ended March 31, 2020 ⁽¹⁾	(36,336)
Trailing 12-month EBITDAFV	\$ 158,241

(1) EBITDAFV (a non-GAAP measure) for the periods ended March 31, 2021 and March 31, 2020, as well as for the year ended December 31, 2020 have been reconciled to net income for the respective periods in the section above, under the heading "Earnings before interest, taxes, depreciation, amortization and fair value adjustments ("EBITDAFV")".

	Trailing 12-month period ended March 31, 2021
Interest expense on debt for the three months ended March 31, 2021	\$ 7,981
Add: Interest expense on debt and other financing costs for the year ended December 31, 2020	34,338
Less: Interest expense on debt and other financing costs for the three months ended March 31, 2020	(9,133)
Trailing 12-month interest expense on debt and other financing costs	\$ 33,186

SECTION V

DISCLOSURE CONTROLS AND OUR PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

At March 31, 2021, the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of the Trust, along with the assistance of senior management, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to Dream Industrial REIT is made known to the CEO and CFO in a timely manner and information required to be disclosed by Dream Industrial REIT is recorded, processed, summarized and reported within the time periods specified in securities legislation, and have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the condensed consolidated financial statements in accordance with IFRS.

During the three months ended March 31, 2021, there have not been any changes that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

SECTION VI

RISKS AND OUR STRATEGY TO MANAGE

We are exposed to various risks and uncertainties, many of which are beyond our control and could have an impact on our business, financial condition, operating results and prospects. Unitholders should consider these risks and uncertainties when assessing our outlook in terms of investment potential. For further discussion of the risks and uncertainties identified by Dream Industrial REIT, please see below and refer to our 2020 Annual Report and our latest Annual Information Form filed on the System for Electronic Document Analysis and Retrieval (“SEDAR”) (www.sedar.com).

SECTION VII

CRITICAL ACCOUNTING JUDGMENTS

Preparing the condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent liabilities. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but that are inherently uncertain and unpredictable, the result of which is the basis of the carrying amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment in the future to the carrying amounts of the asset or liability affected. Dream Industrial REIT’s critical accounting judgments, estimates and assumptions in applying accounting policies are described in Note 2 to the condensed consolidated financial statements for the three months ended March 31, 2021 and in our annual consolidated financial statements for the year ended December 31, 2020.

FUTURE ACCOUNTING POLICY CHANGES

Dream Industrial REIT’s future accounting policy changes are described in Note 3 to the condensed consolidated financial statements for the three months ended March 31, 2021.

Additional information

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

Condensed consolidated balance sheets

(unaudited)

(in thousands of Canadian dollars)

	Note	March 31, 2021	December 31, 2020
Assets			
NON-CURRENT ASSETS			
Investment properties	4	\$ 3,573,045	\$ 3,241,601
Equity accounted investment		9,121	9,034
Other non-current assets	6	17,283	2,773
		3,599,449	3,253,408
CURRENT ASSETS			
Amounts receivable		9,738	10,044
Prepaid expenses and other assets		3,724	2,943
Cash and cash equivalents		80,797	254,935
		94,259	267,922
Total assets		\$ 3,693,708	\$ 3,521,330
Liabilities			
NON-CURRENT LIABILITIES			
Debt	7	\$ 1,074,828	\$ 1,128,773
Subsidiary redeemable units		248,966	243,957
Deferred Unit Incentive Plan		12,088	12,313
Deferred income tax liabilities, net		21,226	17,572
Other non-current liabilities		20,157	32,407
		1,377,265	1,435,022
CURRENT LIABILITIES			
Debt	7	42,607	130,157
Amounts payable and accrued liabilities		61,147	51,275
		103,754	181,432
Total liabilities		1,481,019	1,616,454
Equity			
Unitholders' equity		1,860,189	1,605,724
Retained earnings		346,332	281,531
Accumulated other comprehensive income		6,168	17,621
Total equity		2,212,689	1,904,876
Total liabilities and equity		\$ 3,693,708	\$ 3,521,330

See accompanying notes to the condensed consolidated financial statements.

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

"Vincenza Sera"

Vincenza Sera
Trustee

"Sheldon Wiseman"

Sheldon Wiseman
Trustee

Condensed consolidated statements of comprehensive income

(unaudited)

(in thousands of Canadian dollars)

		Three months ended March 31,	
	Note	2021	2020
Investment properties revenue	9	\$ 65,431	\$ 56,550
Investment properties operating expenses		(18,769)	(16,809)
Net rental income		46,662	39,741
Other income			
Interest, fee income and other		234	865
		234	865
Other expenses			
General and administrative		(4,515)	(3,741)
Interest:			
Debt and other financing costs		(7,981)	(9,133)
Subsidiary redeemable units		(3,246)	(3,311)
Debt settlement costs		(3,059)	(3,949)
		(18,801)	(20,134)
Fair value adjustments and net gain (loss) on transactions and other activities			
Fair value adjustments to investment properties	4	74,601	(36,539)
Fair value adjustments to financial instruments	10	(1,874)	57,272
Net gain (loss) on transactions and other activities	11	(1,609)	1,887
		71,118	22,620
Income before income taxes and discontinued operations		99,213	43,092
Deferred and current income taxes expense, net		(3,949)	(1,056)
Income from continuing operations, net of taxes		95,264	42,036
Loss from discontinued operations, net of taxes		—	(19)
Net income		\$ 95,264	\$ 42,017
Other comprehensive income (loss)			
Items that will be reclassified subsequently to net income:			
Unrealized gain (loss) on foreign currency translation of foreign operations, net of taxes	8	\$ (29,935)	\$ 43,699
Unrealized gain on hedging instruments, net of taxes	8	18,591	—
Share of other comprehensive income (loss) from equity accounted investment	8	(109)	749
		(11,453)	44,448
Comprehensive income		\$ 83,811	\$ 86,465

