



Dream Industrial REIT

Q2 Report 2023

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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:

	June 30, 2023		December 31, 2022		As at June 30, 2022
Total portfolio					
Number of assets ⁽¹⁾⁽²⁾		321		257	257
Investment properties fair value	\$	6,835,012	\$	6,759,425	\$ 6,407,001
Gross leasable area ("GLA") (in millions of sq. ft.) ⁽²⁾		70.3		47.3	46.0
Occupancy rate – in-place and committed (period-end) ⁽³⁾		98.0%		98.9%	99.1%
Occupancy rate – in-place (period-end) ⁽³⁾		97.6%		97.9%	98.6%
Average in-place and committed base rent per sq. ft. (period-end) ⁽⁴⁾					
Canadian portfolio	\$	9.00	\$	8.46	\$ 8.11
European portfolio (€)	€	5.39	€	5.12	€ 4.99
Estimated market rent to in-place and committed base rent spread (%) (period-end) ⁽⁴⁾					
Canadian portfolio		53.7%		52.7%	42.2%
European portfolio		5.8%		10.4%	5.2%
Weighted average lease term ("WALT") (years) ⁽⁴⁾		4.4		4.7	4.7
	Three months ended		Six months ended		
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	
Operating results					
Net rental income	\$	83,035	\$	68,729	\$ 164,495
Comparative properties net operating income ("NOI") (constant currency basis) ⁽³⁾⁽⁵⁾		78,466		70,453	151,684
Net income		80,352		171,480	62,622
Funds from operations ("FFO") ⁽⁵⁾		67,821		58,925	135,953
Per Unit amounts					
FFO – diluted ⁽⁶⁾⁽⁷⁾	\$	0.25	\$	0.22	\$ 0.49
Distribution rate	\$	0.17	\$	0.17	\$ 0.35

	As at		
	June 30, 2023	December 31, 2022	June 30, 2022
Financing			
Credit rating – DBRS	BBB (mid)	BBB (mid)	BBB (mid)
Net total debt-to-total assets (net of cash and cash equivalents) ratio ⁽⁶⁾	36.2%	31.7%	29.7%
Net total debt-to-normalized adjusted EBITDAFV ratio (years) ⁽⁶⁾	9.0	8.3	7.8
Interest coverage ratio (times) ⁽⁶⁾	7.9	12.3	12.5
Weighted average face interest rate on debt ⁽⁸⁾	2.28%	1.21%	1.01%
Weighted average term to maturity on debt (years)	2.8	3.0	3.3
Secured debt as a percentage of total assets ⁽⁹⁾	4.6%	7.3%	7.6%
Unencumbered investment properties as a percentage of investment properties ⁽⁹⁾	85.9%	78.6%	76.7%
Total assets	\$ 7,784,409	\$ 7,280,493	\$ 6,963,251
Cash and cash equivalents	\$ 43,491	\$ 83,802	\$ 81,311
Available liquidity ⁽⁵⁾	\$ 243,032	\$ 529,587	\$ 429,062
Capital			
Total equity (per condensed consolidated financial statements)	\$ 4,511,382	\$ 4,452,741	\$ 4,328,951
Total equity (including LP B Units) ⁽⁵⁾	\$ 4,699,702	\$ 4,669,612	\$ 4,553,057
Total number of Units (in thousands) ⁽¹⁰⁾	276,950	275,156	273,552
Net asset value (“NAV”) per Unit ⁽⁶⁾	\$ 16.97	\$ 16.97	\$ 16.64
Unit price	\$ 14.11	\$ 11.69	\$ 12.08

- (1) Number of assets comprises a building, or a cluster of buildings in close proximity to one another, attracting similar tenants.
- (2) Includes the Trust’s owned and managed properties as at June 30, 2023, December 31, 2022 and June 30, 2022. Managed properties include assets in a joint venture between GIC and the Trust in which the Trust has a 10% interest (the “Dream Summit JV”) and U.S. assets in a private U.S. industrial fund (the “U.S. Fund”) for which the Trust provides property management, construction management and leasing services at market rates.
- (3) Includes the Trust’s share of equity accounted investments as at June 30, 2023, December 31, 2022 and June 30, 2022. In addition, the occupancy rate as at June 30, 2023 included the recent substantially completed greenfield development in Caledon, Ontario, which will begin taking occupancy in August 2023; the occupancy rate as at December 31, 2022 included the expanded space related to the completed expansion in Dresden, Germany as at December 31, 2022, which took occupancy in January 2023.
- (4) Excludes the Trust’s share of equity accounted investments in the U.S. Fund and Dream Summit JV as at June 30, 2023, December 31, 2022 and June 30, 2022.
- (5) Comparative properties NOI (constant currency basis), FFO, available liquidity, and total equity (including LP B Units) are non-GAAP financial measures. See the “Non-GAAP Financial Measures” section for additional information about these non-GAAP financial measures.
- (6) Diluted FFO per Unit, net total debt-to-total assets (net of cash and cash equivalents) ratio, net total debt-to-normalized adjusted EBITDAFV ratio (years), interest coverage ratio (times), and NAV per Unit are non-GAAP ratios. See the “Non-GAAP Ratios” section for additional information about these non-GAAP ratios.
- (7) See the “Supplementary Financial Measures and Ratios and Other Disclosures” section for additional information about diluted amounts per Unit under the heading “Weighted average number of Units”.
- (8) Weighted average face interest rate on debt is calculated as the weighted average face interest rate of all interest bearing debt, including the impact of cross-currency interest rate swaps (“CCIRS”) as at period-end.
- (9) Secured debt as a percentage of total assets and unencumbered investment properties as a percentage of investment properties are supplementary financial measures. See “Supplementary Financial Measures and Ratios and Other Disclosures” for a description of these supplementary financial measures.
- (10) Total number of Units includes 13.3 million LP B Units that are classified as a liability under IFRS.

BUSINESS UPDATE

Dream Industrial Real Estate Investment Trust (“Dream Industrial REIT”, “DIR”, or the “Trust”) had a productive and positive second quarter. Our robust leasing momentum and execution of growth opportunities allowed us to generate 11.4% year-over-year comparative properties NOI (“CP NOI”) (constant currency basis) growth and 14.0% year-over-year FFO per Unit growth. During the quarter, we made significant progress in the integration of the Dream Summit JV and closed on a 21.5-acre site located in the Greater Toronto Area (“GTA”). We continued to execute on our development strategy and we substantially completed our inaugural greenfield development of a 154,000 square foot building in Caledon. We also published our 2022

Sustainability Report with the Dream group of companies and completed our second annual submission to the Global Real Estate Sustainability Benchmark.

Our balance sheet continues to remain strong and flexible and we are well-advanced in the process of refinancing our upcoming European mortgage maturities. We ended the quarter with approximately \$243 million of available liquidity, and an additional \$250 million that could be exercised through the accordion on our unsecured credit facility, a net total debt-to-total-assets (net of cash and cash equivalents) ratio of 36.2% and cash and cash equivalents of \$43.5 million.

Subsequent to the quarter, we resumed our at-the-market program (“ATM Program”) and raised \$52.5 million of gross proceeds to date, which, after repaying amounts on our unsecured credit facility, was accretive to our financial results and lowered net total debt-to-total assets (net of cash and cash equivalents) ratio by approximately 70 basis points (“bps”).

Operations update

Continued strong leasing momentum at attractive rental spreads – Since the end of Q1 2023, we have transacted approximately 1.4 million square feet of leases across our portfolio at an average spread of 47% over prior or expiring rents.

- In Canada, we signed 951,500 square feet of leases, achieving an average spread to expiry of 60.8% and an annual contractual rent growth of over 4%.
- In Europe, we signed 427,000 square feet of leases at an average spread of 4.0%. All of the leases are fully indexed to local consumer price indices (“CPI”) or have contractual rent steps of 2%.

We expect to achieve strong rental rate growth over time as we set rents on expiring leases to market, as market rents continue to increase across our operating markets. As at June 30, 2023, the estimated market rent of properties in our portfolio increased by 6.1% compared to March 31, 2023, and 20.5% compared to June 30, 2022. As at June 30, 2023, estimated market rents exceeded the average in-place base rent across our portfolio by over 37%.

Since the closing of the Dream Summit JV transaction, we have successfully integrated Dream Summit’s operations with our operating platform and completed or finalized terms on over one million square feet of new leases and renewals at an average spread of approximately 125% over prior and expiring rents.

Continued growth in net rental income for the quarter and year-to-date – Net rental income for the three and six months ended June 30, 2023 was \$83.0 million and \$164.5 million, respectively, representing an increase of \$14.3 million or 20.8%, and \$30.5 million, or 22.7%, relative to the prior year comparative periods. Year-over-year net rental income increased by 24.4% in Ontario, 14.2% in Québec, 2.6% in Western Canada and 24.6% in Europe, excluding disposed investment properties. The increase was mainly driven by strong comparative properties NOI (constant currency basis) growth in 2023 and 2022, and the impact of acquired investment properties in the past year.

Solid pace of CP NOI (constant currency basis) growth – CP NOI (constant currency basis) for the three and six months ended June 30, 2023 was \$78.5 million and \$151.7 million, respectively. For the same periods in 2022, CP NOI (constant currency basis) was \$70.5 million and \$135.1 million, respectively. This represents an increase of 11.4% for the three months ended June 30, 2023 and 12.3% for the six months ended June 30, 2023, compared to the prior year comparative period.

The Canadian portfolio posted a year-over-year CP NOI (constant currency basis) growth of 12.1%, driven by 19.4%, 8.5% and 4.9% CP NOI growth in Ontario, Québec and Western Canada, respectively.

- Year-over-year CP NOI (constant currency basis) growth in Ontario was primarily driven by increasing rental spreads on new and renewed leases and the lease-up of our completed expansion in the GTA, which increased the average in-place base rent by 14.6%, along with a 20-bps increase in average occupancy.
- In Québec, year-over-year CP NOI (constant currency basis) growth was primarily driven by higher rents and two completed expansions in the Greater Montréal Area.
- In Europe, the lease-up of an expansion at our properties in Dresden, Germany, and The Hague, Netherlands, in addition to CPI indexation, led to a 7.5% and 8.2% increase in in-place base rent for the three and six months ended June 30, 2023, respectively, which drove year-over-year CP NOI (constant currency basis) growth of 11.4% and 11.9%, respectively.

Excluding the impact of expansions in Canada and Europe, the year-over-year CP NOI (constant currently basis) growth for the entire portfolio would have amounted to 9.2% and 10.0% for the three and six months ended June 30, 2023, respectively.

Acquisitions, development and finance update

Acquisitions – We continue to evaluate investments that meet our objective of improving our cash flow growth profile and overall quality of our portfolio, while preserving balance sheet flexibility. The Dream Summit JV provides a new source of growth capital for us to pursue strategic acquisitions and significantly boost our property management and leasing fee stream.

During the quarter, the Dream Summit JV acquired a 26-acre site located in the GTA, in close proximity to the QEW and Highway 403, which should allow for the development of over 380,000 square feet of industrial product. Subsequent to the quarter, two additional assets were acquired by the Dream Summit JV in the GTA West sub-market, including a 21-acre land parcel leased for outside storage in Caledon and a 150,000 square foot income-producing property in Brampton.

Additionally, the Dream Summit JV is in exclusive negotiations or under contract to acquire six assets located in the GTA totalling 0.9 million square feet.

In total, DIR's equity investment to fund these acquisitions is expected to be approximately \$25 million. Combined with the associated property management and leasing income, we expect the income-producing assets to generate a going-in yield on equity in excess of 7.5% with further upside as we estimate current market rents to be approximately 40% higher than in-place rents.

Development update – Our development pipeline provides a significant opportunity to add high-quality assets in core markets at attractive economics to the Trust. We have approximately 3.0 million square feet of development projects that are either currently underway or in planning stages.

- Over the past 12 months, we have completed and substantially completed approximately 0.9 million square feet of development projects across Canada and Europe at an unlevered yield of 7.5%. During the quarter, we substantially completed our inaugural 154,000 square foot greenfield development in Caledon and it remains on track to generate an unlevered yield on cost of over 7%.
- We currently have an additional 1.7 million square feet of projects underway across Canada including our share of projects held in the Development JV. With a total expected cost of approximately \$359 million (estimated costs to completion of \$226 million), we expect an unlevered yield on development cost of approximately 6.4% upon completion. We expect these projects to be completed in the next 12 to 24 months.

Capital strategy – We continue to maintain significant financial flexibility as we execute on our strategy to grow and upgrade portfolio quality. During the quarter, €106 million of European mortgages matured and were temporarily refinanced using our unsecured revolving credit facility. We have executed a non-binding term sheet with an existing relationship lender for approximately €110 million in new financing to replace these matured mortgages. In addition, we have executed a non-binding term sheet for a new €40 million mortgage financing in Germany and a binding term sheet for a €70 million refinancing to address the remaining 2023 mortgage maturities. Based on current interest rates, we expect a weighted average interest rate of approximately 4.8% on these mortgages.

Our proportion of secured debt is 4.6% of total assets and represents approximately 13% of total debt (a non-GAAP financial measure; see the "Non-GAAP Financial Measures" section for additional information), compared to 7.6% and 25.2% one year ago, respectively. Our unencumbered asset pool totalled \$5.9 billion as at June 30, 2023, representing approximately 86% of our investment properties value as at June 30, 2023.

We ended Q2 2023 with available liquidity of \$243 million, and an additional \$250 million that could be exercised through the accordion on our unsecured credit facility.

Subsequent to the quarter-end, we resumed our ATM Program. Since June 30, 2023, we have issued 3.7 million units at an average price of \$14.28 for total proceeds of \$52.5 million. Proceeds were utilized to reduce the existing balance on our credit facility in the near term, which bore interest at a rate of just under 7% and lowered our net total debt-to-total assets (net of cash and cash equivalents) ratio by nearly 70 bps. The resumption of our ATM Program was accretive to our financial results while enhancing the strength and flexibility of our balance sheet, and creating additional capacity to fund strategic acquisitions, investments in our private joint ventures as well as our development and solar programs.

Environmental, social and governance (“ESG”) update

Two significant milestones were achieved in the quarter; we published our 2022 Sustainability Report with the Dream group of companies and completed our second annual submission to the Global Real Estate Sustainability Benchmark (“GRESB”). The Sustainability Report highlights achievements throughout the year including energy management, renewable energy, social initiatives, governance and a notable year-over-year increase in data coverage and metrics reporting. We completed our second GRESB Real Estate Assessment submission in June 2023, which contributes to our alignment with international reporting frameworks, including the Task Force on Climate-related Financial Disclosures (“TCFD”), the UN Principles for Responsible Investment (“UN PRI”) and the Sustainability Accounting Standards Board (“SASB”).

Our ambitious renewable energy program currently has 15 completed projects and 4 active projects underway. The 15 completed projects have a combined system capacity of over 9 megawatts (“MW”) of renewable energy and are estimated to save approximately 89,000 tonnes of carbon dioxide equivalent (“tCO₂e”) over the lifetime of the projects. We own and manage these solar panel installations directly as well as the associated revenue stream, and in the quarter over \$0.2 million in revenue was generated from solar projects. The 4 active projects in the Netherlands have a potential system capacity of over 6 MW located on 650,000 square feet of GLA. We expect to invest approximately \$7 million in these four projects.

We continue to make progress on our commitment to increase the green building certifications in the portfolio. In the quarter, we achieved the German Sustainable Building Council (“DGNB”) Gold New Construction certification for our 240,000 square foot redevelopment in Dresden, Germany. We currently have 23 green building certifications underway representing 5.8 million square feet, including properties under development.

As part of the Net Zero by 2035 Action Plan, which was published in April 2022 together with the Dream group of companies, we have committed to Net Zero Scope 1 and 2 greenhouse gas (“GHG”) emissions (operational and development) by 2035 and Net Zero select Scope 3 GHG emissions (operational) by 2050. We considered peer commitments and investor expectations, current and proposed government regulations, existing technologies, and leading science-based standards and frameworks as well as our ESG strategy and current reporting obligations during the development of the Net Zero by 2035 Action Plan. The commitment is focused on material emissions sources within our operational control and prioritizes emission reduction activities where we can have the greatest impact. We continue to report on our progress towards meeting our targets and milestones in our annual Sustainability Report and through our commitment to the Net Zero Asset Managers initiative.

To date, we have issued \$850 million of Green Bonds to support our sustainable corporate strategy, of which over \$400 million has been deployed as at December 31, 2022 towards eligible green buildings and projects. We will be issuing the Green Bond Use of Proceeds Report for the year ended December 31, 2022 in the upcoming months. We have identified approximately \$650 million of additional eligible green projects in the near-term pipeline, with over \$10 million of additional projects in feasibility or preliminary stages.

BASIS OF PRESENTATION

Our discussion and analysis of the financial position and results of operations of Dream Industrial REIT 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, 2022 and the unaudited condensed consolidated financial statements of Dream Industrial REIT and the accompanying notes for the six months ended June 30, 2023. Such consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). The Canadian dollar is the functional and reporting currency for purposes of preparing the condensed consolidated financial statements.

The chief operating decision-maker, determined to be the Chief Executive Officer (“CEO”) of the Trust, also considers the performance of assets held for sale (except for those where we will continue to retain an interest) and disposed properties separately from the investment properties in the geographic segments, and discontinued operations, as applicable, separately from the segmented income in the geographic segments.

This management’s discussion and analysis (“MD&A”) is dated as at August 1, 2023.