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of changes in equity

(unaudited)

(all dollar amounts in thousands of Canadian dollars)

		Attributable to unitholders of the Trust				
		Number of REIT Units	Unitholders' equity	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Three months ended March 31, 2021	Note					
Balance at January 1, 2021		152,678,861	\$ 1,605,724	\$ 281,531	\$ 17,621	\$ 1,904,876
Net income		—	—	95,264	—	95,264
Distributions paid and payable	12	—	—	(30,463)	—	(30,463)
Public offering of REIT Units	13	20,240,000	259,072	—	—	259,072
Distribution Reinvestment Plan		413,601	5,404	—	—	5,404
REIT Units issued for vested deferred trust units and Unit Purchase Plan		88,473	1,151	—	—	1,151
Issue costs and other		—	(11,162)	—	—	(11,162)
Other comprehensive loss	8	—	—	—	(11,453)	(11,453)
Balance at March 31, 2021		173,420,935	\$ 1,860,189	\$ 346,332	\$ 6,168	\$ 2,212,689

		Attributable to unitholders of the Trust				
		Number of REIT Units	Unitholders' equity	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Three months ended March 31, 2020	Note					
Balance at January 1, 2020		134,801,881	\$ 1,372,564	\$ 187,443	\$ (435)	\$ 1,559,572
Net income		—	—	42,017	—	42,017
Distributions paid and payable	12	—	—	(25,897)	—	(25,897)
Public offerings of REIT Units	13	16,859,000	230,125	—	—	230,125
Distribution Reinvestment Plan ⁽¹⁾		931,334	11,881	—	—	11,881
REIT Units issued for vested deferred trust units and Unit Purchase Plan		71,966	902	—	—	902
Issue costs and other		—	(9,892)	—	—	(9,892)
Other comprehensive income	8	—	—	—	44,448	44,448
Balance at March 31, 2020		152,664,181	\$ 1,605,580	\$ 203,563	\$ 44,013	\$ 1,853,156

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

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of cash flows

(unaudited)

(in thousands of Canadian dollars)

		Three months ended March 31,	
	Note	2021	2020
Generated from (utilized in) operating activities			
Net income		\$ 95,264	\$ 42,017
Non-cash items:			
Fair value adjustments to investment properties	4	(74,601)	36,539
Unrealized fair value adjustments to financial instruments	10	1,874	(57,272)
Depreciation and amortization		501	331
Other adjustments	14	8,141	1,231
Change in non-cash working capital	14	15	(4,108)
Investment in lease incentives and initial direct leasing costs		(2,742)	(3,349)
Interest expense on debt and other financing costs		7,981	9,133
Debt settlement costs		3,059	3,949
		39,492	28,471
Generated from (utilized in) investing activities			
Investment in building improvements		(2,104)	(608)
Acquisitions and transaction costs of investment properties (net of cash acquired)		(264,263)	(431,302)
Deposit on acquisition of investment properties		(9,417)	—
Contributions to equity accounted investment		(247)	(194)
		(276,031)	(432,104)
Generated from (utilized in) financing activities			
Lump sum repayments	7	(142,965)	(159,538)
Principal repayments	7	(5,100)	(6,322)
Interest and other financing costs paid on debt		(7,866)	(9,275)
Interest paid on subsidiary redeemable units		(3,246)	—
Debt settlement costs paid		(3,059)	(3,883)
Distributions paid on REIT Units	12	(23,849)	(16,332)
Cash proceeds on issuance of REIT Units	13	259,072	230,125
Issue costs paid on REIT Units		(10,353)	(10,508)
Other adjustments to financing activities		(108)	(114)
		62,526	24,153
Decrease in cash and cash equivalents		(174,013)	(379,480)
Foreign exchange gain (loss) on cash held in foreign currency		(125)	3,769
Cash and cash equivalents, beginning of period		254,935	441,537
Cash and cash equivalents, end of period		\$ 80,797	\$ 65,826

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 for per Unit amounts, unless otherwise stated.)

Note 1

ORGANIZATION

Dream Industrial Real Estate Investment Trust (“Dream Industrial REIT” or the “Trust”) is an open-ended investment trust created pursuant to a Declaration of Trust, as amended and restated, under the laws of the Province of Ontario. The condensed consolidated financial statements of Dream Industrial REIT include the accounts of Dream Industrial REIT and its subsidiaries. Dream Industrial REIT owns and operates industrial properties in key markets across North America and Europe.

The principal office and centre of administration of the Trust is 30 Adelaide Street East, Suite 301, Toronto, Ontario, M5C 3H1. The Trust is listed on the Toronto Stock Exchange (“TSX”) under the symbol “DIR.UN”. Dream Industrial REIT’s condensed consolidated financial statements for the three months ended March 31, 2021 were authorized for issuance by the Board of Trustees on May 4, 2021, after which they may only be amended with the Board of Trustees’ approval.

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

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

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed. The condensed consolidated financial statements should be read in conjunction with the Trust’s annual consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS, as issued by the IASB.

Accounting policies

The condensed consolidated financial statements have been prepared using the same significant accounting policies and methods as those used in the Trust’s annual consolidated financial statements for the year ended December 31, 2020, except as disclosed below.

Interest rate benchmark reform

Effective January 1, 2021, the Trust has applied the Phase 2 amendments to IFRS 9 and IFRS 7 related to interest rate benchmark (IBOR) reform. No changes were required to any of the amounts recognized in the current or prior period as a result of these amendments.

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 amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount 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 annual consolidated financial statements for the year ended December 31, 2020.

Note 3

FUTURE ACCOUNTING POLICY CHANGES

Amendments to IAS 1, “Presentation of Financial Statements”

The International Accounting Standards Board has issued amendments to IAS 1, “Presentation of Financial Statements” (“IAS 1”). The amendments clarify how to classify debt and other liabilities as current or non-current. The amendments to IAS 1 apply to annual reporting periods beginning on or after January 1, 2023. The Trust is currently assessing the impact of these amendments.

Note 4

INVESTMENT PROPERTIES

	Note	Three months ended March 31, 2021	Year ended December 31, 2020
Balance at beginning of period		\$ 3,241,601	\$ 2,428,664
Additions (deductions):			
Acquisitions of investment properties	5	284,806	663,671
Building improvements		1,761	7,010
Lease incentives and initial direct leasing costs		4,849	11,525
Fair value adjustments to investment properties		74,601	120,079
Change in straight-line rent		314	1,674
Amortization of lease incentives		(506)	(1,645)
Foreign currency translation gain (loss)		(34,381)	10,623
Balance at end of period		\$ 3,573,045	\$ 3,241,601
Change in unrealized income included in net income			
Change in fair value of investment properties		\$ 74,601	\$ 120,079

Investment properties includes \$12,309 (December 31, 2020 – \$12,030) related to straight-line rent receivables.

Valuations of externally appraised investment properties

For the three months ended March 31, 2021, there were no investment properties valued by qualified external valuation professionals (for the year ended December 31, 2020 – 60 investment properties externally appraised representing 21.9% of total investment property values).

Fair value adjustments to investment properties

When performing fair value assessments for its investment properties, the Trust incorporates a number of factors including recent market transactions, recent leasing activity, market vacancy, leasing costs and other information obtained from market research and recently completed leases and acquisitions. The fair value of the investment properties as at March 31, 2021 and December 31, 2020 represents the Trust’s best estimate based on the internally and externally available information as at the end of each reporting period.

The duration and full scope of the economic impact of the COVID-19 pandemic are unknown at this time. Key valuation assumptions that could be impacted over the long term include: market rents, leasing costs, vacancy rates, discount rates and cap rates. The Trust will continue to monitor the effect of the economic environment on the valuation of its investment properties.

If there are any changes in the critical and key assumptions used in valuing the investment properties, or in regional, national or international economic conditions, or new developments in the COVID-19 pandemic, the fair value of investment properties may change materially.

Significant assumptions used in the valuation of investment properties

As at March 31, 2021 and December 31, 2020, the Trust's investment properties were valued using the cap rate and discounted cash flow methods. The significant and unobservable Level 3 valuation metrics used in the methods as at March 31, 2021 and December 31, 2020 are set out in the table below:

	March 31, 2021 ⁽¹⁾		December 31, 2020 ⁽¹⁾	
	Range (%)	Weighted average (%) ⁽²⁾	Range (%)	Weighted average (%) ⁽²⁾
Cap rate method				
Stabilized cap rate	4.50–9.00	5.69	4.50–9.00	5.75
Discounted cash flow method				
Discount rate	5.50–8.50	6.54	5.50–8.50	6.55
Terminal cap rate	4.75–9.00	5.99	4.75–9.00	6.03

(1) Excludes investment properties acquired during the respective quarter as applicable.

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

Sensitivities on assumptions

The following sensitivity tables outline the potential impact on the fair value of investment properties, excluding the investment properties acquired during the current quarter, assuming a change in the weighted average stabilized cap rates, discount rates and terminal rates by a respective 25 basis points ("bps") as at March 31, 2021:

Cap rate method	Impact to change in weighted average stabilized cap rates	
	+25 bps	-25 bps
Increase (decrease) in value	\$ (138,639)	\$ 151,373

Discounted cash flow method	Impact to change in weighted average discount rates		Impact to change in weighted average terminal cap rates	
	+25 bps	-25 bps	+25 bps	-25 bps
Increase (decrease) in value	\$ (61,020)	\$ 62,504	\$ (81,247)	\$ 88,589

Note 5

INVESTMENT PROPERTY ACQUISITIONS

Detailed below are the investment property acquisitions completed for the three months ended March 31, 2021:

	Purchase price ⁽¹⁾	Date acquired
401 Marie-Curie Boulevard, Montréal, Québec	\$ 114,150	January 29, 2021
Derchinger Straße 116, Augsburg, Germany ⁽²⁾	8,440	February 1, 2021
2000 Gateway Boulevard, Cincinnati, Ohio ⁽²⁾	15,467	February 12, 2021
Eiselauer Weg 13, Ulm, Germany ⁽²⁾	8,613	March 1, 2021
279 Humberline Drive, Etobicoke, Ontario	17,500	March 1, 2021
3055 rue Anderson, Montréal, Québec	61,750	March 11, 2021
1059 Boulevard des Entreprises, Montréal, Québec	7,100	March 23, 2021
1300–1410 55th Ave, Montréal, Québec	10,675	March 24, 2021
Hecto 1–3, Zevenaar, Netherlands ⁽²⁾	30,665	March 30, 2021
Total	\$ 274,360	

(1) Excludes transaction costs of \$10,446.