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 Dream Summit JV, including the integration of the joint venture, the status of new leases and renewals, the opportunities provided by the joint venture to pursue acquisitions and boost our property management and leasing fee stream, potential acquisitions and related average in-place cap rate, the Trust’s expected investment and return on equity, our intention to advance projects over time, and the expectation that a subsidiary of the Trust will provide certain services to the joint venture at market rates; the Trust’s expectations relating to the benefits to be realized from demand drivers for industrial space; the commencement of certain leases and the average spread thereof; opportunities to lease certain properties “as is”; the Trust’s ability to achieve strong rental growth over time through inclusion of contractual annual rate escalators to its leases and as it sets rents on expiring leases as market rents continue to increase across the Trust’s operating markets, and the expected increase of comparative properties NOI as a result thereof; the expectation that short-term leases generally have lower costs than long-term leases; expectations regarding tenant prospects; the expected going-in capitalization rate of acquisitions; our development and acquisition pipelines; our development joint venture (the “Development JV”) with a leading global sovereign wealth fund, the expected terms of and contributions into such Development JV, the details of its expected development projects, the intent of the Development JV to keep development projects unlevered within the venture, and the expectation that a subsidiary of the Trust will provide certain services to the Development JV at market rates; expectations regarding cash flow and cash distributions, and the expected variations of income and other metrics; expectations regarding the timing of execution of the Trust’s acquisition strategy and asset recycling and redevelopment of capital raised from equity offerings; the Trust’s intention and ability to fund any potential distribution shortfalls with cash and cash equivalents on hand and with the amounts available on the unsecured revolving credit facility; any potential future suspension and subsequent reinstatement of the Distribution Reinvestment Program and Unit Purchase Plan; the Trust’s strategy of growing and upgrading the quality of its portfolio and goal of providing attractive returns to unitholders; statements regarding the current or expected quality and opportunities in respect of the Trust’s assets, including assets under development or redevelopment; the Trust’s portfolio strategy and commitments, and its goal to acquire mid- to large-bay properties in the GTA, Greater Montréal Area and major Western European markets and to increase scale in existing sub-markets in Canada, and expected benefits thereof; the Trust’s long-term growth goals through its retained interest in the U.S. Fund, and expected benefits thereof; the expectation that services provided to the U.S. Fund will generate a fee income stream; the pro forma composition of our portfolio after the completion of the acquisitions and potential development opportunities, including the GLA to be added to the Trust’s portfolio following the acquisitions or expansions; our debt strategy, including in respect of our leverage ratio, liquidity levels, borrowing costs, foreign currency hedging, and our unencumbered investment properties pool; our development, expansion, value-add capital improvements and refurbishments and redevelopment plans, including benefits thereof and timing of construction commencement and completion, intensification, and the expansion potential of the Trust’s portfolio, including the expected increase in site density resulting from intensification projects, and other details regarding such projects and plans, including in respect of square footage, GLA, potential for full electrification, and acreage; anticipated development yields, including unlevered yields, development costs, completion timelines and the Trust’s total assets it expects to have under active development; expected occupancy; the Trust’s ability to deliver on ESG and sustainability initiatives and plans, and various sustainability policies and reporting initiatives by, and commitments with, third parties, including in respect of alignment with the Task Force on Climate-related Financial Disclosures, the United Nations Principles for Responsible Investment, and the Sustainability Accounting Standards Board; the Trust’s renewable energy program, the Trust’s goal to be net zero by 2035 for operations and development including Scope 1 and 2 emissions and net zero by 2050 for select Scope 3 emissions (operational), and the Trust’s ability to meet its commitments, targets and milestones under its Net Zero by 2035

Action Plan; our reporting in our annual Sustainability Report and through our commitment to the Net Zero Asset Managers initiatives; the Trust's plan to issue its Green Bond Use of Proceeds Report in the upcoming months; the feasibility and completion of eligible green projects, including our green project pipeline; the Trust's commitment and ability to obtain green building certifications for its portfolio and the status green building certifications; the Trust's net zero redevelopments; the feasibility, implementation, results, yield and other expected benefits, capital commitments, and completion timelines in respect of the Trust's solar power projects; the Trust's ability and plans to improve the energy efficiency of its portfolio, reduce building emissions and operating costs, including through roofing upgrades; the sustainability and efficiency of the Trust's developments; expected benefits from sustainability in respect of long-term value creation; the Trust's conservative financial policy and expected flexibility and strength of its balance sheet; the process of refinancing upcoming European mortgage maturities; expectations regarding our credit rating and sources of debt; the expected benefits of the Trust's ATM Program; the Trust's portfolio and management strategy and expected benefits to be derived thereof, and expectations that its relationships will provide advantages in respect of acquisitions; the amount by which market rents exceed in-place rents and the outlook for rental rate growth; the sufficiency of our liquidity and capital resources to fulfill the Trust's ongoing obligation; the Trust's beliefs, plans, estimates, projections and intentions; and similar statements concerning anticipated future events, future growth and future leasing activity, including those associated with user demand relative to supply of quality industrial product in the Trust's operating markets, increasing scale in the Trust's existing sub-markets and adding to its large urban logistics clusters, 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", "can", "expect", "intend", "estimate", "anticipate", "believe", "should", "could", "likely", "plan", "schedule", "timeline", "forecast", "potential", "seek", "target", "project", "budget", "continue" and positive and negative variations 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; real estate ownership risks including oversupply of industrial properties or a reduction in demand for real estate in the area, the attractiveness of properties to potential tenants or purchasers, competition with other landlords with similar available space, and the ability of the owner to provide adequate maintenance at competitive costs; the relative illiquidity of real estate investments and limited ability to vary our portfolio promptly to respond to changing economic or investment conditions; significant expenditures associated with real estate ownership regardless of whether the property is producing sufficient income to pay such expenses; employment levels; the uncertainties around the timing and amount of future financings; inflation; risks related to a potential economic slowdown in the jurisdictions in which we operate and the effect inflation and any such economic slowdown may have on market conditions and lease rates; uncertainties surrounding the novel coronavirus ("COVID-19") pandemic and other public health crises and epidemics; risks associated with unexpected or ongoing geopolitical events, including disputes between nations, war, terrorism or other acts of violence; international sanctions; the financial condition of tenants and borrowers; leasing risks; risks associated with the geographically concentrated nature of our properties; interest rate and currency rate fluctuations; risks associated with CCIRS arrangements; regulatory risks and changes in law; environmental risks; competition from other developers, managers and owners of properties; risks associated with participating in joint arrangements; environmental and climate change risks; insurance risks including liability for risks that are uninsurable under any insurance policy; cyber security 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, assumptions regarding 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; tenants' financial condition; acquisition activity; our ability to integrate acquisitions; inflation and interest rates will not materially increase beyond current market expectations; valuation assumptions including market rents, leasing costs, vacancy rates, discount rates and cap rates; changes to historically low rates and rising replacement costs in the Trust's operating markets and increases in market rents; 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 assumptions and 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 August 1, 2023. 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 June 30, 2023, we own, manage and operate a global portfolio comprising 321 assets totalling approximately 70.3 million square feet of GLA in key markets across Canada, Europe and the U.S. Our goal is to deliver strong total returns to our unitholders through secure cash flows underpinned by our high-quality portfolio and an investment grade balance sheet as well as driving growth in our net asset value and cash flow per unit. 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, Europe and the U.S. 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 NAV 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, Europe and the U.S. 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 NAV growth potential. When evaluating potential acquisitions, we consider a variety of criteria, including expected cash flow returns; replacement cost of the asset; their location, functionality and appeal to future tenants; the 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 NOI and NAV 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 140 real estate professionals highly experienced in leasing, operations and portfolio management operating out of 12 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.

Recurring management revenue

Through our private capital partnerships, we are able to leverage our local operating platforms and generate recurring revenue from property management and leasing services. We expect the revenue from this business to grow as the underlying cash flows in these partnerships grow, both organically and through active asset management.

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 investment properties pool, while reducing borrowing costs and preserving liquidity.

Focus on ESG

We recognize that investing in sustainability is a key driver of creating long-term value for our stakeholders. Our approach to sustainability aims to uncover opportunities to enhance asset value, incorporate energy management initiatives into capital expenditures and increase energy efficiency throughout our portfolio and lower operational costs.

To reflect the continued integration of ESG across our business and ensure that non-financial considerations such as ESG objectives are included alongside financial considerations, our sustainability practices focus on: (i) increased data collection, verification and disclosure; (ii) communicating our strategy to reach net zero; 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 the promotion of healthy workplaces and lifestyles; (ii) active commitment to the community and local charitable organizations; and (iii) commitment to tenant satisfaction and engagement. Our governance highlights include: (i) a diverse and experienced Board of Trustees with a majority of independent trustees; (ii) strong governance and transparency in all aspects of our business; and (iii) governance policies to have formal oversight and accountability of ESG matters at the Board level.

SECTION II

OUR ASSETS

Dream Industrial REIT owns, manages and operates a portfolio of 321 assets (536 industrial buildings) totalling approximately 70.3 million square feet of GLA in key markets across Canada, Europe and the U.S. as at June 30, 2023.

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-tenant. 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.

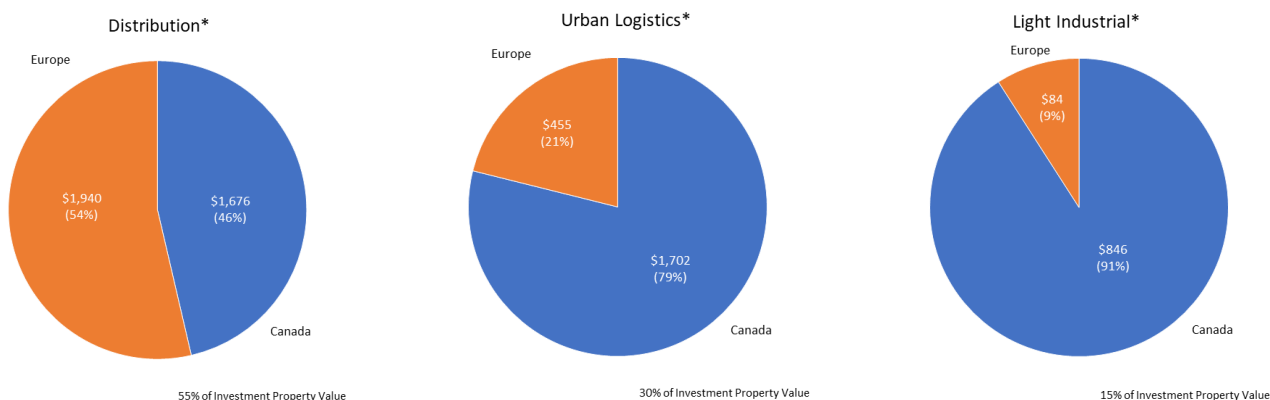
Focused portfolio strategy

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. We are also targeting to increase scale in our existing sub-markets and add to our large urban logistics clusters.

In Europe, our goal is to acquire mid- to large-bay properties in major Western European markets. 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.

In the U.S., we will continue to pursue long-term growth alongside institutional partners through our retained interest in the U.S. Fund. This structure allows us to continue to grow in U.S. industrial markets, improving overall portfolio quality and diversification while maintaining an enhanced geographic mix. A subsidiary of the Trust provides property management, accounting, construction management and leasing services to the U.S. Fund. This is expected to provide us with a fee income stream as the U.S. Fund scales in U.S. industrial markets.

As at June 30, 2023, our investment property value (excluding the U.S. portfolio, Dream Summit JV and properties under development) 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 June 30, 2023 are summarized in the table below:

	June 30, 2023			
	Distribution	Urban logistics	Light industrial	Total
Number of assets ⁽¹⁾⁽²⁾	191	92	38	321
Number of buildings ⁽²⁾	300	178	58	536
Total GLA (thousands of sq. ft.) ⁽²⁾	51,425	12,775	6,105	70,305
Owned GLA (thousands of sq. ft.) ⁽³⁾	25,551	11,679	5,139	42,369
Site area (in acres) ⁽²⁾	2,856	784	376	4,016

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

(2) Includes the Trust's owned and managed properties as at June 30, 2023.

(3) Includes the Trust's share of equity accounted investments as at June 30, 2023.

Development strategy

We continue to build and execute on a development pipeline across our target markets. Our development program consists of three key pillars:

- **Greenfield development** – Target the acquisition of developable land, industrial zoned or designated industrial, for speculative development in core markets;
- **Intensification of excess land on income-producing properties** – Opportunity to add high-quality GLA to existing properties and maximize site coverage; and
- **Redevelopment of existing properties** – Identify existing, well-located assets for redevelopment with the goal of achieving higher density and rents.

We have 0.9 million square feet of completed and substantially completed projects to date and currently have approximately 1.7 million square feet of projects underway, with an additional 0.4 million square feet of projects at our share that are in advanced stages of planning. We expect a significant portion of these projects to be completed in the next 24 months and generate an attractive unlevered yield on cost of approximately 6.6%.

The following table provides details on our projects that are currently underway or in advanced stages of planning:

(in millions of dollars)

Location	Region	GLA (in thousands of sq. ft.) ⁽¹⁾	Cost incurred ⁽²⁾	Estimated cost to complete ⁽⁴⁾	Total estimated cost	Construction completion	Estimated unlevered yield ⁽⁵⁾	Current objective
Complete/substantially complete								
The Hague, Netherlands	Europe	65	14.8	—	14.8	H1 2022	6.2%	Intensification
100 East Beaver Creek, Richmond Hill	Ontario	43	5.9	0.1	6.0	H2 2022	11.3%	Intensification
401 Marie-Curie Boulevard, Montréal – Ph. 1 & 2	Québec	228	30.7	0.4	31.1	H2 2022	8.2%	Intensification
Dresden, Germany	Europe	241	30.6	—	30.6	H2 2022	6.8%	Intensification
Blaise-Pascal, Montréal	Québec	120	17.9	2.1	20.0	H1 2023	8.4%	Intensification
Abbotside, Caledon	Ontario	154	37.8	2.5	40.3	H1 2023	7.0%	New development
Total complete/substantially complete		851	\$ 137.7	\$ 5.1	\$ 142.8		7.5%	
Underway								
Terrebonne, QC	Québec	29	5.0	2.3	7.3	H2 2023	5.3%	Intensification
Balzac, AB	Alberta	343	25.8	37.1	62.9	H2 2023	6.1%	New development
Cambridge, ON ⁽³⁾	Ontario	109	10.1	15.0	25.1	H1 2024	6.6%	New development
Mississauga, ON	Ontario	209	45.4	19.5	64.9	H1 2024	6.3%	Redevelopment
Balzac, AB	Alberta	650	24.6	80.6	105.2	H2 2024	6.3%	New development
Whitby, ON	Ontario	389	22.0	71.7	93.7	H1 2025	6.9%	Redevelopment
Total underway		1,729	\$ 132.9	\$ 226.2	\$ 359.1		6.4%	
Planning								
Montréal, QC	Québec	167				H2 2024		Intensification
Brampton, ON ⁽³⁾	Ontario	208				H1 2025		New development
Total planning		375	\$ 24.2	\$ 80.0	\$ 104.2		~ 5.9%	
Total near-term development pipeline								
		2,955	\$ 295	\$ 311	\$ 606		~ 6.6%	

(1) Represents total GLA of new development and redevelopment projects and incremental GLA for intensification projects.

(2) Includes cost of land purchased for new development projects as well as associated closing costs. For redevelopment projects, includes fair value of the respective properties.

(3) The respective GLA and estimated costs shown in the table reflect our 25% share of the Development JV.

(4) The cost to complete represents our best estimates as at June 30, 2023.

(5) The unlevered yield is calculated by dividing the estimated NOI by the total estimated development project costs.

Our greenfield program is a combination of projects wholly owned by the Trust and those owned through a 25% interest in the Development JV that was established in Q2 2022 with a sovereign wealth fund (the “Partner”).

The 8-acre Abbotside site is attractively located in close proximity to Highway 410 in Caledon. The 154,000 square foot logistics facility achieved substantial completion during the quarter with a forecasted unlevered yield on cost of 7.0%. The building is over forty percent leased and we are in advanced leasing discussions with several prospective tenants for the remainder of the building.

In 2022, we acquired a 50-acre site in the Balzac sub-market of Calgary as well as a nearby 20-acre site. We are constructing four buildings totalling approximately one million square feet at these sites. Construction is underway at the 20-acre site with completion expected in the second half of 2023. Construction for the 50-acre site commenced during the quarter. Complete construction of both sites is expected in the next 18–24 months, with a forecasted unlevered yield on cost of approximately 6%.

In Q2 2022, we, along with Dream Unlimited Corp., announced the formation of the Development JV with the Partner. We and the Partner are targeting to contribute up to a combined total of \$1.5 billion into the Development JV. The Development JV will target to buy \$500 million of well-located development sites in the GTA and other select markets within the Greater Golden Horseshoe Area (“GGHA”) to build high-quality, best-in-class industrial assets with the intention to hold the properties following

stabilization. The Partner would contribute 75% of the capital to the Development JV while we would retain a 25% ownership interest. The Development JV intends to keep the development projects unlevered within the venture, with each party utilizing debt on their respective balance sheets to fund its respective share of the land acquisition and construction costs. Currently, the Development JV owns two sites located in the GTA and GGHA that should support the development of over 1.3 million square feet of GLA over the next 30 months. During the quarter, we continued to advance construction at the 436,000 square foot development in Cambridge, Ontario.

In addition to our greenfield program, we have the unique opportunity to add high-quality GLA through the expansion and redevelopment of existing sites across our predominantly urban portfolio in North America and Europe. We continuously evaluate redevelopment and intensification opportunities across our portfolio from technical and financial feasibility perspectives, and our current redevelopment pipeline consists of several sites in Ontario and Europe. We continue to add to our redevelopment/intensification pipeline through our acquisition activity. Our cumulative acquisition activity allowed us to add over 2.5 million square feet of excess density on our current income-producing assets that can be developed over time.

The 120,000 square foot intensification project in Montréal, Québec was substantially complete as of Q1 2023. The facility is fully leased, achieving an unlevered yield on construction costs of approximately 8.4%.

Demolition is complete and steel erection is underway on the redevelopment of the Courtney Park cluster in the GTA during the quarter. The cluster comprises of three buildings in Mississauga with an existing site area of 10 acres, providing opportunity to build a high-quality logistics product totalling 209,000 square feet. The building is expected to be net zero ready with projected completion in early 2024 and an anticipated unlevered yield on construction costs of approximately 6.3% on this project.

In Q2 2023, the Water Street redevelopment in Whitby commenced where we will construct two buildings improving site density to 389,000 square feet of high-quality warehouse logistic facilities. The buildings are Net Zero Hybrid designed and they will achieve full electrification in the future in line with our corporate sustainability goals. The forecasted yield on cost is approximately 6.9% with projected project completion in the first half of 2025.

We hold a 10% interest in the Dream Summit JV, which has exposure to approximately 2.6 million square feet of developments made up of greenfield projects, intensifications and redevelopments. This development pipeline comprises of 1.8 million square feet of projects underway as well as 0.8 million square feet of projects in advanced stages of pre-construction, mainly located in the GTA and Greater Montréal Area. We intend to continue advancing these projects over time.

In addition to the above projects, we are in the preliminary stages of planning for approximately 0.9 million square feet of near-term expansion and redevelopment opportunities in Europe as shown in the following table. We continue to advance other intensification opportunities across our portfolio. We currently estimate that our excess land portfolio provides opportunities to add approximately 1.9 million square feet of high-quality industrial space over time.

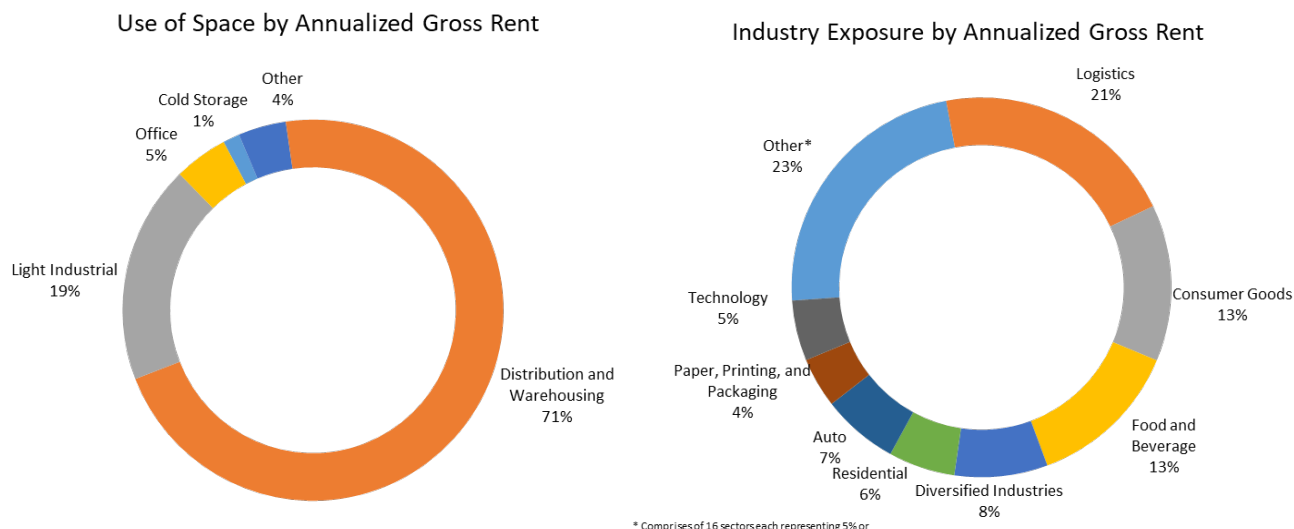
Location	Country	GLA ⁽¹⁾ (in thousands of sq. ft.)	Current objective
Brebières	France	425	Intensification
Amiens	France	136	Intensification
Breda	Netherlands	219	Redevelopment
Bodegraven	Netherlands	90	Intensification
Varsseveld	Netherlands	24	Intensification
Total pipeline		894	

(1) Represents total GLA of the projects for new development and redevelopment and incremental GLA for intensification projects.