(2) Acquisitions in the U.S., Germany, and the Netherlands were settled in local currencies and translated into Canadian dollars as at the respective transaction dates.

For the year ended December 31, 2020, the Trust acquired 62 investment properties for gross proceeds net of adjustments and before transaction costs totalling \$623,000.

Detailed below are the considerations paid for the acquired investment properties for the three months ended March 31, 2021 and year ended December 31, 2020:

	Note	Three months ended March 31, 2021	Year ended December 31, 2020
Cash paid (net of cash acquired) ⁽¹⁾		\$ 259,387	\$ 597,030
Deposits paid in prior period and released to seller on closing		1,500	2,700
Assumed non-cash working capital and capital expenditure obligations		1,256	8,641
Assumed mortgages	7	12,217	14,629
Total consideration paid before undernoted items		274,360	623,000
Transaction costs and land transfer taxes		10,446	38,378
Assumed ground lease liability		—	2,293
Total acquisitions of investment properties		\$ 284,806	\$ 663,671

(1) For the three months ended March 31, 2021, this is net of cash acquired of \$1,017.

Note 6

OTHER NON-CURRENT ASSETS

	March 31, 2021	December 31, 2020
Deposits on acquisitions of investment properties	\$ 10,017	\$ 2,100
Property and equipment and other	514	673
Fair value of cross-currency interest rate swaps	6,752	—
Total	\$ 17,283	\$ 2,773

Note 7

DEBT

	March 31, 2021	December 31, 2020
Mortgages ⁽¹⁾	\$ 681,525	\$ 820,964
Unsecured revolving credit facility ⁽¹⁾	(502)	(662)
Unsecured term loan ⁽¹⁾⁽²⁾	187,990	190,289
Debentures ⁽¹⁾	248,422	248,339
Total debt	1,117,435	1,258,930
Less: Current portion	(42,607)	(130,157)
Non-current debt	\$ 1,074,828	\$ 1,128,773

(1) Net of unamortized financing costs and unamortized fair value adjustments, as applicable.

(2) The unsecured term loan is denominated in U.S. dollars, and is translated into Canadian dollars at the foreign exchange rate in accordance with the Trust's accounting policy.

Continuity of total debt

The following tables provide a continuity of total debt for the three months ended March 31, 2021 and year ended December 31, 2020:

							March 31, 2021
	Note	Mortgages	Unsecured revolving credit facility	Unsecured term loan	Debentures	Total	
Total debt as at January 1, 2021		\$ 820,964	\$ (662)	\$ 190,289	\$ 248,339	\$ 1,258,930	
Cash items:							
Lump sum repayments		(142,965)	—	—	—	(142,965)	
Principal repayments		(5,100)	—	—	—	(5,100)	
Non-cash items:							
Debt assumed on acquisition of investment properties	5	12,217	—	—	—	12,217	
Foreign exchange adjustments		(3,856)	—	(2,356)	—	(6,212)	
Other adjustments ⁽¹⁾		265	160	57	83	565	
Total debt as at March 31, 2021		\$ 681,525	\$ (502)	\$ 187,990	\$ 248,422	\$ 1,117,435	

(1) Includes amortization and write-off of financing costs of \$613 and amortization of fair value adjustments on assumed debt of \$(48).

December 31, 2020						
	Note	Mortgages	Unsecured revolving credit facility ⁽¹⁾	Unsecured term loan	Debentures	Total
Total debt as at January 1, 2020		\$ 1,015,143	\$ (575)	\$ —	\$ —	\$ 1,014,568
Cash items:						
Borrowings		—	91,095	196,410	250,000	537,505
Lump sum repayments		(180,799)	(90,055)	—	—	(270,854)
Principal repayments		(22,733)	—	—	—	(22,733)
Financing costs additions		—	(1,014)	(719)	(1,669)	(3,402)
Non-cash items:						
Debt assumed on acquisition of investment properties	5	14,629	—	—	—	14,629
Foreign exchange adjustments		(6,116)	(1,040)	(5,430)	—	(12,586)
Other adjustments ⁽²⁾		840	927	28	8	1,803
Total debt as at December 31, 2020		\$ 820,964	\$ (662)	\$ 190,289	\$ 248,339	\$ 1,258,930

(1) Amounts drawn against the secured revolving credit facility during the period from January 1, 2020 to June 11, 2020 were denominated in both Canadian and U.S. dollars. Amounts drawn against the unsecured revolving credit facility during the period from June 12, 2020 to December 31, 2020 were denominated in Canadian dollars, U.S. dollars and euros. U.S. dollar amounts and euros have been converted at the respective foreign exchange rates in accordance with the Trust's accounting policy.