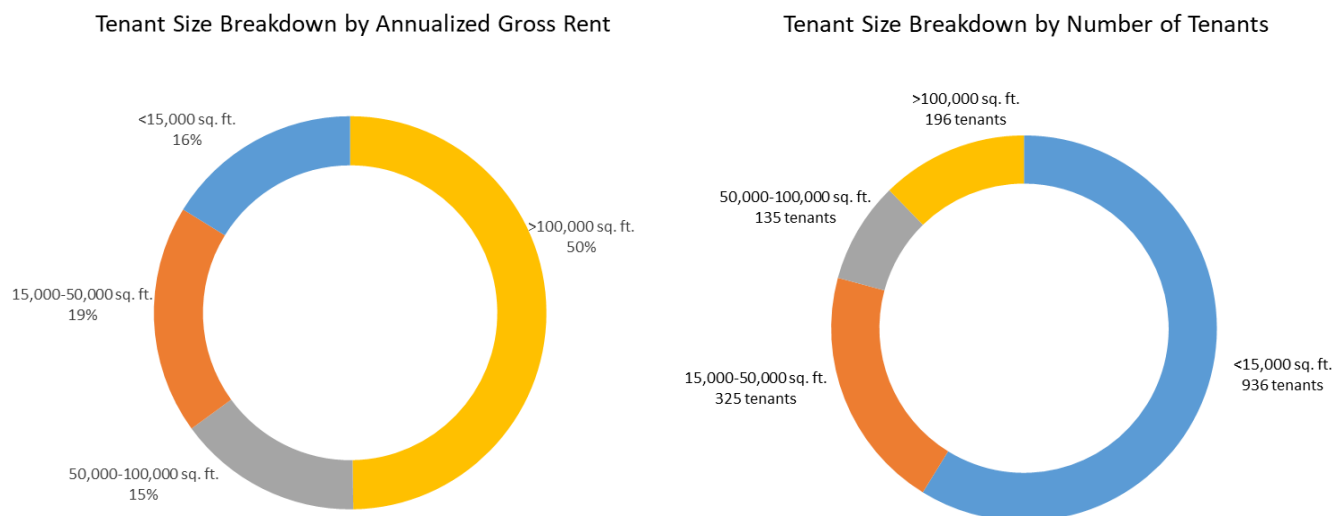
Tenant base profile

Our portfolio comprises primarily functional distribution and warehousing space occupied by tenants from various industries, with no single industry accounting for more than 21% of annualized gross rent. As at June 30, 2023, we had approximately 1,600 tenants (including those tenants occupying investment properties that are owned, managed and classified as assets held for sale).

The following charts show the industries in which our tenants operate, and their use of space based on annualized gross rental revenue, as at June 30, 2023:



The following charts show the tenant size breakdown by annualized gross rental revenue, and the tenant size breakdown by number of tenants, as at June 30, 2023:



Approximately 84% of our annualized gross rental revenue was derived from 656 tenants, each occupying over 15,000 square feet with an average size of approximately 97,000 square feet. The remaining annualized gross rental revenue was derived from 936 smaller tenants primarily located in the urban logistics assets.

The following table outlines the contributions to our annualized gross rental revenue of our top ten tenants (including equity accounted investments) as at June 30, 2023. Our top ten tenants have a WALT of 5.4 years.

Rank	Tenant	Use of space	Gross rental revenue	Thousands of sq. ft.
1.	Auchan Supermarché Plaisir	Distribution & warehousing	2.5%	1,577
2.	Drakkar Logistique Inc.	Distribution & warehousing	1.2%	341
3.	ESM Ertl Systemlogistik	Distribution & warehousing	1.0%	472
4.	Immeubles RB Ltd.	Distribution & warehousing	1.0%	456
5.	Kuehne & Nagel	Distribution & warehousing	1.0%	519
6.	RLS Slovakia s.r.o.	Distribution & warehousing	0.9%	597
7.	DHL Supply Chain s.r.o.	Distribution & warehousing	0.8%	661
8.	Amazon Canada	Distribution & warehousing	0.8%	381
9.	Gienow Windows and Doors	Distribution & warehousing, light industrial	0.8%	371
10.	GVT Transport & Logistics B.V.	Distribution & warehousing	0.8%	490
Total			10.8%	5,865

Our portfolio is well diversified, with no single tenant representing more than 3% of gross rental revenue.

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 June 30, 2023 and December 31, 2022:

	June 30, 2023				December 31, 2022			
	Number of buildings ⁽¹⁾	Number of assets ⁽¹⁾	Owned GLA ⁽²⁾	Total GLA ⁽¹⁾	Number of buildings ⁽¹⁾	Number of assets ⁽¹⁾	Owned GLA ⁽²⁾	Total GLA ⁽¹⁾
			(thousands of sq. ft.)	(thousands of sq. ft.)			(thousands of sq. ft.)	(thousands of sq. ft.)
Ontario	103	65	9,065	9,065	103	65	9,120	9,120
Québec	48	35	6,128	6,128	48	35	6,010	6,010
Western Canada	80	42	5,069	5,069	80	42	5,071	5,071
Canadian portfolio	231	142	20,262	20,262	231	142	20,201	20,201
European portfolio	102	90	17,390	17,390	105	91	17,420	17,420
Total before equity accounted investments	333	232	37,652	37,652	336	233	37,621	37,621
Dream Summit JV portfolio⁽³⁾	165	65	2,225	22,927	—	—	—	—
U.S. portfolio	38	24	2,492	9,726	38	24	2,472	9,720
Total portfolio	536	321	42,369	70,305	374	257	40,093	47,341

(1) Includes the Trust's owned and managed properties as at June 30, 2023 and December 31, 2022.

(2) Includes the Trust's share of equity accounted investments as at June 30, 2023 and December 31, 2022.

(3) A 10% interest in the Dream Summit JV was acquired on February 17, 2023.

OUR OPERATIONS

The following key performance indicators influence our cash generated from operating activities.

Total portfolio in-place and committed occupancy

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

	Total portfolio		
	June 30,	March 31,	June 30,
(percentage)	2023	2023	2022
Ontario	97.9	99.3	99.5
Québec	95.8	96.8	99.5
Western Canada	96.8	97.0	97.5
Canadian portfolio	97.0	98.0	99.0
European portfolio	99.3	99.3	99.0
Total before equity accounted investments	98.1	98.6	99.0
Dream Summit JV portfolio⁽¹⁾⁽²⁾	99.5	99.2	—
U.S. portfolio⁽¹⁾	95.6	98.2	100.0
Total portfolio⁽¹⁾	98.0	98.6	99.1

(1) Includes the Trust's share of equity accounted investments as at June 30, 2023, March 31, 2023 and June 30, 2022.

(2) A 10% interest in the Dream Summit JV was acquired on February 17, 2023.

Our in-place and committed occupancy, excluding the U.S. and Dream Summit JV portfolios, includes lease commitments totalling approximately 154,000 square feet for space that is being readied for occupancy but for which rental revenue is not yet recognized.

Our in-place and committed occupancy remained strong at 98.0%, compared to 98.6% as at March 31, 2023, and 99.1% as at June 30, 2022. The Trust has approximately 4% of its portfolio GLA maturing in 2023, including over 0.7 million square feet in Ontario and Québec, providing us with significant opportunities to capture rent increases in these markets.

In-place and committed occupancy in Ontario was 97.9%, compared to 99.3% as at March 31, 2023, and 99.5% as at June 30, 2022. During the quarter, construction commenced at our previously fully occupied 211,000 square foot property located in the GTA and the property was reclassified to property under development. Additionally, we have substantially completed a 154,000 square foot property in Caledon and have signed leases representing approximately 40% of the completed GLA.

In-place and committed occupancy in Québec decreased by 100 bps compared to March 31, 2023. On a year-over-year basis, in-place and committed occupancy decreased by 370 bps from June 30, 2022, primarily as a result of our anticipated vacancy at our 225,000 square foot property located near the Port of Montréal. Due to the overall strength of the Montréal market and significant demand for properties that offer storage possibilities, we currently estimate the market rent for the existing property to exceed prior rent by up to 50%.

In-place and committed occupancy in Western Canada decreased by 20 bps and 70 bps compared to March 31, 2023 and June 30, 2022, respectively, primarily due to net negative leasing absorptions. As we continue to outperform the market's occupancy levels, we are maximizing rental rate growth on lease turnover, which led to some temporary vacancies.

In-place and committed occupancy in Europe remained flat quarter-over-quarter. On a year-over-year basis, in-place and committed occupancy increased by 30 bps.

In-place and committed occupancy in the U.S. decreased by 260 bps and 440 bps compared to the prior quarter and June 30, 2022, respectively, primarily as a result of a 252,000 square foot expiry in the current quarter.

In-place and committed occupancy in the Dream Summit JV increased by 30 bps to 99.5% as at June 30, 2023 compared to March 31, 2023. Since the closing of the Dream Summit JV transaction, we completed or finalized terms on over one million square feet of new leases and renewals at an average spread of approximately 125% over prior and expiring rents.

Canadian and European portfolios occupancy continuity

The following tables detail the changes in in-place and committed occupancy across our Canadian and European portfolios (excluding the U.S. portfolio and Dream Summit JV) for the three and six months ended June 30, 2023:

	Three months ended June 30, 2023					
	Canadian 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
Occupancy (in-place and committed) at beginning of period	19,906	98.0%	17,258	99.3%	37,164	98.6%
Vacancy committed for future occupancy	(204)	(1.0%)	—	—%	(204)	(0.6%)
Occupancy (in-place) at beginning of period	19,702	97.0%	17,258	99.3%	36,960	98.0%
Occupancy related to property reclassified to development ⁽¹⁾	(211)		—		(211)	
Occupancy related to remeasurements	1		5		6	
Occupancy (in-place) at beginning of period – adjusted	19,492	96.9%	17,263	99.3%	36,755	98.0%
Natural expiries and relocations	(768)	(3.8%)	(406)	(2.3%)	(1,174)	(3.1%)
Early terminations	(81)	(0.4%)	—	—%	(81)	(0.2%)
New leases	240	1.2%	—	—%	240	0.6%
Renewals and relocations	619	3.1%	406	2.3%	1,025	2.7%
Occupancy (in-place) at period-end, before impact of completed/substantially completed expansion and development	19,502	97.0%	17,263	99.3%	36,765	98.0%
Impact of completed/substantially completed expansion and development ⁽²⁾	—	(0.8%)	—	—%	—	(0.4%)
Occupancy (in-place) at period-end	19,502	96.2%	17,263	99.3%	36,765	97.6%
Vacancy committed for future occupancy	154	0.8%	—	—%	154	0.5%
Occupancy (in-place and committed) at period-end	19,656	97.0%	17,263	99.3%	36,919	98.1%

(1) This relates to a redevelopment project in Whitby, Ontario, which was reclassified from income-producing property to property under development in Q2 2023.

(2) This relates to a greenfield development project in Caledon, Ontario, which was substantially completed in Q2 2023 and partially leased for occupancy in Q3 2023.

	Six months ended June 30, 2023					
	Canadian 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
Occupancy (in-place and committed) at beginning of period	19,898	98.5%	17,294	99.3%	37,192	98.9%
Vacancy committed for future occupancy	(159)	(0.8%)	(241)	(1.4%)	(400)	(1.1%)
Occupancy (in-place) at beginning of period	19,739	97.7%	17,053	97.9%	36,792	97.8%
Occupancy related to property reclassified to development ⁽¹⁾	(211)				(211)	
Occupancy related to remeasurements	(2)		6		4	
Occupancy related to disposed properties	—		(35)		(35)	
Impact of completed/substantially completed expansion ⁽²⁾		(0.6%)		—%		(0.3%)
Occupancy (in-place) at beginning of period – adjusted	19,526	97.1%	17,024	97.9%	36,550	97.5%
Natural expiries and relocations	(1,807)	(8.9%)	(753)	(4.3%)	(2,560)	(6.9%)
Early terminations	(114)	(0.6%)	—	—%	(114)	(0.3%)
New leases	549	2.7%	253	1.5%	802	2.1%
Renewals and relocations	1,348	6.7%	739	4.2%	2,087	5.6%
Occupancy (in-place) at period-end, before impact of completed/substantially completed expansion and development	19,502	97.0%	17,263	99.3%	36,765	98.0%
Impact of completed/substantially completed expansion and development ⁽³⁾		(0.8%)		—%		(0.4%)
Occupancy (in-place) at period-end	19,502	96.2%	17,263	99.3%	36,765	97.6%
Vacancy committed for future occupancy	154	0.8%	—	—%	154	0.5%
Occupancy (in-place and committed) at period-end	19,656	97.0%	17,263	99.3%	36,919	98.1%

- (1) This relates to a redevelopment project in Whitby, Ontario, which was reclassified from income-producing property to property under development in Q2 2023.
- (2) This relates to the intensification project in Blaise-Pascal, Montréal, which was substantially completed in Q1 2023 and 100% leased for occupancy in Q2 2023.
- (3) This relates to a greenfield development project in Caledon, Ontario, which was substantially completed in Q2 2023 and partially leased for occupancy in Q3 2023.

The overall tenant retention ratio across our Canadian and European portfolios for the three and six months ended June 30, 2023 was 87.3% and 81.5%, respectively (2022 – 59.2% and 75.7%, respectively). Tenant retention ratio is calculated as the ratio of total square feet of renewed and relocated space over natural expiries and relocations.

Canadian and European portfolios new lease, renewal and relocation spreads

The following table details the new lease, renewal and relocation spreads for deals transacted from April 1, 2023 to July 14, 2023 across our Canadian and European portfolios (excluding the U.S. portfolio and Dream Summit JV):

Canadian and European portfolios	Thousands of sq. ft.	Rental rate spread ⁽¹⁾
Ontario	564	81.1%
Québec	163	91.4%
Western Canada	225	5.5%
Canadian portfolio	952	60.8%
European portfolio	427	4.0%

- (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 were vacant upon acquisition.

The following table details the new lease, renewal and relocation spreads for deals transacted from January 1, 2023 to July 14, 2023 across our Canadian and European portfolios (excluding the U.S. portfolio and Dream Summit JV):

Canadian and European portfolios	Thousands of sq. ft.	Rental rate spread ⁽¹⁾
Ontario	867	83.1%
Québec	463	56.0%
Western Canada	419	4.5%
Canadian portfolio	1,749	54.3%
European portfolio	682	7.6%

(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.

From April 1, 2023 to July 14, 2023, our leasing team transacted approximately 1.4 million square feet of leasing activity. Rental spreads were 81.1% and 91.4% in Ontario and Québec, respectively, reflecting the robust demand for industrial space in those regions. From January 1, 2023 to July 14, 2023, our leasing team transacted approximately 2.4 million square feet of leasing activity, with rental spreads of 83.1% and 56.0% in Ontario and Québec, respectively.

Along with capturing significant rental rate growth, we are systematically adding contractual annual rental rate escalators to our leases that allow for consistently rising CP NOI over time. In Western Canada, improving market conditions allowed us to embed higher contractual annual rent steps of 2–3% within transacted leases. Currently, the average contractual annual rental rate growth embedded in our Canadian portfolio equates to over 2.7%. In our European portfolio, approximately 87% of the leases are indexed to the CPI with the remainder of the portfolio having contractual rent steps of 2% on average.

Canadian and European portfolios rental rates

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

The following table details the average in-place and committed base rent by region for our Canadian and European portfolios (excluding the U.S. portfolio and Dream Summit JV):

Canadian and European portfolios	Average in-place and committed base rent (per sq. ft.)		
	June 30, 2023	March 31, 2023	June 30, 2022
Ontario	\$ 9.40	\$ 9.10	\$ 8.07
Québec	8.45	7.96	7.58
Western Canada	8.95	8.91	8.80
Canadian portfolio	\$ 9.00	\$ 8.71	\$ 8.11
European portfolio (€)	€ 5.39	€ 5.32	€ 4.99

As at June 30, 2023, the average in-place and committed base rent for our Canadian portfolio was \$9.00 per square foot, compared to \$8.71 per square foot as at March 31, 2023 and \$8.11 per square foot as at June 30, 2022. The increase in the Canadian portfolio was driven by lease renewals and future lease commitments, capturing strong positive rental rate spreads in all regions.

As at June 30, 2023, the average in-place and committed base rent for our European portfolio was €5.39 per square foot, compared to €5.32 per square foot as at March 31, 2023 and €4.99 per square foot as at June 30, 2022. The increase in average in-place and committed base rents compared to comparative periods was attributable to positive rental rate spreads and the indexation of rents to CPI.

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 Canadian and European portfolios (excluding the U.S. portfolio and Dream Summit JV) as at June 30, 2023:

	June 30, 2023			
Canadian and European portfolios	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	\$ 9.40	\$ 16.13	71.6%	4.0
Québec	8.45	14.15	67.5%	3.4
Western Canada	8.95	9.26	3.5%	3.7
Canadian portfolio	\$ 9.00	\$ 13.83	53.7%	3.7
European portfolio	€ 5.39	€ 5.70	5.8%	5.1
Total portfolio WALT (excluding the U.S. portfolio and Dream Summit JV) (years)				4.4

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.

Canadian and European portfolios lease maturity profile, net of lease commitments

The following table details our Canadian and European portfolios lease maturity profile by region, net of renewals and new leases completed as at June 30, 2023. The lease maturity profile excludes the U.S. portfolio and Dream Summit JV.

Canadian and European portfolios (in thousands of sq. ft.)	Vacancy, net of commitments	Remainder of 2023	2024	2025	2026	2027	2028+	Total
Ontario	187	506	805	1,369	1,663	1,415	3,120	9,065
Québec	258	165	1,239	1,322	924	659	1,561	6,128
Western Canada	161	251	782	826	764	676	1,609	5,069
Canadian portfolio	606	922	2,826	3,517	3,351	2,750	6,290	20,262
European portfolio	127	718	774	1,656	2,993	1,118	10,004	17,390
Canadian and European portfolios total GLA	733	1,640	3,600	5,173	6,344	3,868	16,294	37,652
Percentage of Canadian and European total GLA	1.9%	4.4%	9.6%	13.7%	16.8%	10.3%	43.3%	100.0%

Canadian and European portfolios lease expiry profile for the remainder of 2023

The following table details our Canadian and European portfolios lease maturity profile for the remainder of 2023, net of renewals and net of committed new leases on vacant space. The lease maturity profile excludes the U.S. portfolio and Dream Summit JV.

Canadian and European portfolios (in thousands of sq. ft.)	Ontario	Québec	Western Canada	Canadian portfolio	European portfolio	Total
2023 expiries (as at June 30, 2023)	(857)	(558)	(743)	(2,158)	(928)	(3,086)
Expiries committed for renewals	351	393	492	1,236	210	1,446
Expiries, net of committed renewals	(506)	(165)	(251)	(922)	(718)	(1,640)
Commitment as a % of expiries	41.0%	70.4%	66.2%	57.3%	22.6%	46.9%
Current vacancies	(283)	(258)	(219)	(760)	(127)	(887)
Current vacancies committed for future occupancy	96	—	58	154	—	154
Current vacancies, net of commitments for future occupancy	(187)	(258)	(161)	(606)	(127)	(733)

Net rental income

Net rental income is defined by us as total investment properties revenue less investment properties operating expenses.

For a detailed discussion about investment properties revenue and operating expenses for the three and six months ended June 30, 2023 and June 30, 2022, refer to the section “Our Results of Operations”.