(2) Includes amortization and write-off of financing costs of \$2,150 and amortization of fair value adjustments on assumed debt of \$(347).

Unsecured revolving credit facility

The US\$250,000 unsecured revolving credit facility bears interest rate at Canadian banker's acceptances ("BA") rate plus 1.45% or Canadian prime rate plus 0.45% on Canadian dollar draws, U.S. LIBOR rate plus 1.45% or U.S. base rate plus 0.45% on U.S. dollar draws, or euro LIBOR rate plus 1.45% on euro draws. It has a maturity date of January 14, 2022, and can be drawn in Canadian dollars, U.S. dollars and euros.

As at March 31, 2021 and December 31, 2020, there were no amounts drawn on the unsecured revolving credit facility and the availability was \$314,375 and \$318,300, respectively.

Debt weighted average effective interest rates and maturity profile

As at March 31, 2021, the weighted average effective interest rate on total debt was 2.99% (December 31, 2020 – 3.07%). The effective interest rate includes the impact of fair value adjustments on assumed debt and financing costs but excludes the impact of cross-currency interest rate swaps.

The scheduled principal repayments and debt maturities are as follows:

	Debt balance due at maturity	Scheduled principal repayments on debt maturing in future periods	Amount
Remainder of 2021	\$ 26,992	\$ 12,390	\$ 39,382
2022	—	17,415	17,415
2023	98,077	15,465	113,542
2024	250,771	14,239	265,010
2025	278,323	12,544	290,867
2026–2030	360,862	36,124	396,986
Total	\$ 1,015,025	\$ 108,177	\$ 1,123,202
Unamortized financing costs			(5,767)
Total debt			\$ 1,117,435

Note 8

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Three months ended March 31,					
	2021			2020		
	Opening balance January 1	Net change during the period	Closing balance March 31	Opening balance January 1	Net change during the period	Closing balance March 31
Unrealized gain (loss) on foreign currency translation of foreign operations, net of taxes	\$ 21,909	\$ (29,935)	\$ (8,026)	\$ (435)	\$ 43,699	\$ 43,264
Unrealized gain (loss) on hedge of net investment, net of taxes ⁽¹⁾	(3,399)	24,503	21,104	—	—	—
Unrealized gain (loss) on cash flow hedge, net of taxes ⁽¹⁾	(435)	—	(435)	—	—	—
Unrealized gain (loss) on interest portion of hedging derivatives, net of taxes ⁽¹⁾	(220)	(5,912)	(6,132)	—	—	—
Share of other comprehensive income (loss) from equity accounted investment	(234)	(109)	(343)	—	749	749
Accumulated other comprehensive income (loss)	\$ 17,621	\$ (11,453)	\$ 6,168	\$ (435)	\$ 44,448	\$ 44,013

(1) As at March 31, 2021, taxes were \$nil.

Note 9

INVESTMENT PROPERTIES REVENUE

	Three months ended March 31,	
	2021	2020
Rental income	\$ 54,755	\$ 47,144
Recoveries revenue	10,676	9,406
Total	\$ 65,431	\$ 56,550

Note 10

FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS

	Three months ended March 31,	
	2021	2020
Unrealized remeasurement of carrying value of subsidiary redeemable units	\$ (5,009)	\$ 69,569
Unrealized remeasurement of carrying value of deferred trust units	(448)	2,563
Unrealized remeasurement of interest rate swaps	3,583	(6,066)
Unrealized remeasurement of foreign exchange swaps	—	(8,794)
Total fair value adjustments to financial instruments	\$ (1,874)	\$ 57,272

Note 11

NET GAIN (LOSS) ON TRANSACTIONS AND OTHER ACTIVITIES

	Three months ended March 31,	
	2021	2020
Internal leasing costs	\$ (898)	\$ (797)
Foreign exchange gain (loss)	(706)	2,688
Depreciation of property and equipment	(5)	(4)
Total	\$ (1,609)	\$ 1,887

Note 12

DISTRIBUTIONS

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

The Trust declared distributions of \$0.175 in each of the three months ended March 31, 2021 and March 31, 2020.

The following table summarizes distributions paid and payable for the three months ended March 31, 2021 and March 31, 2020:

	Three months ended March 31,	
	2021	2020
Paid in cash	\$ (23,849)	\$ (16,332)
Paid by way of reinvestment in REIT Units ⁽¹⁾	(5,404)	(8,537)
Add-back: Payable at December 31, 2020/December 31, 2019	8,906	7,878
Deduct: Payable at March 31, 2021/March 31, 2020	(10,116)	(8,906)
Total distributions paid and payable	\$ (30,463)	\$ (25,897)

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

The following table summarizes our monthly distributions paid and payable subsequent to March 31, 2021:

Date distribution announced	Record date	Date distribution was paid or is payable	Distribution per REIT A Unit	Total cash distributions paid	Total DRIP distributions
March 19, 2021	March 31, 2021	April 15, 2021	\$ 0.05833	\$ 7,748	\$ 2,439 ⁽¹⁾

(1) \$2,439 distributions were reinvested in an additional 174,557 REIT Units (including 3% bonus distributions on Units reinvested pursuant to the DRIP).