	Three months ended June 30,				Six months ended June 30,			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Ontario	\$ 23,455	28%	\$ 18,858	27%	\$ 46,232	28%	\$ 36,361	27%
Québec	13,564	16%	11,876	17%	26,097	16%	22,838	17%
Western Canada	11,430	14%	11,137	17%	22,857	14%	21,690	16%
Canadian portfolio	48,449	58%	41,871	61%	95,186	58%	80,889	60%
European portfolio	32,203	39%	25,973	38%	65,210	40%	51,059	38%
Dream Summit JV portfolio	5,083	6%	—	—%	7,515	5%	—	—%
U.S. portfolio	4,024	5%	3,514	5%	8,229	5%	6,279	5%
Net property management and other income	2,383	3%	885	1%	4,025	2%	2,096	2%
Net rental income from disposed properties	—	—%	—	—%	74	0%	(2)	0%
Less: Net rental income from equity accounted investments	(9,107)	(11%)	(3,514)	(5%)	(15,744)	(10%)	(6,279)	(5%)
Net rental income	\$ 83,035	100%	\$ 68,729	100%	\$ 164,495	100%	\$ 134,042	100%

Net rental income for the three and six months ended June 30, 2023 increased by \$14.3 million, or 20.8%, and \$30.5 million, or 22.7%, respectively, over the prior year comparative periods. The increase was mainly driven by the impact of acquired investment properties in 2023 and 2022, as well as CP NOI (constant currency basis) growth in 2023 and higher net property management fees.

Comparative properties NOI (constant currency basis)

CP NOI (constant currency basis) is a non-GAAP financial 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. CP 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 the “Non-GAAP Financial Measures” section for additional information about this non-GAAP financial measure.

The table below details the CP NOI (constant currency basis) and other items to assist in understanding the impact each component has on net rental income for the three and six months ended June 30, 2023 and June 30, 2022:

	June 30,		Three months ended		Change in	Change in	Owned and
	2023	2022	Change	Change	weighted	in-place base	managed GLA
			in \$	in %	average	rent %	(thousands of
					occupancy %		sq. ft.)
Ontario	\$ 20,803	\$ 17,420	\$ 3,383	19.4%	0.2%	14.6%	8,243
Québec	12,646	11,657	989	8.5%	(2.1%)	8.6%	6,045
Western Canada	12,133	11,567	566	4.9%	0.7%	1.7%	5,069
Canadian portfolio	45,582	40,644	4,938	12.1%	(0.4%)	9.2%	19,357
European portfolio (constant currency basis)	29,291	26,299	2,992	11.4%	0.6%	7.5%	15,913
U.S. portfolio (constant currency basis)	3,593	3,510	83	2.4%	(2.5%)	6.6%	2,326
CP NOI (constant currency basis)	78,466	70,453	8,013	11.4%	(0.1%)	8.5%	37,596
Impact of foreign currency translation on CP NOI	—	(2,031)	2,031				
NOI from acquired properties – Canada	2,119	417	1,702				
NOI from acquired properties – Europe	3,212	1,167	2,045				
NOI from acquired properties – Dream Summit JV	5,083	—	5,083				
NOI from acquired properties – U.S.	415	1	414				
NOI from disposed properties	—	137	(137)				
Net property management and other income	2,383	885	1,498				
Straight-line rent	1,855	1,568	287				
Amortization of lease incentives	(713)	(502)	(211)				
Lease termination fees and other	97	(381)	478				
Bad debt provisions	(775)	(107)	(668)				
NOI from properties transferred to properties held for development	—	672	(672)				
Less: NOI from equity accounted investments	(9,107)	(3,550)	(5,557)				
Net rental income	\$ 83,035	\$ 68,729	\$ 14,306	20.8%			

			Six months ended		Change in		Owned and
	June 30,	June 30,	Change	Change	weighted	Change in in-	managed GLA
	2023	2022	in \$	in %	average	place base	(thousands of
					occupancy %	rent %	sq. ft.)
Ontario	\$ 40,293	\$ 33,273	\$ 7,020	21.1%	1.0%	14.8%	8,064
Québec	24,541	22,714	1,827	8.0%	(2.6%)	7.6%	6,005
Western Canada	24,062	22,456	1,606	7.2%	1.6%	1.6%	5,069
Canadian portfolio	88,896	78,443	10,453	13.3%	—%	9.0%	19,138
European portfolio (constant currency basis)	56,418	50,413	6,005	11.9%	0.5%	8.2%	15,637
U.S. portfolio (constant currency basis)	6,370	6,226	144	2.3%	(1.1%)	4.4%	1,078
Comparative properties NOI (constant currency basis)	151,684	135,082	16,602	12.3%	0.3%	8.6%	35,853
Impact of foreign currency translation on comparative properties NOI	—	(2,637)	2,637				
NOI from acquired properties – Canada	4,842	841	4,001				
NOI from acquired properties – Europe	7,647	1,854	5,793				
NOI from acquired properties – Dream Summit JV	7,515	—	7,515				
NOI from acquired properties – U.S.	1,608	624	984				
NOI from disposed properties	74	269	(195)				
Net property management and other income	4,025	2,096	1,929				
Straight-line rent	3,940	3,046	894				
Amortization of lease incentives	(1,453)	(1,131)	(322)				
Lease termination fees and other	1,153	(478)	1,631				
Bad debt provisions	(981)	(116)	(865)				
NOI from properties transferred to properties held for development	185	1,424	(1,239)				
Less: NOI from equity accounted investments	(15,744)	(6,832)	(8,912)				
Net rental income	\$ 164,495	\$ 134,042	\$ 30,453	22.7%			

For the three months ended June 30, 2023, CP NOI (constant currency basis) was \$78.5 million compared to \$70.5 million in the prior year comparative quarter, representing an increase of \$8.0 million or 11.4%.

For the six months ended June 30, 2023, CP NOI (constant currency basis) was \$151.7 million compared to \$135.1 million in the prior year, representing an increase of \$16.6 million or 12.3%.

For the three months ended June 30, 2023, CP NOI (constant currency basis) in Ontario increased by \$3.4 million or 19.4%, compared to the prior year comparative quarter, primarily driven by increasing rental spreads on new and renewed leases and lease-up of the completed expansion in GTA where the average in-place base rent increased by 14.6%. For the six months ended June 30, 2023, CP NOI (constant currency basis) in Ontario increased by \$7.0 million or 21.1%, compared to the prior year due to increases in weighted average occupancy of 1.0%, in addition to the same reasons as discussed.

For the three months ended June 30, 2023, CP NOI (constant currency basis) in Québec increased by \$1.0 million or 8.5%, compared to the prior year comparative quarter. For the six months ended June 30, 2023, CP NOI (constant currency basis) in Québec increased by \$1.8 million or 8.0%. This was primarily due to an increase in the average in-place base rent of 8.6% and 7.6%, respectively, due to higher rental rates on new and renewed leases and the lease-up of completed expansions in Montréal, partially offset by a reduction in the weighted average occupancy. The year-over-year CP NOI growth and occupancy were impacted by an anticipated vacancy at a 225,000 square foot property located near the Port of Montréal. We identified this property as a redevelopment and expansion opportunity in early 2022 given the site's significant excess land component. We are also evaluating the prospects of leasing the property on an "as-is" basis as we currently estimate the market for the existing property to exceed the prior rental rate by up to 50%. Excluding this property, CP NOI growth for the Québec portfolio and the overall Canadian portfolio would have increased to 15.3% and 14.1%, respectively, for the three months ended June 30, 2023, and 15.3% and 15.4%, respectively, for the six months ended June 30, 2023.

For the three months ended June 30, 2023, CP NOI (constant currency basis) in Western Canada increased by \$0.6 million or 4.9%, compared to the prior year comparative quarter, driven by increases in average in-place rental rates of 1.7%. For the six months ended June 30, 2023, CP NOI (constant currency basis) in Western Canada increased by \$1.6 million or 7.2%, compared to the prior year due to increases in weighted average occupancy of 1.6%, in addition to the same reasons as discussed.

For the three months ended June 30, 2023, CP NOI (constant currency basis) in Europe increased by \$3.0 million or 11.4%, compared to the prior year comparative quarter, primarily attributable to a 7.5% increase in average in-place base rent as a result of higher rates on new and renewed leases in Netherlands, Germany (including the recent lease-up of our expansion in Dresden) and Slovakia, and the impact of CPI indexation on leases in the overall European portfolio. For the six months ended June 30, 2023, CP NOI (constant currency basis) in Europe increased by \$6.0 million or 11.9%, compared to the prior year for the same reasons as discussed. CPI indexation contributed approximately a 5.8% increase in comparative properties NOI for the quarter and 3.0% year-to-date. Additionally, \$0.1 million and \$0.3 million of solar income was recognized during the quarter and year-to-date, respectively, from completed projects in the Netherlands.

For the three months ended June 30, 2023, CP NOI (constant currency basis) in the U.S. increased by \$0.1 million or 2.4%, compared to the prior year comparative quarter primarily attributable to new leasing and higher rent step-ups in the East Region. For the six months ended June 30, 2023, CP NOI (constant currency basis) in the U.S. increased by \$0.1 million or 2.3% for the same reasons as discussed.

For the three and six months ended June 30, 2023, we earned net property management and other income from the U.S. Fund and Dream Summit JV totalling \$2.4 million and \$4.0 million, respectively. This represents an increase of \$1.5 million and \$1.9 million, respectively, compared to the prior year comparative periods, primarily attributable to earned property management and leasing fees from the Dream Summit JV and higher leasing fees from the U.S. Fund in the current period.

OUR RESULTS OF OPERATIONS

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Investment properties revenue	\$ 110,454	\$ 89,959	\$ 217,283	\$ 177,387
Investment properties operating expenses	(27,419)	(21,230)	(52,788)	(43,345)
Net rental income	83,035	68,729	164,495	134,042
Other income				
Share of net income (loss) from equity accounted investments	13,091	23,031	(6,654)	41,425
Interest income and other	56	325	141	511
	13,147	23,356	(6,513)	41,936
Other expenses				
General and administrative	(8,140)	(7,360)	(15,714)	(14,336)
Interest:				
Debt and other financing costs ⁽¹⁾	(13,919)	(5,028)	(24,494)	(9,085)
Subsidiary redeemable units	(2,639)	(3,247)	(5,885)	(6,493)
	(24,698)	(15,635)	(46,093)	(29,914)
Fair value adjustments and net loss on transactions and other activities				
Fair value adjustments to investment properties	2,033	24,699	10,777	385,395
Fair value adjustments to financial instruments	9,131	84,242	(55,458)	111,903
Net loss on transactions and other activities	(94)	(5,027)	(2,772)	(6,202)
	11,070	103,914	(47,453)	491,096
Income before income taxes	82,554	180,364	64,436	637,160
Current and deferred income tax expenses, net	(2,202)	(8,884)	(1,814)	(22,791)
Net income	\$ 80,352	\$ 171,480	\$ 62,622	\$ 614,369
Other comprehensive loss				
Items that will be reclassified subsequently to net income:				
Unrealized loss on foreign currency translation of foreign operations	\$ (38,460)	\$ (53,493)	\$ (1,316)	\$ (124,317)
Unrealized gain (loss) on hedging instruments	7,090	41,683	(4,113)	90,056
Share of other comprehensive income (loss) from equity accounted investment	(6,040)	7,714	(6,273)	4,946
	(37,410)	(4,096)	(11,702)	(29,315)
Comprehensive income	\$ 42,942	\$ 167,384	\$ 50,920	\$ 585,054

(1) For the three and six months ended June 30, 2023, the mark-to-market amortization netted against interest expense on debt and other financing costs was \$550 and \$1,311, respectively (for the three and six months ended June 30, 2022 – \$768 and \$1,525, respectively).

Investment properties revenue

Investment properties revenue includes base rent from investment properties, recovery of operating costs, property taxes and capital expenditures from tenants, property management and leasing fees from the U.S. Fund and Dream Summit JV, the impact of straight-line rent adjustments, lease termination fees and other adjustments.

Investment properties revenue for the three months ended June 30, 2023 increased by \$20.5 million, or 22.8%, when compared to the prior year comparative quarter. The increase was driven by organic growth in the portfolio (+\$7.9 million), the impact of acquired properties in 2022 (+\$9.9 million) and property management and leasing fees (+\$2.7 million).

Investment properties revenue for the six months ended June 30, 2023 increased by \$39.9 million, or 22.5%, when compared to the prior year. The increase was driven by organic growth in the portfolio (+\$17.0 million), the impact of acquired properties in 2022 and 2021 (+\$18.9 million) and property management and leasing fees (+\$4.0 million).

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 June 30, 2023 increased by \$6.2 million, or 29.2%, over the prior year comparative quarter. The increase was driven by the existing portfolio (+\$1.2 million), the impact of acquired properties in 2022 (+\$3.8 million) and property management expenses (+\$1.2 million).

Investment properties operating expenses for the six months ended June 30, 2023 increased by \$9.4 million, or 21.8%, over the prior year. The increase was driven by the existing portfolio (+\$2.7 million), the impact of acquired properties in 2022 (+\$4.6 million) and property management expenses (+\$2.1 million).

General and administrative ("G&A") expenses

The following table summarizes our G&A expenses for the three and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Asset management fee	\$ (3,633)	\$ (3,173)	\$ (7,089)	\$ (6,116)
Professional fees and general corporate expenses ⁽¹⁾	(3,201)	(3,043)	(6,462)	(6,225)
Deferred compensation expenses	(1,306)	(1,144)	(2,163)	(1,995)
Total	\$ (8,140)	\$ (7,360)	\$ (15,714)	\$ (14,336)

(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 and six months ended June 30, 2023 increased by \$0.8 million, or 10.6%, and \$1.4 million, or 9.6%, respectively, when compared to the prior year respective periods, mainly driven by increases in asset management fees due to acquired properties and investments in 2023 and 2022.

Share of net (loss) income from equity accounted investments

Share of net income from equity accounted investments represents our share of net income pick-up from our investments in an associate, the U.S. Fund, and two joint ventures, the Development JV and the Dream Summit JV.

Net income from the U.S. Fund mainly comprises net rental income, interest expense on debt, G&A expenses and fair value adjustments to investment properties and debt. Net income from our investment in the U.S. Fund may vary year-over-year or quarter-over-quarter due to fluctuations in fair value adjustments to investment properties and debt, and changes in our ownership levels. For the three and six months ended June 30, 2023, our share of net income from the U.S. Fund was \$10.0 million and \$1.8 million, respectively (for the three and six months ended June 30, 2022 – \$23.0 million and \$41.4 million, respectively). Net income from the U.S. Fund for the three and six months ended June 30, 2023 decreased over the prior year comparative period primarily due to fair value adjustments on investment properties.

Net income from the Dream Summit JV mainly comprises net rental income, interest expense on debt, G&A expenses and fair value adjustments to investment properties. For the three and six months ended June 30, 2023, our share of net income (loss) from the Dream Summit JV was \$3.1 million and \$(8.5) million, respectively (for the three and six months ended June 30, 2022 – \$nil and \$nil, respectively). The net loss for the six months ended June 30, 2023 was mainly related to the write-off of transaction costs.

For the three and six months ended June 30, 2023, our share of net income from the Development JV was \$nil (for the three and six months ended June 30, 2022 – \$nil).

Interest expense on debt and other financing costs

Interest expense on debt and other financing costs increased by \$8.9 million and \$15.4 million for the three and six months ended June 30, 2023, respectively, when compared to the prior year comparative periods. The increase was primarily driven by higher debt outstanding due to debt incurred in connection with funding our investment in the Dream Summit JV and our acquisitions during 2022.

Fair value adjustments to investment properties

Refer to the “Investment Properties” section under the heading “Fair value adjustments to investment properties” for a discussion of fair value changes to investment properties for the three and six months ended June 30, 2023 and June 30, 2022.

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 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 and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Remeasurement of carrying value of subsidiary redeemable units	\$ 10,373	\$ 75,320	\$ (45,468)	\$ 95,356
Remeasurement of carrying value of deferred trust units	466	4,041	(3,569)	4,862
Remeasurement of interest rate swaps	395	4,881	(2,215)	11,685
Amortization of fair value adjustments on CCIRS	(2,103)	—	(4,206)	—
Total	\$ 9,131	\$ 84,242	\$ (55,458)	\$ 111,903

Net loss on transactions and other activities

The following table summarizes our net loss on transactions and other activities for the three and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Internal leasing costs	\$ (973)	\$ (1,073)	\$ (2,097)	\$ (2,164)
Foreign exchange gain (loss) ⁽¹⁾	1,080	(3,404)	48	(3,414)
Transaction costs on acquisitions and dispositions	(225)	(445)	(742)	(445)
Other	24	(1)	19	(5)
Total	\$ (94)	\$ (4,923)	\$ (2,772)	\$ (6,028)

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

Current and deferred income tax expenses

Current income tax expense for the three and six months ended June 30, 2023 was \$0.5 million and \$1.4 million, respectively, which was relatively consistent compared to \$0.8 million and \$1.3 million in prior comparative periods.

Deferred income tax expense for the three and six months ended June 30, 2023 was \$1.7 million and \$0.5 million, respectively, compared to \$8.1 million and \$21.5 million in prior comparative periods. The year-to-date decrease year-over-year is primarily due to fair value adjustments of investment properties in Europe.

Other comprehensive income (loss)

Other comprehensive income (loss) comprises unrealized gain (loss) on foreign currency translation, unrealized gain (loss) on hedging instruments, and unrealized gain (loss) on foreign currency translation 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 euro and U.S. dollar. The unrealized gain (loss) on hedging instruments may vary significantly year-over-year depending on the fair value adjustments on the CCIRS designated as hedges.

Funds from operations (“FFO”) and diluted FFO per Unit

FFO is a non-GAAP financial measure and diluted FFO per Unit is a non-GAAP ratio. FFO is further defined and reconciled to net income, which is its most directly comparable financial measure in the “Non-GAAP Financial Measures” section. Diluted FFO per Unit is a non-GAAP ratio and is calculated as FFO (a non-GAAP financial measure) divided by the weighted average number of Units, a supplementary financial measure. See the “Supplementary Financial Measures and Ratios and Other Disclosures” section for additional information about diluted amounts per Unit, under the heading “Weighted average number of Units”.

FFO and diluted FFO per Unit for the three and six months ended June 30, 2023 and June 30, 2022 are shown in the table below:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Net income	\$ 80,352	\$ 171,480	\$ 62,622	\$ 614,369
FFO	\$ 67,821	\$ 58,925	\$ 135,953	\$ 115,563
Weighted average number of Units (in thousands)	276,732	273,668	276,492	266,554
FFO per Unit – diluted	\$ 0.25	\$ 0.22	\$ 0.49	\$ 0.43
Net income per Unit – diluted	\$ 0.29	\$ 0.63	\$ 0.23	\$ 2.30

Diluted FFO per Unit for the three and six months ended June 30, 2023 was \$0.25 and \$0.49, respectively, compared to \$0.22 and \$0.43 for the three and six months ended June 30, 2022, respectively. The increase year-over-year is primarily driven by CP NOI (constant currency basis) growth, acquisitions during 2022 and 2023 including the Dream Summit JV, and increases in property management income, partially offset by higher interest expenses and G&A expenses.

Related party transactions

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

Agreements with Dream Asset Management Corporation (“DAM”)

Under the asset management agreement (the “AMA”) between the Trust and DAM, DAM provides certain asset management services to the Trust and its subsidiaries. The AMA provides the Trust and DAM the opportunity to agree on additional services to be provided to the Trust for which DAM is to be reimbursed on a cost recovery basis.