On April 21, 2021, the Trust announced its April 2021 monthly distribution in the amount of \$0.05833 per Unit. The April 2021 distributions will be payable on May 14, 2021 to unitholders on record as at April 30, 2021.

Note 13

EQUITY

Public offerings of REIT Units

The following table summarizes the public offerings of REIT Units issued for the three months ended March 31, 2021 and March 31, 2020. Total costs related to the offerings were charged directly to unitholders' equity.

Date of public offering	Number of REIT Units	Unit price	Three months ended March 31, 2021	
			Gross proceeds	Issue costs
January 29, 2021 ⁽¹⁾	20,240,000	\$ 12.80	\$ 259,072	\$ 11,062

(1) Includes 2,640,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

Date of public offering	Number of REIT Units	Unit price	Three months ended March 31, 2020	
			Gross proceeds	Issue costs
February 12, 2020 ⁽¹⁾	16,859,000	\$ 13.65	\$ 230,125	\$ 9,892

(1) Includes 2,199,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

Short form base shelf prospectus

On October 15, 2019, the Trust filed and obtained a receipt for a final short form base shelf prospectus dated October 11, 2019, which is valid for a 25-month period, during which time the Trust may, from time to time, offer and issue REIT Units, subscription receipts and debt securities, or any combination thereof, having an aggregate offering price of up to \$2,000,000. As at March 31, 2021, \$661,814 of REIT Units have been issued under the current base shelf prospectus. On April 26, 2021, the Trust issued a further \$201,326 of REIT Units under the current base shelf prospectus, bringing the total to \$863,140. The issuance is pursuant to the current base shelf prospectus as supplemented by the prospectus supplement.

Distribution Reinvestment Plan and Unit Purchase Plan

The Distribution Reinvestment Plan ("DRIP") allows holders of REIT Units or subsidiary redeemable units, other than unitholders who are resident of or present in the U.S., to elect to have all cash distributions from Dream Industrial REIT reinvested in additional Units. Unitholders who participate in the DRIP receive an additional distribution of Units equal to 3% of each cash distribution that is reinvested. The reinvestment price per Unit is calculated by reference to a five-day weighted average closing price of the REIT Units on the TSX preceding the relevant distribution date, which typically is on or about the 15th day of the month following the declaration.

At-the-Market Equity Program ("ATM Program")

On February 26, 2021, the Trust filed a prospectus supplement to establish an ATM Program that would allow the Trust to issue REIT Units up to an aggregate sale price of \$200,000 to the public from time to time at prevailing market prices, directly on the TSX or on other market places to the extent permitted. As at March 31, 2021, no REIT Units have been issued under this ATM Program.

Note 14

SUPPLEMENTARY CASH FLOW INFORMATION

The components of other adjustments under operating activities include:

	Note	Three months ended March 31,	
		2021	2020
Change in straight-line rent	4	\$ (314)	\$ (815)
Deferred unit compensation expense		554	366
Deferred income tax expense		3,949	1,055
Interest on subsidiary redeemable units		3,246	3,311
Foreign exchange loss (gain)	11	706	(2,688)
Costs on sale of investment properties		—	2
Total other adjustments		\$ 8,141	\$ 1,231

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

	Three months ended March 31,	
	2021	2020
Decrease (increase) in amounts receivable	\$ 306	\$ (1,893)
Increase in prepaid expenses and other assets	(781)	(1,847)
Decrease in other non-current assets	154	61
Decrease in amounts payable and accrued liabilities	(622)	(1,755)
Increase in other non-current liabilities	958	1,326
Change in non-cash working capital	\$ 15	\$ (4,108)

Note 15

SEGMENTED INFORMATION

For the three months ended March 31, 2021 and March 31, 2020, the Trust's reportable operating segments of its investment properties and results of operations were segmented into geographic components, Western Canada, Ontario, Québec, U.S. and Europe.

The chief operating decision-maker, determined to be the Chief Executive Officer of the Trust, considers the performance of assets held for sale and disposed properties separately from the investment properties in the geographic segments, and discontinued operations separately from the segmented income in the geographic segments.

The Trust did not allocate interest expense to the geographic segments since financing is viewed as a corporate function. The decision as to where to incur the debt is largely based on minimizing the cost of debt and is not specifically related to the segments. Similarly, other income, other expenses, fair value adjustments to financial instruments, net gain (loss) on transactions and other activities (excluding internal leasing costs), and income taxes were not allocated to the segments.

Three months ended March 31, 2021	Ontario	Québec	Western Canada	U.S.	Europe	Segment total	Other ⁽¹⁾	Total
Investment properties revenue	\$ 17,844	\$ 10,643	\$ 16,443	\$ 12,515	\$ 7,986	\$ 65,431	\$ —	\$ 65,431
Investment properties operating expenses	(5,234)	(3,158)	(5,891)	(3,375)	(1,111)	(18,769)	—	(18,769)
Net rental income (segmented income)	\$ 12,610	\$ 7,485	\$ 10,552	\$ 9,140	\$ 6,875	\$ 46,662	\$ —	\$ 46,662
Fair value adjustments on investment properties ⁽²⁾	\$ 43,253	\$ 14,963	\$ (1,519)	\$ 4,808	\$ 13,096	\$ 74,601	\$ —	\$ 74,601
Net loss on transactions and other activities ⁽³⁾	(322)	(161)	(338)	—	(77)	(898)	(711)	(1,609)

(1) Other includes items within net gain (loss) on transactions and other activities that were not segmented.

(2) During the three months ended March 31, 2021, the Trust wrote off transaction costs associated with acquisitions in Ontario, Québec, U.S. and Europe totalling \$10,446 and included in fair value adjustments on investment properties.

(3) Net gain (loss) on transactions and other activities allocated to the geographic segments represents internal leasing costs.

Three months ended March 31, 2020	Ontario	Québec	Western Canada	U.S.	Europe	Segment total	Other ⁽¹⁾	Total
Investment properties revenue	\$ 15,644	\$ 9,445	\$ 16,444	\$ 12,525	\$ 2,492	\$ 56,550	\$ —	\$ 56,550
Investment properties operating expenses	(4,665)	(2,675)	(5,793)	(3,459)	(200)	(16,792)	(17)	(16,809)
Net rental income (segmented income)	\$ 10,979	\$ 6,770	\$ 10,651	\$ 9,066	\$ 2,292	\$ 39,758	\$ (17)	\$ 39,741
Fair value adjustments on investment properties ⁽²⁾	\$ (8,070)	\$ (1,213)	\$ (4,816)	\$ (2,479)	\$ (19,961)	\$ (36,539)	\$ —	\$ (36,539)
Net gain (loss) on transactions and other activities ⁽³⁾	(286)	(194)	(317)	—	—	(797)	2,684	1,887

(1) Other includes properties sold and properties originally held for sale and subsequently sold during the prior year that were not presented separately as discontinued operations. Furthermore, other includes items within net gain (loss) on transactions and other activities that were not segmented.

(2) During the three months ended March 31, 2020, the Trust wrote off transaction costs associated with acquisitions in Ontario, Québec and Europe totalling \$25,500 and included in fair value adjustments on investment properties.

(3) Net gain (loss) on transactions and other activities allocated to the geographic segments represents internal leasing costs.

Investment properties

Three months ended March 31, 2021	Ontario	Québec	Western Canada	U.S.	Europe	Total
Investment properties	\$ 1,139,810	\$ 709,969	613,363	\$ 600,798	\$ 509,105	\$ 3,573,045
Capital expenditures ⁽¹⁾	1,669	681	1,796	2,190	274	6,610

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

Year ended December 31, 2020	Ontario	Québec	Western Canada	U.S.	Europe	Total
Investment properties	\$ 1,076,343	\$ 493,228	\$ 613,301	\$ 585,388	\$ 473,341	\$ 3,241,601
Capital expenditures ⁽¹⁾	6,906	3,009	4,989	2,340	1,291	18,535

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

Note 16

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

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

Agreements with DAM

The following table summarizes our fees paid to or received from DAM, including both continuing and discontinued operations, for the three months ended March 31, 2021 and March 31, 2020:

	Three months ended March 31,	
	2021	2020
Incurring under the Asset Management Agreement:		
Asset management fee (included in general and administrative expenses)	\$ (1,725)	\$ (1,403)
Acquisition fee (included in investment properties)	(1,593)	(2,748)
Expense reimbursements related to financing arrangements	(240)	(272)
Total costs incurred under the Asset Management Agreement	\$ (3,558)	\$ (4,423)
Total costs reimbursed under the Shared Services and Cost Sharing Agreement	\$ (112)	\$ (541)

The Asset Management Agreement (“AMA”) with DAM provides for an incentive fee payable in an amount equal to 15% of the Trust’s adjusted funds from operations per Unit as defined in the AMA, which includes gains on the disposition of any properties in the year (together, “AFFO”), in excess of the hurdle amount, which was initially set at \$0.80 per Unit and increases annually by 50% of the increase in the consumer price index (the “Hurdle Amount”). For the most recently completed fiscal year for the AMA which ended October 3, 2020, the Hurdle Amount was \$0.86 per Unit.

The AMA has an initial term ending October 3, 2022 and is automatically renewed for further five-year terms unless and until terminated in accordance with its terms. The AMA may be terminated by DAM at any time after the initial term. Other than in respect of termination resulting from certain events of insolvency of DAM, on termination of the AMA, all accrued fees under the AMA, including the incentive fee, are payable to DAM. In such circumstances or if the Trust is acquired, the incentive fee is calculated as if all the Trust’s properties were sold on the applicable date.

Disposition gains in the AFFO calculation used for determining the incentive fee are based on the fair value of the Trust’s investment properties, at the applicable date, relative to their historic purchase price. As at March 31, 2021, the historic purchase price for the Trust’s investment properties was \$2,916,273 (December 31, 2020 – \$2,641,913).

As at March 31, 2021 and December 31, 2020, no incentive fees have been paid or payable by the Trust to DAM.

The amount of the incentive fee payable by the Trust on any date will be contingent upon various factors, including, but not limited to, changes in the Trust’s AFFO as defined in the AMA, movements in the fair value of investment properties, acquisitions and dispositions, future foreign exchange rates, and changes in the total number of outstanding Units of the Trust.