The following table summarizes our fees paid to DAM and its affiliates for the three and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Incurred under the AMA ⁽¹⁾ :				
Asset management fee (included in G&A expenses)	\$ (3,633)	\$ (3,173)	\$ (7,089)	\$ (6,116)
Asset management fee (included in properties under development)	(99)	(25)	(165)	(25)
Acquisition fee (included in investment properties and equity accounted investments)	(18)	(2,000)	(3,677)	(3,572)
Capital expenditures fee (included in investment properties)	(1,280)	(1,082)	(1,959)	(1,432)
Expense reimbursements related to financing arrangements	(119)	(172)	(214)	(347)
Total costs incurred under the AMA	\$ (5,149)	\$ (6,452)	\$ (13,104)	\$ (11,492)
Total costs reimbursed under the Shared Services and Cost Sharing Agreement	\$ (591)	\$ (370)	\$ (869)	\$ (670)

(1) The AMA references for 2022 refer to costs under both the North American and European AMAs, as described below.

Effective January 1, 2022, the Trust and DAM amended and restated the AMA, to clarify certain definitions and simplify the administration of the agreement including by creating separate contracts for North America (being the amended and restated AMA, hereafter referred to as the “North American AMA”) and Europe (“European AMA”).

Both the North American AMA and European AMA provide for an incentive fee and Incentive Distribution based on FFO per Unit, as defined in the agreements, in excess of the FFO hurdle amount. Both the North American hurdle and European hurdle were initially set at \$0.95 per Unit as of January 1, 2020 and increase annually by 50% of the increase in the CPI as defined in the North American and European AMAs (\$1.00 as of January 1, 2023).

Disposition gains in the FFO per Unit calculations used for determining the incentive fee and Incentive Distribution are based on the actual disposition value, or fair value in the case of a termination of the agreement in accordance with its terms, of the Trust's North American and European investment properties, respectively, at the applicable date, relative to their historic purchase price.

As at June 30, 2023, no incentive fee under the North American AMA has been paid or is payable by the Trust to DAM.

As at June 30, 2023, the fair value of the LP Class B Units held by DAM Europe was \$nil and no Incentive Distribution has been paid or is payable by the Trust to DAM Europe.

In the event that all of the Trust's investment properties were sold or both the North American AMA and the European AMA were terminated, based on the investment properties value reported as at June 30, 2023 of \$6.8 billion, and based on the Trust's actual financial results for the trailing 12 months, the estimated overall incentive fee payable would have been \$272.4 million. The actual incentive fee payable, if any, would be calculated as of each fiscal year-end and based on the Trust's actual financial results for the year ending December 31.

The amount of the North American incentive fee payable by the Trust and the Incentive Distribution and the redemption price of the LP Class B Units on any date will be contingent upon various factors, including, but not limited to, changes in Dream Industrial REIT's FFO (as defined in the North American AMA) and changes in the European FFO, 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 and six months ended June 30, 2023 and June 30, 2022 pursuant to the terms of the Services Agreement:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Total costs reimbursed under the Services Agreement	\$ (2,441)	\$ (1,772)	\$ (4,243)	\$ (3,750)

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 and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Interest paid and payable to Dream Office REIT on subsidiary redeemable units	\$ (2,639)	\$ (3,247)	\$ (5,885)	\$ (6,493)

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

The following table summarizes our fees paid and costs reimbursed to an affiliate of PAULS Corp for the three and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Total costs incurred under the Sub Property Management Agreement ⁽²⁾	\$ (105)	\$ (43)	\$ (203)	\$ (118)

(1) Amounts include cost recovery for property management, leasing expenses and construction management.

Agreements with the associate and joint venture

The following table summarizes our fees earned from the associate and joint ventures for the three and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Total fees earned under the Property Management Agreements ⁽¹⁾	\$ 4,312	\$ 1,336	\$ 7,223	\$ 2,984

(1) Amounts include management fees, construction fees, leasing fees, and cost recovery for property management and accounting related to the U.S. Fund and Dream Summit JV.

SECTION III

INVESTMENT PROPERTIES

Dream Industrial REIT's investment properties comprise of income-producing properties, properties under development and land held for development. Our income-producing properties make up a large majority of the investment property portfolio. Properties under development include greenfield development or redevelopment projects for which planning and permitting are complete, construction has commenced, and if applicable, the existing property has been destabilized. Land held for development includes land parcels acquired for the purpose of constructing industrial income-producing properties, where no development activities are underway except for planning and other pre-development work.

Investment properties continuity

Changes in the value of our investment properties, excluding assets held for sale, by region for the three and six months ended June 30, 2023 are summarized in the following table:

							Three months ended	
		March 31, 2023	Property acquisitions and dispositions	Building improvements, lease incentives and initial direct leasing costs	Fair value adjustments	Amortization of lease incentives, foreign currency translation ⁽²⁾ and other adjustments	Income- producing properties transferred to/from properties held for development ⁽³⁾	June 30, 2023
Ontario	\$	2,313,519	\$ —	\$ 3,581	\$ 19,346	\$ 619	\$ 12,314	\$ 2,349,379
Québec		1,152,196	—	4,486	38,847	836	—	1,196,365
Western Canada		685,931	—	3,058	(10,124)	(391)	—	678,474
Canadian portfolio		4,151,646	—	11,125	48,069	1,064	12,314	4,224,218
European portfolio		2,567,885	—	2,828	(46,036)	(45,399)	—	2,479,278
Total income-producing properties		6,719,531	—	13,953	2,033	(44,335)	12,314	6,703,496
Properties held for development⁽¹⁾		115,555	—	28,275	—	—	(12,314)	131,516
Total investment properties	\$	6,835,086	\$ —	\$ 42,228	\$ 2,033	\$ (44,335)	\$ —	\$ 6,835,012

(1) Included in properties held for development is development costs, pre-development costs and capitalized interest.

(2) Included in the European portfolio is a foreign currency translation adjustment totalling \$(45,408).

(3) For the three months ended June 30, 2023, an income-producing property was transferred to property held for development due to redevelopment activities, and one property was transferred from property held for development to income-producing property as the development was substantially completed.

Six months ended

		January 1, 2023	Property acquisitions and dispositions	Building improvements, lease incentives and initial direct leasing costs ⁽¹⁾	Fair value adjustments ⁽²⁾	Amortization of lease incentives, foreign currency translation ⁽³⁾ and other adjustments	Income- producing properties transferred to/from properties held for development ⁽⁴⁾	June 30, 2023
Ontario	\$	2,307,048	\$ —	\$ 7,607	\$ 21,259	\$ 1,151	\$ 12,314	\$ 2,349,379
Québec		1,133,225	—	11,179	50,495	1,466	—	1,196,365
Western Canada		685,255	177	6,940	(13,173)	(725)	—	678,474
Canadian portfolio		4,125,528	177	25,726	58,581	1,892	12,314	4,224,218
European portfolio		2,527,310	(3,781)	5,011	(47,804)	(1,458)	—	2,479,278
Total income-producing properties		6,652,838	(3,604)	30,737	10,777	434	12,314	6,703,496
Properties held for development⁽¹⁾		106,587	—	37,243	—	—	(12,314)	131,516
Total investment properties	\$	6,759,425	\$ (3,604)	\$ 67,980	\$ 10,777	\$ 434	\$ —	\$ 6,835,012

(1) Included in properties held for development is development costs, pre-development costs and capitalized interest.

(2) During the six months ended June 30, 2023, we wrote off acquisition-related costs totalling \$27 included in fair value adjustments on investment properties.

(3) Included in the European portfolio is a foreign currency translation adjustment totalling \$(1,684).

(4) For the six months ended June 30, 2023, an income-producing property was transferred to property held for development due to redevelopment activities, and one property was transferred from property held for development to income-producing property as the development was substantially completed.

Significant assumptions used in the valuation of investment properties

The fair value of the investment properties as at June 30, 2023 and December 31, 2022 represents our best estimate based on internally and externally available information as at the end of the reporting period.

We value our 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 significant valuation metrics used in the cap rate method are stabilized cap rates. The following table summarizes stabilized cap rates by region as at June 30, 2023 and December 31, 2022:

	June 30, 2023		December 31, 2022	
	Range (%)	Weighted average (%) ⁽²⁾	Range (%)	Weighted average (%) ⁽²⁾
Stabilized cap rates				
Ontario	5.00–8.50	5.77	4.75–8.50	5.52
Québec	5.25–7.50	6.16	5.00–7.25	5.89
Western Canada	5.50–7.50	6.56	5.75–7.50	6.46
Canadian portfolio	5.00–8.50	6.01	4.75–8.50	5.78
European portfolio	4.30–8.25	5.49	4.30–8.25	5.32
Total portfolio	4.30–8.50	5.82	4.30–8.50	5.61

(1) Excludes properties held for development and investment properties acquired during the respective 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 June 30, 2023 and December 31, 2022 are set out in the table below:

	Total portfolio ⁽¹⁾			
	June 30, 2023		December 31, 2022	
	Range (%)	Weighted average (%) ⁽²⁾	Range (%)	Weighted average (%) ⁽²⁾
Discount rate	5.00–9.50	6.78	5.05–9.50	6.54
Terminal cap rate	4.25–8.75	6.00	4.30–8.75	5.79

(1) Excludes properties held for development and investment properties acquired during the respective quarter as applicable.

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

We believe 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. The implied weighted average cap rate is determined using the annualized six months ended June 30, 2023 net rental income by property, excluding the net rental income of properties acquired during the quarter and net rental income of disposed properties. Net rental income used in calculating the implied average cap rate also excludes the impact of lease termination fees and other rental income, bad debt 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 June 30, 2023 and December 31, 2022:

	Total portfolio ⁽¹⁾			
	June 30, 2023		December 31, 2022	
	Implied cap rate (%)	Value per sq. ft.	Implied cap rate (%)	Value per sq. ft.
Ontario	4.08	\$ 256	3.88	\$ 248
Québec	4.45	199	4.42	193
Western Canada	7.20	133	6.93	135
Canadian portfolio	4.68	\$ 208	4.55	\$ 203
European portfolio (value per sq. ft. in €)	5.26	€ 97	4.79	€ 102
Total portfolio (value per sq. ft. in \$)	4.92	\$ 177	4.56	\$ 177

(1) Excludes properties held for development and investment properties acquired and disposed of during the respective quarter as applicable.

Acquisitions

During the six months ended June 30, 2023, we completed \$0.2 million of acquisitions (excluding transaction costs) bringing total investment properties to over \$6.8 billion. There were no direct acquisitions by the Trust during the three months ended June 30, 2023.

The following acquisitions were completed during the six months ended June 30, 2023:

	Acquired GLA (thousand of sq. ft.)	Occupancy at acquisition (%)	WALT at acquisition (years)	Fair value of investment properties ⁽¹⁾	Date acquired
15203 – 128th Avenue, Edmonton, Alberta ⁽²⁾	N/A	N/A	N/A	\$ 150	February 23, 2023
Total	N/A	N/A	N/A	\$ 150	

(1) Fair value of investment properties is as at the respective acquisition dates. Excludes transaction costs of \$27.

(2) The acquisition of a 0.4-acre parcel of land immediately adjacent to our property located at 15303 – 128th Avenue in Edmonton, Alberta will facilitate the parking requirements at the property.

On February 17, 2023, pursuant to the Dream Industrial Summit JV transaction, we acquired Dream Summit Industrial Management Corp. (“DSIM”, formerly Summit Industrial Income Management Corp.) for nominal consideration, and have consolidated the financial results of DSIM for the six months ended June 30, 2023. DSIM assists a subsidiary of the Trust in providing property management and leasing services to Dream Summit JV at market rates. A subsidiary of DAM is the asset manager of Dream Summit JV and we pay fees on our interest in Dream Summit JV under the North American AMA.

For the year ended December 31, 2022, we acquired investment properties for gross proceeds net of adjustments and before transaction costs totalling \$565.3 million.

Disposition

The following disposition was completed during the six months ended June 30, 2023:

	Fair value of investment properties ⁽¹⁾	Date disposed
Hilversum Cluster, Netherlands ⁽²⁾	\$ 3,781	March 22, 2023
Total	\$ 3,781	

(1) Fair value of investment properties is as at the respective disposition date.

(2) Disposition in Europe was settled in euros and translated into Canadian dollars as at the respective transaction date.

For the year ended December 31, 2022, we disposed of investment properties located in Ontario and the Netherlands totalling \$103.4 million, which includes the properties contributed to the Development JV.

On April 29, 2022, we completed the contribution of two properties held for development in Canada to a newly formed Development JV between a subsidiary of the Trust and the Partner for total cash consideration of \$68.2 million and units of the Development JV representing 25% ownership, with a fair value of \$30.7 million. A subsidiary of DAM is the asset manager of the Development JV, and we continue paying fees on our interest in the Development JV under the North American AMA with DAM. A subsidiary of the Trust will provide property management, capital expenditures oversight and leasing services to the Development JV at market rates upon completion of the properties held for development.

Capital expenditures

We invest capital in our investment properties to help ensure optimal building performance, improve the experience of our tenants and 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. This also includes capital expenditures for the purposes of greenfield development, redevelopment and expansion activities.

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 upgrade properties to our operating standards.

Development capital expenditures are discretionary in nature and incurred to increase GLA and/or significantly improve the functionality of a property. These can include expenditures related to greenfield development, expansions, pre-development work on projects and redevelopment projects. Development capital expenditures include pre-development costs, direct construction costs, leasing costs, tenant improvements, borrowing costs, and overhead including applicable salaries and direct costs of internal staff directly attributable to the projects. During the quarter, we continued to allocate capital to our development pipeline with approximately 2 million square feet of projects currently underway.

Value-add capital expenditures are not recovered from tenants and include additions of solar panels and upgrades such as LED lighting retrofits as part of our ESG initiatives and which are completed on certain properties and are expected to increase our ability to attract tenants and obtain higher rental rates. In addition, value-add capital expenditures include capital allocated to refurbishing existing assets with the goal of achieving higher rent from current or prospective tenants:

- In Europe, eight approved solar projects were completed during 2022. An additional four solar projects were approved last quarter, with an estimated capital commitment of \$7 million.
- In Western Canada, six approved solar projects were substantially completed in 2022 and a seventh approved solar project was substantially completed last quarter.

The following table summarizes total capital expenditures incurred for the three and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Recoverable capital expenditures	\$ 5,486	\$ 4,183	\$ 10,725	\$ 6,507
Non-recoverable capital expenditures	1,321	2,555	2,192	2,667
Recoverable and non-recoverable capital expenditures	6,807	6,738	12,917	9,174
Development capital expenditures	3,336	30,477	10,246	41,959
Value-add capital expenditures	2,036	4,526	3,556	10,381
Capital expenditures on income-producing properties⁽¹⁾	\$ 12,179	\$ 41,741	\$ 26,719	\$ 61,514
Capital expenditures on properties held for development⁽²⁾	27,083	5,178	35,453	6,083
Total capital expenditures	\$ 39,262	\$ 46,919	\$ 62,172	\$ 67,597

(1) For the three and six months ended June 30, 2023, excludes capitalized interest of \$115 (\$nil for the three and six months ended June 30, 2022).

(2) For the three and six months ended June 30, 2023, excludes capitalized interest of \$1,191 and \$1,790, respectively. For the three and six months ended June 30, 2022, excludes capitalized interest of \$167 and \$308, respectively.

Total capital expenditures for the three and six months ended June 30, 2023 decreased by \$7.7 million and \$5.4 million, respectively, compared to the prior year comparative periods. The roofing upgrade program was initiated in 2022 across our Canadian portfolio to increase the energy efficiency of our roofs to align with our sustainability initiatives. These projects were substantially complete in the first half of 2023. These costs are included within recoverable capital expenditures and will be recovered from tenants over the useful life of the roof plus an imputed interest charge and management fee. Development capital expenditures on our income-producing properties decreased due to the timing of projects in our pipeline. Development capital expenditures on our properties held for development in Canada and Europe have increased as we are executing on the development projects as described within this MD&A. We have incurred lower value-add capital expenditures work as we completed the installation of LED lighting upgrades and solar panels for multiple projects in the prior year.

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.

The following table summarizes leasing incentives and leasing costs reported for the three and six months ended June 30, 2023 and June 30, 2022 and 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.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Lease incentives and initial direct leasing costs	\$ 1,659	\$ 6,493	\$ 3,903	\$ 10,071

Lease incentives and initial direct leasing costs for the three and six months ended June 30, 2023 decreased by \$4.8 million and \$6.2 million, respectively, compared to the prior year comparative periods, primarily due to lower average costs per square foot and lower volume of new leases.

Valuations of externally appraised investment properties

For the three and six months ended June 30, 2023, there were 35 investment properties valued by qualified external valuation professionals representing 8.9% of total investment property values, excluding acquired properties (for the year ended December 31, 2022 – 82 investment properties were externally appraised representing 27.4% of total investment property values, excluding acquired properties).

Fair value adjustments to investment properties

For the three months ended June 30, 2023, we recorded a fair value gain of \$2.0 million, with fair value gains in Ontario and Québec partially offset by decreases in Western Canada and Europe. In Ontario and Québec, the fair value increases were driven by growing market rents as well as by the substantial completion of our inaugural 154,000 square foot greenfield development in Caledon, Ontario. Fair value decreases recorded in the Western Canada and Europe regions were largely driven by cap rate expansion.

For the six months ended June 30, 2023, we recorded a fair value gain of \$10.8 million, predominantly driven by fair value gains recorded in the Ontario and Québec regions totalling \$71.8 million, driven by higher market rents, strong leasing activity and substantially completed expansion and development projects. Fair value decreases recorded in the Western Canada and Europe regions totalled \$61.0 million due to cap rate expansion.

OUR FINANCING

Debt strategy

Our debt strategy involves maintaining a conservative leverage ratio and building up a high-quality unencumbered investment properties pool, while optimizing borrowing costs, preserving liquidity and hedging our foreign currency investments. We are focused on improving our overall cost of capital and the 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.

Debt summary

Our discussion of debt includes CCIRS. However, pursuant to IFRS, CCIRS are included in “Derivatives and other non-current assets” in the condensed consolidated financial statements.

	As at		
	June 30, 2023	December 31, 2022	June 30, 2022
Financing metrics and other information			
Credit rating – DBRS	BBB (mid)	BBB (mid)	BBB (mid)
Net total debt-to-total assets (net of cash and cash equivalents) ratio ⁽¹⁾	36.2%	31.7%	29.7%
Net total debt-to-normalized adjusted EBITDAFV ratio (years) ⁽¹⁾	9.0	8.3	7.8
Interest coverage ratio (times) ⁽¹⁾	7.9	12.3	12.5
Weighted average face interest rate on debt (period-end) ⁽²⁾	2.28%	1.21%	1.01%
Weighted average remaining term to maturity on debt (years)	2.8	3.0	3.3
Non-current debt	\$ 2,469,082	\$ 2,137,412	\$ 1,962,861
Total assets	\$ 7,784,409	\$ 7,280,493	\$ 6,963,251
Interest expense on debt and other financing costs	\$ 24,494	\$ 20,622	\$ 9,085
Total debt ⁽³⁾	\$ 2,814,712	\$ 2,337,367	\$ 2,087,364
Unsecured debt ⁽⁴⁾	\$ 2,455,114	\$ 1,807,767	\$ 1,560,592
Secured debt as a percentage of total assets ⁽⁴⁾	4.6%	7.3%	7.6%
Unencumbered investment properties (period-end) ⁽⁴⁾	\$ 5,869,611	\$ 5,313,083	\$ 4,916,710
Unencumbered investment properties as a percentage of investment properties ⁽⁴⁾	85.9%	78.6%	76.7%
Cash and cash equivalents	\$ 43,491	\$ 83,802	\$ 81,311
Available liquidity (period-end) ⁽³⁾	\$ 243,032	\$ 529,587	\$ 429,062

(1) Net total debt-to-total assets (net of cash and cash equivalents) ratio, net total debt-to-normalized adjusted EBITDAFV ratio (years) and interest coverage ratio (times) are non-GAAP ratios. See the “Non-GAAP Ratios” section for additional information about these non-GAAP ratios.