Agreement and transactions with Dream Office REIT

The following table summarizes the costs reimbursed to Dream Office REIT for the three months ended March 31, 2021 and March 31, 2020:

	Three months ended March 31,	
	2021	2020
Total costs reimbursed under the Services Agreement	\$ (1,324)	\$ (1,295)

The following table summarizes our distributions paid and payable to subsidiaries of Dream Office REIT for the three months ended March 31, 2021 and March 31, 2020:

	Three months ended March 31,	
	2021	2020
Distributions paid and payable to Dream Office REIT on subsidiary redeemable units	\$ (3,246)	\$ (3,311)
Distributions paid and payable to Dream Office REIT on REIT Units	(1,409)	(1,614)
Distributions paid and payable to Dream Office REIT	\$ (4,655)	\$ (4,925)

Agreements with PAULS Corp

The following table summarizes our fees paid and costs reimbursed to an affiliate of PAULS Corp for the three months ended March 31, 2021 and March 31, 2020:

	Three months ended March 31,	
	2021	2020
Property management	\$ (195)	\$ (208)
Portfolio management	(193)	(211)
Leasing costs	(219)	—
Financing costs	—	(8)
Pre-development cost recovery	(9)	(111)
Total costs incurred under the Property Management Agreement	\$ (616)	\$ (538)

Amounts due from (to) related parties

	March 31,	December 31,
	2021	2020
Amounts due from related parties		
Dream Office REIT	\$ 217	\$ 375
DAM	11	73

	March 31,	December 31,
	2021	2020
Amounts due to related parties		
DAM	\$ (1,668)	\$ (2,143)
Dream Office REIT	(429)	(1,352)
PAULS Corp	(182)	(56)

Distributions and interest payable to Dream Office REIT

	March 31,	December 31,
	2021	2020
Interest payable on subsidiary redeemable units to Dream Office REIT ⁽¹⁾	\$ (1,082)	\$ (1,082)
Distributions payable to Dream Office REIT ⁽²⁾	(470)	(470)

(1) Interest payable on subsidiary redeemable units is in relation to the 18,551,855 subsidiary redeemable units held by Dream Office REIT as at March 31, 2021 and December 31, 2020.

(2) Distributions payable is in relation to the 8,052,451 REIT Units held by Dream Office REIT as at March 31, 2021 and December 31, 2020.

Note 17

COMMITMENTS AND CONTINGENCIES

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

The Trust participates in a joint venture with other related parties that own a development site in Las Vegas, Nevada. Under the operating agreement, the Trust has committed to make capital contributions of US\$10,703 for the development of the project, in addition to the purchase price of the land. Since inception of the joint venture to March 31, 2021, the Trust has funded US\$1,028 (December 31, 2020 – US\$885) in development costs.

Note 18

FAIR VALUE MEASUREMENTS

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

		Carrying value as at	Fair value as at March 31, 2021		
	Note	March 31, 2021	Level 1	Level 2	Level 3
Financial instruments at amortized cost					
Mortgages	7	\$ 681,525	\$ —	\$ —	\$ 711,198
Debentures	7	248,422	—	246,970	—

		Carrying value as at	Fair value as at December 31, 2020		
	Note	December 31, 2020	Level 1	Level 2	Level 3
Financial instruments at amortized cost					
Mortgages	7	\$ 820,964	\$ —	\$ —	\$ 871,829
Debentures	7	248,339	—	251,153	—

Amounts receivable, cash and cash equivalents, tenant security deposits, amounts payable and accrued liabilities are carried at amortized cost, which approximates fair value due to their short-term nature. The unsecured revolving credit facility and unsecured term loan are carried at amortized cost, which approximates fair value given that these financial instruments have variable interest rates. In addition, subsidiary redeemable units and DUIP are carried at amortized cost, which approximates fair value as they are readily redeemable financial instruments.

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

The Trust measures its derivatives at fair value on a recurring basis. As at March 31, 2021, these have been classified as Level 2 in the fair value measurement hierarchy. The fair value measurements of the interest rate and cross-currency interest rate swaps are calculated internally using external data provided by qualified professionals. These are based on the present value of the estimated future cash flows determined using observable yield curves and foreign currency rates as applicable.

Note 19

SUBSEQUENT EVENTS

On April 1, 2021, the Trust early repaid a \$26,992 mortgage secured by a U.S. property without any prepayment penalty.

On April 26, 2021, the Trust completed a public offering of 14,858,000 REIT Units at a price of \$13.55 per REIT Unit for gross proceeds of \$201,326, including 1,938,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters. Total estimated costs related to the offering totalled approximately \$8,700.

Subsequent to March 31, 2021, the Trust completed the following acquisitions:

	Purchase price ⁽¹⁾	Date acquired
4 Eiffelstraße, Herbrechtingen, Germany ⁽²⁾	\$ 7,391	April 1, 2021
1680 Vimont Court, Ottawa, Ontario	26,100	April 23, 2021
295 Pinebush Road, Cambridge, Ontario	7,980	April 23, 2021
Brampton East Lands, Brampton, Ontario ⁽³⁾	35,000	April 30, 2021
Total	\$ 76,471	

(1) Gross purchase price before adjustments and transaction costs.

(2) The acquisition in Germany was settled in euros and translated into Canadian dollars as at the transaction date.

(3) Brampton East Lands is a parcel of land.

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STOCK EXCHANGE LISTING

The Toronto Stock Exchange

Listing Symbol: DIR.UN

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