(2) Weighted average face interest rate on debt is calculated as the weighted average face interest rate of all interest-bearing debt, including the impact of CCIRS as at period-end.

(3) Total debt and available liquidity are non-GAAP financial measures. See the “Non-GAAP Financial Measures” section for additional information about these non-GAAP financial measures.

(4) Unsecured debt, secured debt as a percentage of total assets, unencumbered investment properties and unencumbered investment properties as a percentage of investment properties are supplementary financial measures. See the “Supplementary Financial Measures and Ratios and Other Disclosures” section for additional information about these supplementary financial measures.

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.

Scheduled principal repayments that are due for the remainder of the year total \$2.5 million, and debt maturities that are due within this year total \$106.3 million. The debt maturities are typically refinanced with mortgages or debt issuances with terms between five and ten years or repaid. During the quarter, €106 million of European mortgages matured and were temporarily refinanced using our unsecured revolving credit facility. We have executed a non-binding term sheet with an existing relationship lender for approximately €110 million in new financing to replace these matured mortgages. In addition, we have executed a non-binding term sheet for a new €40 million mortgage financing in Germany and a binding term sheet for a €70 million refinancing to address the remaining 2023 mortgage maturities. Based on current interest rates, we expect a weighted average interest rate of approximately 4.8% on these mortgages.

With our balanced debt maturity schedule, undrawn unsecured revolving credit facility of \$199.5 million, cash and cash equivalents of \$43.5 million and an unencumbered investment properties pool of \$5.9 billion, we have sufficient liquidity and capital resources as at June 30, 2023 to fulfill the Trust's ongoing obligations. In addition, the Trust's net total debt-to-total-assets (net of cash and cash equivalents) ratio (a non-GAAP ratio) was 36.2% as at June 30, 2023.

Financing activities

Mortgages

During the three months ended June 30, 2023, we repaid eight mortgages in Europe totalling \$153.2 million with a weighted average face interest rate of 1.22% per annum, by temporarily utilizing our unsecured revolving credit facility.

During the six months ended June 30, 2023, we discharged one mortgage and repaid an additional eight mortgages in Europe totalling \$164.3 million with a face interest rate of 1.26% per annum, by temporarily utilizing our unsecured revolving credit facility.

During the year ended December 31, 2022, we discharged one mortgage in Europe totalling \$19.8 million with a face interest rate of 0.87% per annum.

Unsecured Term Loan (\$200 million)

On February 14, 2023, we closed on an unsecured term loan (the "\$200M Unsecured Term Loan") with an equivalent principal amount of \$200 million maturing on February 14, 2026 with a one-year extension option. The \$200M Unsecured Term Loan bears interest at BA rates plus spread or Canadian prime rate plus spread on Canadian dollar draws, secured overnight financing rate ("SOFR") plus spread or base rate plus spread on U.S. dollar draws.

We fully drew down on the principal amount on February 15, 2023 to finance part of our share of the acquisition of Summit Industrial Income REIT. On March 15, 2023 we rolled over the entire principal amount of the \$200M Unsecured Term Loan into a US\$145 million principal amount drawdown and concurrently entered into a CCIRS arrangement, maturing on March 15, 2028, to swap the U.S. dollar proceeds to Canadian dollars and fix the floating interest rate to 4.848%.

Unsecured revolving credit facility

In October 2022, we amended our \$350 million unsecured revolving credit facility to increase the limit to \$500 million and increase the accordion option limit from \$150 million to \$250 million. The unsecured revolving credit facility bears interest at the Canadian bankers' acceptance rates ("BA rates") plus spread or Canadian prime rate plus spread on Canadian dollar draws, the SOFR plus spread or U.S. prime rate plus spread on U.S. dollar draws, or Euro Interbank Offered Rate ("EURIBOR") plus spread on euro draws. The term of the amended unsecured revolving credit facility has been extended from May 14, 2024 to January 31, 2026.

The Trust has entered into CCIRS arrangements for the unsecured revolving credit facility. U.S. dollar draws and interest obligations were swapped to Canadian dollar draws and interest obligations. Economically, this is equivalent to holding Canadian denominated debt. Due to the short-term nature of the drawdowns, hedge accounting has not been applied on the associated CCIRS.

It is currently expected that the administrator of the Canadian Dollar Offered Rate (“CDOR”) will cease publication of CDOR by June 28, 2024, and the Canadian financial benchmark will be replaced by the Canadian Overnight Repo Rate Average (“CORRA”). The fallback provisions of the unsecured revolving credit facility have been appropriately updated to transition from CDOR to CORRA for Canadian drawdowns when CDOR is discontinued.

The amounts available and drawn under the revolving credit facility as at June 30, 2023 are as follows:

						June 30, 2023
	Maturity date		Borrowing capacity	Letters of credit amount	Principal outstanding	Amounts available to be drawn
Unsecured revolving credit facility ⁽¹⁾	January 31, 2026	\$	500,000	\$ 8,705	\$ 291,754	\$ 199,541

(1) The unsecured revolving credit facility has the ability to be drawn in Canadian dollars, U.S. dollars and euros. At June 30, 2023, the principal outstanding amounts were \$26.0 million, US\$73.6 million and €116.6 million, respectively, which have been converted into Canadian dollars in accordance with the Trust’s accounting policies.

As at December 31, 2022, \$51.8 million was drawn on the unsecured revolving credit facility in addition to a letter of credit totalling \$2.4 million.

Debentures

On March 22, 2023, the Trust completed a private placement offering of \$200 million aggregate principal amount of Series F 5.383% Senior Unsecured Debentures maturing on March 22, 2028 (the “\$200 million Series F Debentures”).

The Trust has the following outstanding debentures, all rated BBB with a Stable Trend by DBRS Morningstar (“DBRS”): the \$450 million 1.662% Series A Debentures due 2025, the \$200 million Floating Rate Series B Debentures due 2024; the \$400 million 2.057% Series C Debentures due 2027 (Series C Green Bonds), the \$250 million 2.539% Series D Debentures due 2026 (Series D Green Bonds), the \$200 million 3.968% Series E Debentures due 2026 (Series E Green Bonds), and the \$200 million Series F Debentures due 2028 (collectively, the “Debentures” and the Series C Green Bonds, the Series D Green Bonds and the Series E Green Bonds, collectively, the “Green Bonds”).

For additional information on the Series A Debentures, Series B Debentures, Series C Green Bonds, Series D Green Bonds and Series E Green Bonds, please refer to our MD&A for the twelve months ended December, 31, 2022 contained in our 2022 Annual Report, which is available on SEDAR+ (www.sedarplus.ca).

The Debentures issued are direct senior unsecured obligations of the Trust and are ranked equally and rateably with all other unsecured and unsubordinated indebtedness of the Trust, except to the extent prescribed by law.

\$200 million Series F Debentures

The \$200 million Series F Debentures were issued at a price equal to \$1,000 per \$1,000 principal amount, bear interest at a rate of 5.383% per annum and mature on March 22, 2028. Interest is payable on the \$200 million Series F Debentures on March 22 and September 22 of each year commencing on September 22, 2023. The \$200 million Series F Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the \$200 million Series F Debentures offering totalled \$1.3 million.

Interest rates and cross-currency interest rate swap arrangements

We lower our overall cost of borrowings and hedge our euro currency exposure through entering CCIRS arrangements by replacing higher interest rate Canadian debt with lower interest rate euro-equivalent debt.

The following table summarizes our interest rates and CCIRS arrangements outstanding as at June 30, 2023 and December 31, 2022:

	Fair value as at June 30, 2023	Fair value as at December 31, 2022
Fair value through other comprehensive income		
Assets	\$ 59,430	\$ 76,593
Liabilities	(8,355)	(1,012)
Fair value through profit or loss		
Assets ⁽¹⁾⁽²⁾	12,478	14,287

(1) As at June 30, 2023, \$2,301 is due to mature in the next twelve months and is included in "Prepaid expenses and other assets" in the condensed consolidated financial statements.

(2) As at December 31, 2022, \$1,803 is due to mature in 2023 and is included in "Prepaid expenses and other assets" in the consolidated financial statements.

Interest rates and cross-currency interest rate swaps

The table below summarizes the effects of the weighted average face interest rate (including and excluding CCIRS) by type of debt as at June 30, 2023 and December 31, 2022.

	June 30, 2023		As at December 31, 2022	
	Weighted average face interest rate (including CCIRS)	Weighted average face interest rate (excluding CCIRS)	Weighted average face interest rate (including CCIRS)	Weighted average face interest rate (excluding CCIRS)
Mortgages	2.33%	2.33%	1.84%	1.84%
Unsecured term loans	2.34%	6.60%	0.78%	3.87%
Unsecured debentures	1.70%	3.06%	0.99%	2.69%
Unsecured revolving credit facility	5.47%	5.57%	3.69%	3.69%
Total	2.28%	3.87%	1.21%	2.69%

Debt maturity profile

Our current total debt profile is balanced with maturities that are distributed over the next six years. We manage its maturity schedule by limiting maturity exposure in any given year and mitigating interest rate risk. When rates are favourable, we fix interest rates and extend loan terms.

The following is the total debt maturity profile as at June 30, 2023:

	Debt balance due at maturity	Scheduled principal repayments on debt maturing in future periods	Amount	Weighted average face interest rate
Remainder of 2023	\$ 106,259	\$ 2,528	\$ 108,787	2.28%
2024 ⁽¹⁾	303,196	3,289	306,485	3.31%
2025 ⁽²⁾	804,782	2,700	807,482	0.60%
2026 ⁽³⁾	929,536	2,798	932,334	3.32%
2027 ⁽⁴⁾	384,661	2,900	387,561	0.55%
2028–2030 ⁽⁵⁾	274,649	4,756	279,405	4.84%
Total	\$ 2,803,083	\$ 18,971	\$ 2,822,054	2.28%
Unamortized financing costs			(7,919)	
Unamortized fair value adjustments			577	
Total debt⁽⁶⁾			\$ 2,814,712	
Fair value of CCIRS ⁽⁷⁾			51,472	
Less: Current debt			(397,102)	
Non-current debt (per condensed consolidated financial statements)			\$ 2,469,082	

(1) The debt balance due 2024 includes debentures of \$200,000, less a \$3,999 CCIRS asset.

(2) The debt balance due 2025 includes a term loan of \$331,000, less a \$13,093 CCIRS asset, and debentures of \$450,000, less a \$20,942 CCIRS asset.

(3) The debt balance due 2026 includes an unsecured revolving credit facility of \$291,754, less a \$397 CCIRS asset, a term loan of \$191,412 and debentures of \$450,000, less a \$6,057 CCIRS asset, plus a \$2,824 CCIRS liability.

(4) The debt balance due 2027 includes debentures of \$400,000, less a \$15,339 CCIRS asset.

(5) The debt balance due 2028 includes debentures of \$200,000, plus a \$5,531 CCIRS liability that is related to the \$200M Unsecured Term Loan.

(6) Total debt is a non-GAAP financial measure. See the “Non-GAAP Financial Measures” section for additional information about this non-GAAP financial measure.

(7) As at June 30, 2023, the CCIRS were in a net asset position and \$59,827 was included in “Derivatives and other non-current assets” and \$8,355 in “Derivatives and other non-current liabilities” in the condensed consolidated financial statements.

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.

As at June 30, 2023, our remaining contractual commitments related to construction and development projects amounted to \$122.0 million (December 31, 2022 – \$44.6 million).

On January 6, 2022 and April 1, 2022, we funded capital contributions to the U.S. Fund totalling US\$21.9 million and US\$48.4 million, respectively, reducing the contractual commitment of capital contributions to US\$9.7 million as at June 30, 2023.

OUR EQUITY

Total equity

The Trust's total equity⁽¹⁾ includes LP B Units, which are economically equivalent to REIT Units. However, pursuant to the IFRS, the LP B Units are classified as a liability in our condensed consolidated financial statements.

	June 30, 2023		December 31, 2022		As at June 30, 2022	
	Units	Amount	Units	Amount	Units	Amount
REIT Units and unitholders' equity	263,603,598	\$ 3,206,077	256,604,207	\$ 3,106,904	255,000,182	\$ 3,088,274
Retained earnings	—	1,246,144	—	1,274,974	—	1,273,573
Accumulated other comprehensive income (loss)	—	59,161	—	70,863	—	(32,896)
Total equity per condensed consolidated financial statements	263,603,598	4,511,382	256,604,207	4,452,741	255,000,182	4,328,951
Add: LP B Units	13,346,572	188,320	18,551,855	216,871	18,551,855	224,106
Total equity (including LP B Units)⁽¹⁾	276,950,170	\$ 4,699,702	275,156,062	\$ 4,669,612	273,552,037	\$ 4,553,057
NAV per Unit ⁽²⁾		\$ 16.97		\$ 16.97		\$ 16.64

(1) Total equity (including LP B Units) is a non-GAAP financial measure. See the "Non-GAAP Financial Measures" section for additional information about this non-GAAP financial measure.

(2) NAV per Unit is a non-GAAP ratio. See the "Non-GAAP Ratios" section for additional information about this non-GAAP ratio.

Total equity as per the condensed consolidated financial statements as at June 30, 2023 and December 31, 2022 was \$4.5 billion. The increase of \$58.6 million was mainly generated from net income of \$62.6 million, exchange of LP B Units to REIT Units of \$74.0 million and the Distribution Reinvestment and Unit Purchase Plan ("DRIP") of \$23.5 million, net of distributions of \$91.5 million during the six months ended June 30, 2023.

NAV per Unit as at June 30, 2023 stayed consistent at \$16.97 as at June 30, 2023 compared to December 31, 2022.

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 be issued only 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.

The table below summarizes Dream Office REIT's ownership of the Trust as at June 30, 2023 and December 31, 2022:

	June 30, 2023	As at December 31, 2022
Number of REIT Units held by Dream Office REIT	192,735	8,052,451
Number of LP B Units held by Dream Office REIT	13,346,572	18,551,855
Total number of Units held by Dream Office REIT	13,539,307	26,604,306
Dream Office REIT's percentage ownership of the Trust	4.9%	9.7%

During the three months ended June 30, 2023, Dream Office REIT exchanged 5,205,283 LP B Units to REIT Units in connection with the secondary bought deal offering that was completed on May 16, 2023.

Continuity of equity

The following table summarizes the changes in our outstanding equity:

	REIT Units	LP B Units	Total Units
Total Units outstanding as at January 1, 2023	256,604,207	18,551,855	275,156,062
REIT Units issued from exchange of LP B Units	5,205,283	(5,205,283)	—
REIT Units issued pursuant to DRIP	1,681,418	—	1,681,418
REIT Units issued pursuant to Deferred Unit Incentive Plan ("DUIP") and Unit Purchase Plan	112,690	—	112,690
Total Units outstanding as at June 30, 2023	263,603,598	13,346,572	276,950,170
Percentage of all Units	95.2%	4.8%	100.0%
REIT Units issued pursuant to ATM Program	3,675,940	—	3,675,940
REIT Units issued pursuant to DRIP	322,208	—	322,208
Units issued pursuant to Unit Purchase Plan	70	—	70
Total Units outstanding as at July 31, 2023	267,601,816	13,346,572	280,948,388
Percentage of all Units	95.2%	4.8%	100.0%

Secondary offering of REIT Units and exchange of subsidiary redeemable units

On May 16, 2023, the Trust closed a secondary bought deal offering of 12,500,000 REIT Units at a price of \$14.20 per Unit, by Dream Office REIT ("the Selling Unitholder"), for a total gross proceeds of \$177.5 million (the "Offering"). All net proceeds were paid to the Selling Unitholder. The Trust did not receive any proceeds of the Offering.

In connection with the Offering, Dream Office REIT exercised its option to exchange 5,205,283 subsidiary redeemable units of Dream Industrial LP, a subsidiary of the Trust, for REIT Units on a one-for-one basis, and a corresponding number of Special Trust Units were automatically redeemed for a nominal amount and cancelled on exchange of such subsidiary redeemable units. The exchange of the subsidiary redeemable units to REIT Units was recorded based on the May 5, 2023 closing price of the Units on the TSX of \$14.22 for a total of \$74.0 million. As at June 30, 2023, 13,346,572 subsidiary redeemable units and Special Trust Units were issued and outstanding.

ATM Program

On November 30, 2021, we filed a prospectus supplement, which qualified the Trust to issue REIT Units up to an aggregate sale price of \$250 million to the public from time to time at prevailing market prices, directly on the TSX or on other permitted marketplaces to the extent permitted.

Since the beginning of this ATM Program dated November 30, 2021, the Trust has issued 7,300,000 REIT Units under this ATM Program at a weighted average price of \$16.49 per REIT Unit for gross proceeds of \$120.4 million. Total costs related to the issuance of these REIT Units amounted to \$2.4 million. Accordingly, the net proceeds relating to the issuance of these REIT Units amounted to \$118.0 million.

No Units were issued under the ATM Program during the six months ended June 30, 2023. Subsequent to June 30, 2023, the Trust has issued 3,675,940 REIT Units at an average price of \$14.28 for gross proceeds of \$52.5 million. The proceeds were used to repay drawdowns on the unsecured revolving credit facility.

Short form base shelf prospectus

On November 26, 2021, we filed and obtained a receipt for a final short form base shelf prospectus dated November 26, 2021 that 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 \$2.5 billion.

On March 2, 2022, we filed a prospectus supplement to our final base shelf prospectus to qualify the distribution of 12,270,000 Units at a price of \$16.30 per Unit, and on March 9, 2022 we completed an offering of 14,110,500 Units for aggregate gross proceeds of approximately \$230 million, including 1,840,500 Units issued pursuant to the exercise of the over-allotment option granted to the underwriters of such offering.

On May 8, 2023, the Trust filed a prospectus supplement to its final base shelf prospectus to qualify the distribution of 12,500,000 REIT Units at a price of \$14.20 per Unit by Dream Office REIT, and on May 16, 2023, the Trust completed the secondary offering of 12,500,000 REIT Units for aggregate gross proceeds of approximately \$177.5 million. The Trust did not receive the proceeds from such offering.

Since filing of the final base shelf prospectus dated November 26, 2021 to June 30, 2023, the Trust has issued REIT Units under the final base shelf prospectus totalling \$527.9 million.

Distribution Reinvestment and Unit Purchase Plan

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.

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 tables summarize the total distributions paid and payable on REIT Units for the three and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,	
	2023	2022
Distributions paid in cash on REIT Units	\$ (33,217)	\$ (34,262)
Paid by way of reinvestment in REIT Units	(12,557)	(10,565)
Less: Payable at March 31, 2023/March 31, 2022	15,018	14,826
Add: Payable at June 30, 2023/June 30, 2022	(15,376)	(14,874)
Total distributions paid and payable on REIT Units (per condensed consolidated financial statements)	\$ (46,132)	\$ (44,875)

	Six months ended June 30,	
	2023	2022
Distributions paid in cash on REIT Units	\$ (67,554)	\$ (64,915)
Paid by way of reinvestment in REIT Units	(23,490)	(21,496)
Less: Payable at December 31, 2022/December 31, 2021	14,968	13,641
Add: Payable at June 30, 2023/June 30, 2022	(15,376)	(14,874)
Total distributions paid and payable on REIT Units (per condensed consolidated financial statements)	\$ (91,452)	\$ (87,644)

The following tables summarize the total distributions (a non-GAAP financial measure) on REIT Units and subsidiary redeemable units and DRIP participation rate (a non-GAAP ratio) for the three and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30, 2023		Three months ended June 30, 2022	
	Amount	% of total	Amount	% of total
Distributions reinvested less 3% bonus distribution ⁽¹⁾ (DRIP participation rate) ⁽²⁾	\$ 12,818	26.5%	\$ 10,112	21.1%
Distributions paid in cash ⁽¹⁾	35,587	73.5%	37,702	78.9%
Total distributions excluding 3% bonus distribution	48,405	100.0%	47,814	100.0%
3% bonus distribution	366		308	
Total distributions⁽¹⁾	\$ 48,771		\$ 48,122	

(1) Distributions reinvested less 3% bonus distribution, distributions paid in cash, and total distributions are non-GAAP financial measures. See the “Non-GAAP Financial Measures” section for additional information.

(2) DRIP participation rate is a non-GAAP ratio. See the “Non-GAAP Ratios” section for additional information.

	Six months ended June 30, 2023		Six months ended June 30, 2022	
	Amount	% of total	Amount	% of total
Distributions reinvested less 3% bonus distribution ⁽¹⁾ (DRIP participation rate) ⁽²⁾	\$ 23,828	24.7%	\$ 20,434	21.9%
Distributions paid in cash ⁽¹⁾	72,825	75.3%	73,077	78.1%
Total distributions excluding 3% bonus distribution	96,653	100.0%	93,511	100.0%
3% bonus distribution	684		626	
Total distributions⁽¹⁾	\$ 97,337		\$ 94,137	

(1) Distributions reinvested less 3% bonus distribution, distributions paid in cash, and total distributions are non-GAAP financial measures. See the “Non-GAAP Financial Measures” section for additional information.

(2) DRIP participation rate is a non-GAAP ratio. See the “Non-GAAP Ratios” section for additional information.

Cash flows from operating activities less interest and other financing costs paid on debt and total distributions (a non-GAAP financial 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 financial 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, we anticipate 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 financial measure). With a conservative balance sheet, significant liquidity and a plan to improve and grow our portfolio, we do not anticipate suspending 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 financial measure), we 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 us to borrow under the unsecured revolving credit facility, and the risk associated with increasing our overall indebtedness. See the “Unsecured revolving credit facility” section in Note 9 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, we do not anticipate that cash distributions will be suspended in the foreseeable future but do 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. We determine the distribution rate by, among other considerations, an 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, we anticipate that net income will continue to vary from total distributions (a non-GAAP financial measure), as net income includes non-cash items such as fair value adjustments to investment properties and financial instruments. Accordingly, we do not use net income as a proxy for determining distributions.

The following table summarizes cash flows generated from operating activities, interest and other financing costs paid on debt, net income (loss), total REIT Units distributions paid and payable, and total distributions (a non-GAAP financial measure) for the three and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Cash generated from operating activities	\$ 70,346	\$ 61,786	\$ 135,132	\$ 96,944
Interest and other financing costs paid on debt	(14,769)	(6,336)	(24,276)	(8,567)
Net income	80,352	171,480	62,622	614,369
Total REIT Unit distributions paid and payable	(46,132)	(44,875)	(91,452)	(87,644)
Total distributions ⁽¹⁾	(48,771)	(48,122)	(97,337)	(94,137)

(1) Total distributions is a non-GAAP financial measure. See “Non-GAAP Financial Measures” under the heading “Total distributions” for additional information.

As required by National Policy 41-201, “Income Trusts and Other Indirect Offerings”, the following table outlines the differences between net income (loss) and total distributions (a non-GAAP financial 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 financial measure), in accordance with the guidelines:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Excess (shortfall) of net income over total distributions ⁽¹⁾⁽²⁾	\$ 31,581	\$ 123,358	\$ (34,715)	\$ 520,232
Excess (shortfall) of cash generated from operating activities less interest and other financing costs paid on debt over total distributions ⁽²⁾⁽³⁾	6,806	7,328	13,519	(5,760)

(1) Excess (shortfall) of net income over total distributions is calculated as net income (loss) less total distributions (a non-GAAP financial measure).

(2) Total distributions is a non-GAAP financial measure. See “Non-GAAP Financial Measures” under the heading “Total distributions” for additional information.

(3) Excess (shortfall) of cash generated from operating activities less interest and other financing costs paid on debt over total distributions is calculated as cash generated from operating activities less interest and other financing costs paid on debt less total distributions (a non-GAAP financial measure).

For the three months ended June 30, 2023, net income exceeded total distributions (a non-GAAP financial measure) by \$31.6 million and for the six months ended June 30, 2023, total distributions (a non-GAAP financial measure) exceeded net income by \$34.7 million, as a result of non-cash items such as share of net income (loss) from equity accounted investments, fair value adjustments to investment properties and fair value adjustments to financial instruments, which are included in net income. For the three and six months ended June 30, 2022, net income exceeded total distributions (a non-GAAP financial measure) by \$123.4 million and \$520.2 million, respectively.

For the three and six months ended June 30, 2023, cash flows generated from operating activities less interest and other financing costs paid on debt exceeded total distributions (a non-GAAP financial measure) by \$6.8 million and \$13.5 million, respectively.

For the three months ended June 30, 2022, cash flows generated from operating activities less interest and other financing costs paid on debt exceeded total distributions (a non-GAAP financial measure) by \$7.3 million. For the six months ended June 30, 2022, total distributions (a non-GAAP financial measure) exceeded cash flows generated from operating activities less interest and other financing costs paid on debt by \$5.8 million due to timing differences between the realization of working capital and investment in lease incentives and initial direct leasing costs.

Of the total distributions (a non-GAAP financial measure) declared for the three and six months ended June 30, 2023, \$13.2 million and \$24.5 million, respectively, were reinvested through the DRIP (including 3% bonus distributions). Of the total distributions (a non-GAAP financial measure) declared for the three and six months ended June 30, 2022, \$10.4 million and \$21.1 million, respectively, was 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 the 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.

SECTION IV

FOREIGN CURRENCY INFORMATION

Foreign currency translation rates

In accordance with the Trust's accounting policies, the foreign exchange rates used by us to convert foreign denominated currencies for the three months ended June 30, 2023, March 31, 2023, December 31, 2022 and June 30, 2022 are summarized in the table below:

	Three months ended			
	June 30, 2023	March 31, 2023	December 31, 2022	June 30, 2022
CAD per US\$1.00 (average during period) ⁽¹⁾	\$ 1.3428	\$ 1.3525	\$ 1.3578	\$ 1.2768
CAD per US\$1.00 (period-end) ⁽¹⁾	1.3240	1.3533	1.3544	1.2886
CAD per €1.00 (average during period) ⁽¹⁾	1.4621	1.4515	1.3862	1.3588
CAD per €1.00 (period-end) ⁽¹⁾	1.4445	1.4708	1.4458	1.3467

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

QUARTERLY INFORMATION

The following tables show quarterly information since July 1, 2021:

Key portfolio, leasing, financing and capital information

	2023					2022		2021	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	
Portfolio									
Number of assets ⁽¹⁾⁽²⁾	321	321	257	258	257	244	239	221	
GLA (in millions of sq. ft.) ⁽³⁾	70.3	70.4	47.3	46.5	46.0	44.4	43.0	39.8	
Leasing									
Occupancy rate – in-place and committed (period-end) ⁽³⁾	98.0%	98.6%	98.9%	99.0%	99.1%	98.7%	98.2%	98.0%	
Occupancy rate – in-place (period-end) ⁽³⁾	97.6%	98.1%	97.9%	97.3%	98.6%	97.6%	97.7%	97.6%	
Tenant retention ratio	87.3%	76.6%	82.0%	67.2%	59.2%	85.6%	87.8%	66.8%	
Average in-place and committed base rent per sq. ft. (period-end) ⁽⁴⁾									
Canadian portfolio	\$ 9.00	\$ 8.71	\$ 8.46	\$ 8.24	\$ 8.11	\$ 7.95	\$ 7.87	\$ 7.78	
European portfolio (€)	€ 5.39	€ 5.32	€ 5.12	€ 5.10	€ 4.99	€ 4.80	€ 4.72	€ 4.55	
Financing⁽⁵⁾									
Net total debt-to-total assets (net of cash and cash equivalents) ratio ⁽⁶⁾	36.2%	36.0%	31.7%	29.2%	29.7%	26.2%	31.6%	32.9%	
Net total debt-to-normalized adjusted EBITDAFV (years) ⁽⁶⁾	9.0	9.3	8.3	7.8	7.8	6.9	8.0	7.8	
Non-current debt	\$ 2,469.1	\$ 2,554.3	\$ 2,137.4	\$ 2,006.2	\$ 1,962.9	\$ 1,912.2	\$ 2,006.6	\$ 1,785.2	
Total assets	\$ 7,784.4	\$ 7,812.3	\$ 7,280.5	\$ 7,139.3	\$ 6,963.3	\$ 6,708.2	\$ 6,053.6	\$ 5,327.4	
Net income (loss)	\$ 80.4	\$ (17.7)	\$ (34.1)	\$ 125.7	\$ 171.5	\$ 442.9	\$ 190.0	\$ 162.8	
Interest coverage ratio (times) ⁽⁶⁾	7.9	9.9	12.3	13.4	12.5	10.2	7.9	6.3	
Interest expense on debt and other financing costs	\$ 13.9	\$ 10.6	\$ 6.3	\$ 5.2	\$ 5.0	\$ 4.1	\$ 3.8	\$ 5.5	
Weighted average face interest rate on debt (period-end) ⁽⁷⁾	2.28%	1.96%	1.21%	1.14%	1.01%	0.85%	0.83%	0.86%	
Weighted average remaining term to maturity on debt (years)	2.8	2.9	3.0	3.0	3.3	3.5	3.8	3.9	
Unencumbered investment properties (in millions) ⁽⁸⁾	\$ 5,869.6	\$ 5,403.3	\$ 5,313.1	\$ 5,088.4	\$ 4,916.7	\$ 4,494.4	\$ 4,154.9	\$ 3,404.2	
Cash and cash equivalents	\$ 43.5	\$ 77.7	\$ 83.8	\$ 60.1	\$ 81.3	\$ 290.1	\$ 164.0	\$ 87.3	
Available liquidity ⁽⁹⁾	\$ 243.0	\$ 430.6	\$ 529.6	\$ 346.0	\$ 429.1	\$ 637.8	\$ 511.6	\$ 434.8	
Capital									
Total number of Units (in millions) ⁽¹⁰⁾	277.0	276.0	275.2	274.3	273.6	272.7	252.4	230.8	
Total equity (per condensed consolidated financial statements)	\$ 4,511.4	\$ 4,427.3	\$ 4,452.7	\$ 4,477.8	\$ 4,329.0	\$ 4,194.9	\$ 3,499.4	\$ 3,015.8	
NAV per Unit ⁽⁶⁾	\$ 16.97	\$ 17.03	\$ 16.97	\$ 17.05	\$ 16.64	\$ 16.48	\$ 15.13	\$ 14.37	
Unit price	\$ 14.11	\$ 14.70	\$ 11.69	\$ 10.73	\$ 12.08	\$ 16.14	\$ 17.22	\$ 16.20	

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

(2) Includes the Trust's owned and managed properties as at the end of each period as applicable.

(3) Includes our share of equity accounted investments as at the end of each period as applicable.

(4) Excludes the Trust's share of equity accounted investments as at the end of each period as applicable.

(5) Financing metrics include CCIRS, assets and liabilities classified as held for sale at the end of each period as applicable.

- (6) Net total debt-to-total assets (net of cash and cash equivalents) ratio, net total debt-to-normalized adjusted EBITDAFV ratio (years), interest coverage ratio (times) and NAV per Unit are non-GAAP ratios. See the “Non-GAAP Ratios” section for additional information about these non-GAAP ratios.
- (7) Weighted average face interest rate on debt is calculated as the weighted average face interest rate of all interest bearing debt, including the impact of CCIRS at the end of each period as applicable.
- (8) Unencumbered investment properties is a supplementary financial measure. See the “Supplementary Financial Measures and Ratios and Other Disclosures” section for a description of this supplementary financial measure.
- (9) Available liquidity is a non-GAAP financial measure. See the “Non-GAAP Financial Measures” section for additional information about this non-GAAP financial measure.
- (10) Total number of Units includes 13.3 million LP B Units that are classified as a liability under IFRS.

Results of operations

	2023		2022				2021	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Investment properties revenue	\$ 110,454	\$ 106,829	\$ 98,867	\$ 93,313	\$ 89,959	\$ 87,428	\$ 79,285	\$ 75,832
Investment properties operating expenses	(27,419)	(25,369)	(23,319)	(21,316)	(21,230)	(22,115)	(18,853)	(16,122)
Net rental income	83,035	81,460	75,548	71,997	68,729	65,313	60,432	59,710
Other income (loss)	13,147	(19,660)	(9,160)	6,378	23,357	18,581	26,499	14,871
Other expenses	(24,698)	(21,395)	(18,362)	(15,852)	(15,636)	(14,279)	(13,743)	(43,688)
Fair value adjustments and net (loss) gain on transactions and other activities	11,070	(58,523)	(94,028)	71,685	103,914	387,181	126,382	142,420
Income (loss) before income taxes	82,554	(18,118)	(46,002)	134,208	180,364	456,796	199,570	173,313
Current income tax expense	(501)	(858)	(616)	(1,534)	(811)	(477)	(367)	(17,757)
Deferred income tax (expense) recovery	(1,701)	1,246	12,471	(7,011)	(8,073)	(13,430)	(9,232)	7,259
Net income (loss)	\$ 80,352	\$ (17,730)	\$ (34,147)	\$ 125,663	\$ 171,480	\$ 442,889	\$ 189,971	\$ 162,815
Other comprehensive income								
Unrealized (loss) gain on foreign currency translation of foreign operations	(38,460)	37,144	161,699	(13,261)	(53,493)	(70,824)	(43,374)	11,719
Unrealized gain (loss) on hedging instruments	7,090	(11,203)	(113,459)	54,521	41,683	48,373	35,234	(6,285)
Share of other comprehensive (loss) income from equity accounted investment	(6,040)	(233)	(3,490)	17,749	7,714	(2,768)	(487)	2,206
	(37,410)	25,708	44,750	59,009	(4,096)	(25,219)	(8,627)	7,640
Comprehensive income	\$ 42,942	\$ 7,978	\$ 10,603	\$ 184,672	\$ 167,384	\$ 417,670	\$ 181,344	\$ 170,455

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, net gains or losses on transactions and other activities. Operating activities from our European portfolios, income from our equity accounted investment and fair value adjustments to investment properties may impact the deferred income tax 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 (“FFO”)

	2023			2022			2021	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net income (loss)	\$ 80,352	\$ (17,730)	\$ (34,147)	\$ 125,663	\$ 171,480	\$ 442,889	\$ 189,971	\$ 162,815
Add (deduct):								
Fair value adjustments to investment properties	(2,033)	(8,744)	65,503	(43,133)	(24,699)	(360,696)	(141,841)	(162,452)
Fair value adjustments to financial instruments	(9,131)	64,589	19,852	(30,481)	(84,242)	(27,661)	18,818	16,060
Share of net (income) loss from equity accounted investments	(13,091)	19,745	9,222	(6,279)	(23,031)	(18,394)	(26,239)	(13,031)
Interest expense on subsidiary redeemable units	2,639	3,246	3,247	3,246	3,247	3,246	3,247	3,246
Amortization and write-off of lease incentives	691	734	1,335	627	488	628	498	337
Internal leasing costs	973	1,124	908	1,056	1,073	1,091	1,022	861
Fair value adjustments to deferred trust units included in G&A	(18)	(40)	(173)	(133)	(18)	101	155	143
Foreign exchange (gain) loss	(1,194)	1,051	7,835	568	3,404	10	(4,001)	1,071
Share of FFO from equity accounted investments	6,707	4,886	2,836	2,717	2,579	1,994	1,502	1,564
Deferred income tax expense (recovery)	1,701	(1,246)	(12,471)	7,011	8,073	13,430	9,232	(7,259)
Current income tax expense related to dispositions	—	—	6	—	126	—	273	16,589
Transaction costs on acquisitions and dispositions	225	517	80	35	445	—	303	2,063
Derecognition of equity accounted investment	—	—	—	—	—	—	(907)	—
FFO⁽¹⁾ before the undernoted adjustment	\$ 67,821	\$ 68,132	\$ 64,033	\$ 60,897	\$ 58,925	\$ 56,638	\$ 52,033	\$ 22,007
Debt settlement costs	—	—	—	—	—	—	—	28,510
FFO⁽¹⁾	\$ 67,821	\$ 68,132	\$ 64,033	\$ 60,897	\$ 58,925	\$ 56,638	\$ 52,033	\$ 50,517
Weighted average number of diluted Units (in thousands) ⁽²⁾	276,732	276,198	275,305	274,481	273,668	259,320	246,456	229,472
FFO per Unit – diluted⁽¹⁾⁽³⁾	\$ 0.25	\$ 0.25	\$ 0.23	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.21	\$ 0.22

(1) FFO is a non-GAAP financial measure and diluted FFO per Unit is a non-GAAP ratio. See the “Non-GAAP Financial Measures” and “Non-GAAP Ratios” sections for additional information about these respective metrics.

(2) A description of the determination of weighted average number of diluted units can be found in the “Supplementary Financial Measures and Ratios and Other Disclosures” section under the heading “Weighted average number of Units”.

(3) The LP B Units are included in the calculation of FFO per Unit – diluted (a non-GAAP ratio).

NON-GAAP FINANCIAL MEASURES

The following non-GAAP financial measures are important measures used by management in evaluating the Trust's underlying operating performance and debt management. These non-GAAP financial measures are not defined by IFRS and do not have standard meanings. Our method of calculating non-GAAP financial measures may differ from other issuers' methods and, accordingly, may not be comparable with similar measures presented by other issuers.

Funds from operations ("FFO")

Management believes FFO, a non-GAAP financial measure, provides our investors additional relevant information on our operating performance. Fair value adjustments to investment properties and financial instruments, gains or losses on disposal of investment properties, debt settlement costs arising from capital management activities and disposals of investment properties, and other non-cash items do not necessarily provide an accurate picture of the Trust's past or recurring operating performance. FFO is used by management in evaluating the Trust's operating performance. FFO 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 issuers.

In January 2022, the Real Property Association of Canada ("REALPAC") issued an updated guidance on "Funds from Operations" and "Adjusted Funds from Operations" for IFRS. We have reviewed the REALPAC FFO guidelines and our determination of FFO substantially aligns with the REALPAC FFO 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, we are 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.

FFO is reconciled to net income (the most directly comparable IFRS financial measure) in the table below for the three and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Net income for the period	\$ 80,352	\$ 171,480	\$ 62,622	\$ 614,369
Add (deduct):				
Fair value adjustments to investment properties	(2,033)	(24,699)	(10,777)	(385,395)
Fair value adjustments to financial instruments	(9,131)	(84,242)	55,458	(111,903)
Share of net (income) loss from equity accounted investments	(13,091)	(23,031)	6,654	(41,425)
Interest expense on subsidiary redeemable units	2,639	3,247	5,885	6,493
Amortization and write-off of lease incentives	691	488	1,425	1,116
Internal leasing costs	973	1,073	2,097	2,164
Fair value adjustments to deferred trust units included in G&A	(18)	(18)	(58)	83
Foreign exchange (gain) loss	(1,194)	3,404	(143)	3,414
Share of FFO from equity accounted investments	6,707	2,579	11,593	4,573
Deferred income tax expense	1,701	8,073	455	21,503
Current income tax expense related to dispositions	—	126	—	126
Transaction costs on acquisitions and dispositions	225	445	742	445
FFO for the period	\$ 67,821	\$ 58,925	\$ 135,953	\$ 115,563

Comparative properties net operating income ("CP NOI") (constant currency basis)

CP NOI (constant currency basis) is a non-GAAP financial measure used by management in evaluating the operating performance of properties owned by the Trust in the current and comparative periods on a constant currency basis. CP NOI (constant currency basis) enables investors to evaluate our operating performance, especially to assess the effectiveness of our management of properties generating NOI growth from existing properties in the respective regions. It is calculated by taking CP NOI as defined below and excluding the impact of foreign currency translation by converting the CP NOI denominated in foreign currency in the respective periods at the respective current period average exchange rates. This non-GAAP financial measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

When we compare CP NOI on a year-over-year basis for the three months ended June 30, 2023 and June 30, 2022, we exclude investment properties acquired on or after April 1, 2022. For the six months ended June 30, 2023 and June 30, 2022, we exclude investment properties acquired on or after January 1, 2022. CP NOI (constant currency basis) also excludes NOI from sold properties and properties held for sale, as applicable, NOI from properties held for development during the current or comparative period, net property management and other income, straight-line rent, amortization of lease incentives, lease termination fees and other rental income, and bad debt provisions. CP NOI (constant currency basis) includes NOI from equity accounted investment and solar revenues.

CP 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.

CP NOI (constant currency basis) is reconciled to net rental income (the most directly comparable IFRS financial measure) under “Section II – Our Operations – Comparative properties NOI (constant currency basis)”.

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

One of the components used to determine the Trust’s NAV per Unit (a non-GAAP ratio) is total equity (including LP B Units) – a non-GAAP financial measure. 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 issuers.

The table within the “Our Equity” section under the heading “Total equity” reconciles total equity (including LP B Units) to total equity (the most directly comparable IFRS financial measure).

Total distributions

Total distributions is a non-GAAP financial measure 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 issuers.

The table below reconciles total distributions to distributions on REIT Units (the most directly comparable IFRS financial measure) for the three and six months ended June 30, 2023 and June 30, 2022:

Amounts included in condensed consolidated financial statements	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Distributions on REIT Units	\$ 46,132	\$ 44,875	\$ 91,452	\$ 87,644
Interest on subsidiary redeemable units	2,639	3,247	5,885	6,493
Total distributions	\$ 48,771	\$ 48,122	\$ 97,337	\$ 94,137

Distributions reinvested less 3% bonus distribution and distributions paid in cash

Distributions reinvested less 3% bonus distribution (a non-GAAP financial measure) and distributions paid in cash (a non-GAAP financial measure) are components used in the calculation of DRIP participation rate (a non-GAAP ratio). See the “Non-GAAP Ratios” section for a description of the DRIP participation rate. Management believes distributions reinvested less 3% bonus distribution (a non-GAAP financial measure) is a useful measure to investors in evaluating the impact that the distributions reinvested will have on the Trust’s ability to preserve liquidity by issuing additional REIT Units, in contrast with paying a cash distribution. This non-GAAP financial measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

Distributions reinvested less 3% bonus distributions is reconciled to distributions reinvested (the most directly comparable IFRS financial measure) for the three and six months ended June 30, 2023 and June 30, 2022.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Distributions reinvested as included in condensed consolidated financial statements	\$ 12,557	\$ 10,565	\$ 23,490	\$ 21,496
Less: Distributions reinvested pertaining to prior period	(3,843)	(2,843)	(3,448)	(3,134)
Add: Distributions reinvested on July 14, 2023 and July 15, 2022, respectively	4,470	2,698	4,470	2,698
Less: 3% bonus distribution	(366)	(308)	(684)	(626)
Distributions reinvested less 3% bonus distribution	\$ 12,818	\$ 10,112	\$ 23,828	\$ 20,434

Distributions paid in cash (a non-GAAP financial measure) is a useful measure to investors in evaluating the cash flow requirements of the Trust to fund the cash distributions. Distributions paid in cash is reconciled to distributions paid on REIT Units (the most directly comparable IFRS financial measure) for the three and six months ended June 30, 2023 and June 30, 2022. This non-GAAP financial measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Distributions paid on REIT Units	\$ 33,217	\$ 34,262	\$ 67,554	\$ 64,915
Interest paid on LP B Units	2,943	3,247	6,189	6,493
Less: Distributions paid on REIT Units pertaining to prior period	(11,175)	(11,983)	(11,520)	(10,507)
Less: Interest paid on LP B Units pertaining to prior period	(1,082)	(1,082)	(1,082)	(1,082)
Add: Distributions paid on REIT Units on July 14, 2023 and July 15, 2022, respectively	10,905	12,176	10,905	12,176
Add: Interest paid on LP B Units on July 14, 2023 and July 15, 2022, respectively	779	1,082	779	1,082
Distributions paid in cash	\$ 35,587	\$ 37,702	\$ 72,825	\$ 73,077

Available liquidity

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

The table below reconciles available liquidity to cash and cash equivalents (the most directly comparable IFRS financial measure) as at June 30, 2023, December 31, 2022 and June 30, 2022:

	June 30, 2023	December 31, 2022	June 30, 2022
Cash and cash equivalents per condensed consolidated financial statements	\$ 43,491	\$ 83,802	\$ 81,311
Undrawn unsecured revolving credit facility ⁽¹⁾	199,541	445,785	347,751
Available liquidity	\$ 243,032	\$ 529,587	\$ 429,062

(1) Net of letters of credit totalling \$8,705, \$2,414 and \$2,249 as at June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

Total debt

Total debt is a non-GAAP financial measure calculated as the sum of current and non-current debt and the CCIRS per the condensed consolidated financial statements. Management believes it is useful to include any CCIRS for the purposes of monitoring the Trust's debt levels. This non-GAAP financial measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

The table below reconciles total debt to non-current debt (the most directly comparable IFRS financial measure) as at June 30, 2023, December 31, 2022 and June 30, 2022:

Amounts per condensed consolidated financial statements	June 30, 2023	December 31, 2022	June 30, 2022
Non-current debt	\$ 2,469,082	\$ 2,137,412	\$ 1,962,861
Current debt	397,102	275,536	250,193
Fair value of CCIRS ⁽¹⁾⁽²⁾	(51,472)	(75,581)	(125,690)
Total debt	\$ 2,814,712	\$ 2,337,367	\$ 2,087,364

(1) As at June 30, 2023, the CCIRS were in a net asset position and \$59,827 was included in “Derivatives and other non-current assets” and \$(8,355) in “Derivatives and other non-current liabilities” in the condensed consolidated financial statements (as at December 31, 2022 – the CCIRS were in a net asset position and \$76,593 was included in “Derivatives and other non-current assets” and \$(1,012) in “Derivatives and other non-current liabilities” in the consolidated financial statements).

(2) As at June 30, 2022, the CCIRS were in a net asset position and \$125,870 was included in “Derivatives and other non-current assets” and \$(180) in “Derivatives and other non-current liabilities” in the condensed consolidated financial statements.

Net total debt and total assets (net of cash and cash equivalents)

Net total debt is a non-GAAP financial measure calculated as the sum of current and non-current debt, the fair value of CCIRS, unamortized financing costs and fair value adjustments, less cash and cash equivalents and the fair value asset of CCIRS. Management believes this is a useful financial measure to investors used to monitor the principal amount of debt outstanding after factoring in liquid assets such as cash and cash equivalents and used as a component to assess the Trust’s ability to take on additional debt and its ability to manage overall balance sheet risk levels (see under the heading “Net total debt-to-total assets (net of cash and cash equivalents) ratio” below for details).

Total assets (net of cash and cash equivalents) is a non-GAAP financial measure calculated as the sum of total assets less cash and cash equivalents. Management believes this is a useful financial measure to investors as a component to assess the Trust’s ability to take on additional debt and its ability to manage overall balance sheet risk levels (see under the “Net total debt-to-total assets (net of cash and cash equivalents) ratio” heading below for details).

These non-GAAP financial measures are not defined by IFRS, do not have a standard meaning and may not be comparable with similar measures presented by other issuers.

The following table reconciles net total debt to non-current debt (the most directly comparable IFRS financial measure) and total assets (net of cash and cash equivalents) to total assets (the most directly comparable IFRS financial measure) as at June 30, 2023, December 31, 2022 and June 30, 2022:

	June 30, 2023	December 31, 2022	June 30, 2022
Non-current debt	\$ 2,469,082	\$ 2,137,412	\$ 1,962,861
Add (deduct):			
Current debt	397,102	275,536	250,193
Fair value of CCIRS	(51,472)	(75,581)	(125,690)
Unamortized financing costs	7,919	7,426	6,944
Unamortized fair value adjustments	(577)	(1,881)	(3,253)
Cash and cash equivalents	(43,491)	(83,802)	(81,311)
Net total debt	\$ 2,778,563	\$ 2,259,110	\$ 2,009,744
Total assets	7,784,409	7,280,493	6,963,251
Less: Fair value of CCIRS	(59,827)	(75,581)	(125,690)
Less: Cash and cash equivalents	(43,491)	(83,802)	(81,311)
Total assets (net of cash and cash equivalents)	\$ 7,681,091	\$ 7,121,110	\$ 6,756,250

Adjusted earnings before interest, taxes, depreciation, amortization and fair value adjustments (“Adjusted EBITDAFV”) and Normalized adjusted EBITDAFV – annualized

Adjusted EBITDAFV is defined by us as net income for the period adjusted for share of net income from equity accounted investment, distributions from equity accounted investment, fair value adjustments to investment properties and financial instruments, net loss (gain) on transactions and other activities (including depreciation), interest expense, debt settlement costs, other items included in investment properties revenue (including amortization) and net deferred and current income tax expense. The adjustments include activity from continuing and discontinued operations. The aforementioned adjustments included in net income do not necessarily provide an accurate picture of the Trust’s past or recurring operating performance. Management believes adjusted EBITDAFV, a non-GAAP financial measure, provides our investors with additional relevant information on our operating performance, excluding any non-cash items and extraneous factors. Adjusted EBITDAFV 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, and is not necessarily indicative of cash available to fund the Trust’s needs. This non-GAAP financial measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

Adjusted EBITDAFV is reconciled to net income (loss) (the most directly comparable IFRS financial measure) in the tables below for the three months ended June 30, 2023, December 31, 2022, and June 30, 2022; for the six months ended June 30, 2023, June 30, 2022 and June 30, 2021; and for the years ended December 31, 2022 and December 31, 2021:

	For the three months ended			For the six months ended			For the year ended	
	June 30, 2023	December 31, 2022	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2021	December 31, 2022	December 31, 2021
Net income (loss) for the period	\$ 80,352	\$ (34,147)	\$ 171,480	\$ 62,622	\$ 614,369	\$ 255,559	\$ 705,885	\$ 608,345
Add (deduct):								
Fair value adjustments to investment properties	(2,033)	65,503	(24,699)	(10,777)	(385,395)	(281,718)	(363,025)	(586,011)
Fair value adjustments to financial instruments	(9,131)	19,852	(84,242)	55,458	(111,903)	76,845	(122,532)	111,723
Share of net (income) loss from equity accounted investments	(13,091)	9,222	(23,031)	6,654	(41,425)	—	(38,482)	(39,270)
Interest expense on debt and other financing costs	13,919	6,349	5,028	24,494	9,085	15,496	20,622	24,820
Interest expense on subsidiary redeemable units	2,639	3,247	3,247	5,885	6,493	6,493	12,986	12,986
Other items included in investment properties revenue ⁽¹⁾	(1,155)	(1,391)	(746)	(3,305)	(1,418)	(211)	(4,792)	(2,372)
Distributions from equity accounted investment	3,254	2,066	1,077	5,150	2,152	—	6,026	1,931
Deferred and current income tax expenses (recovery), net	2,202	(11,855)	8,884	1,814	22,791	10,160	19,481	30,257
Net loss on transactions and other activities	94	8,673	5,027	2,772	6,203	2,646	16,805	3,066
Debt settlement costs	—	257	—	—	—	3,059	257	31,569
Adjusted EBITDAFV for the period	\$ 77,050	\$ 67,776	\$ 62,025	\$ 150,767	\$ 120,952	\$ 88,329	\$ 253,231	\$ 197,044

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

The trailing 12-month adjusted EBITDAFV and trailing 12-month interest expense on debt and other financing costs are components used to calculate interest coverage ratio, a non-GAAP ratio.

The trailing 12-month adjusted EBITDAFV for the period ended June 30, 2023 is calculated as follows:

	Trailing 12-month period ended June 30, 2023
Adjusted EBITDAFV for the six months ended June 30, 2023 ⁽¹⁾	\$ 150,767
Add: Adjusted EBITDAFV for the year ended December 31, 2022 ⁽¹⁾	253,231
Less: Adjusted EBITDAFV for the six months ended June 30, 2022 ⁽¹⁾	(120,952)
Trailing 12-month adjusted EBITDAFV	\$ 283,046

(1) Adjusted EBITDAFV (a non-GAAP financial measure) for the six months ended June 30, 2023 and June 30, 2022, as well as for the year ended December 31, 2022 have been reconciled to net income for the respective periods within this section above.

The trailing 12-month adjusted EBITDAFV for the period ended June 30, 2022 is calculated as follows:

	Trailing 12-month period ended June 30, 2022
Adjusted EBITDAFV for the six months ended June 30, 2022 ⁽¹⁾	\$ 120,952
Add: Adjusted EBITDAFV for the year ended December 31, 2021 ⁽¹⁾	197,044
Less: Adjusted EBITDAFV for the six months ended June 30, 2021 ⁽¹⁾	(88,329)
Trailing 12-month adjusted EBITDAFV	\$ 229,667

(1) Adjusted EBITDAFV (a non-GAAP financial measure) for the six months ended June 30, 2022 and June 30, 2021, as well as for the year ended December 31, 2021, have been reconciled to net income for the respective periods within this section above.

The trailing 12-month interest expense on debt and other financing costs for the period ended June 30, 2023 is calculated as follows:

	Trailing 12-month period ended June 30, 2023
Interest expense on debt and other financing costs for the six months ended June 30, 2023 ⁽¹⁾	\$ 24,494
Add: Interest expense on debt and other financing costs for the year ended December 31, 2022 ⁽²⁾	20,622
Less: Interest expense on debt and other financing costs for the six months ended June 30, 2022 ⁽¹⁾	(9,085)
Trailing 12-month interest expense on debt and other financing costs	\$ 36,031

(1) Per the condensed consolidated financial statements.

(2) Per the consolidated financial statements.

The trailing 12-month interest expense on debt and other financing costs for the period ended June 30, 2022 is calculated as follows:

	Trailing 12-month period ended June 30, 2022
Interest expense on debt and other financing costs for the six months ended June 30, 2022 ⁽¹⁾	\$ 9,085
Add: Interest expense on debt and other financing costs for the year ended December 31, 2021 ⁽²⁾	24,820
Less: Interest expense on debt and other financing costs for the six months ended June 30, 2021 ⁽¹⁾	(15,496)
Trailing 12-month interest expense on debt and other financing costs	\$ 18,409

(1) Per the condensed consolidated financial statements.

(2) Per the consolidated financial statements.

Normalized adjusted EBITDAFV – annualized is calculated as the quarterly Adjusted EBITDAFV (a non-GAAP financial measure) plus normalized NOI of properties acquired in the quarter less NOI of properties disposed of in the current quarter. Adjusted EBITDAFV (a non-GAAP financial measure) is defined above under the heading “Adjusted earnings before interest, taxes, depreciation, amortization and fair value adjustments (“Adjusted EBITDAFV”)”. Management believes that normalized adjusted EBITDAFV – annualized, a non-GAAP financial measure, provides our investors with additional relevant information based on our normalized operating performance. This non-GAAP financial measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

	June 30, 2023	December 31, 2022	June 30, 2022
Adjusted EBITDAFV – quarterly⁽¹⁾	\$ 77,050	\$ 67,776	\$ 62,025
Add (deduct):			
Normalized NOI of acquisitions and dispositions in the quarter ⁽²⁾	—	77	2,540
Normalized adjusted EBITDAFV – quarterly	77,050	67,853	64,565
Normalized adjusted EBITDAFV – annualized	\$ 308,200	\$ 271,412	\$ 258,260

(1) Adjusted EBITDAFV (a non-GAAP financial measure) for the six months ended June 30, 2023, December 31, 2022 and June 30, 2022 is reconciled to net income (loss) for the respective periods in the table above.

(2) Represents the NOI had the acquisitions and dispositions in the respective periods occurred for the full quarter.

NON-GAAP RATIOS

The following non-GAAP ratios are important measures used by management in evaluating the Trust's underlying operating performance and debt management. These non-GAAP ratios are not defined by IFRS and do not have standard meanings. Our method of calculating non-GAAP ratios may differ from other issuers' methods and, accordingly, may not be comparable with similar measures presented by other issuers.

Diluted FFO per Unit

Management believes diluted FFO per Unit, a non-GAAP ratio, provides our investors with additional relevant information on our operating performance and it is used by management in evaluating the Trust's operating performance. Fair value adjustments to investment properties and financial instruments, gains or losses on disposal of investment properties, debt settlement costs arising from capital management activities and disposals of investment properties, and other non-cash items do not necessarily provide an accurate picture of the Trust's past or recurring operating performance. FFO and diluted FFO per Unit are commonly used measures of the performance of real estate operations; however, they do not represent net income or cash flows generated from (utilized in) operating activities, as defined by IFRS, are not necessarily indicative of cash available to fund the Trust's needs and may not be comparable with similar measures presented by other issuers.

Diluted FFO per Unit is a non-GAAP ratio calculated as FFO (a non-GAAP financial measure) divided by the weighted average number of Units. The table below summarizes the components used to calculate diluted FFO per Unit for the three and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
FFO ⁽¹⁾	\$ 67,821	\$ 58,925	\$ 135,953	\$ 115,563
Weighted average number of Units (in thousands)	276,732	273,668	276,492	266,554
FFO per Unit – diluted	\$ 0.25	\$ 0.22	\$ 0.49	\$ 0.43

(1) FFO is a non-GAAP financial measure. See the "Non-GAAP Financial Measures" section for additional information.

Net asset value ("NAV") per Unit

NAV per Unit is a non-GAAP ratio calculated as total equity (including LP B Units) (a non-GAAP financial measure) divided by the total number of REIT Units and LP B Units. This non-GAAP ratio is a useful measure to investors as it reflects management's view of the intrinsic value of the Trust and enables investors to determine if the Trust's REIT Unit price is trading at a discount or premium relative to the NAV per Unit at each reporting period. 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 issuers. The calculation of NAV per Unit is included under the heading "Total equity".

Net total debt-to-total assets (net of cash and cash equivalents) ratio

Management believes that the net total debt-to-total assets (net of cash and cash equivalents) ratio is an important non-GAAP ratio in the management of our debt levels. Management and investors monitor this non-GAAP ratio to assess the Trust's ability to take on additional debt and its ability to manage overall balance sheet risk levels. This non-GAAP ratio does not have a standard meaning and may not be comparable with similar measures presented by other issuers. The net total debt-to-total assets (net of cash and cash equivalents) ratio is determined as net total debt (a non-GAAP financial measure) divided by total assets (net of cash and cash equivalents) (a non-GAAP financial measure).

The following table summarizes the components used to determine this non-GAAP ratio as at June 30, 2023, December 31, 2022 and June 30, 2022:

	June 30, 2023	December 31, 2022	June 30, 2022
Net total debt ⁽¹⁾	\$ 2,778,563	\$ 2,259,110	\$ 2,009,744
Total assets (net of cash and cash equivalents) ⁽¹⁾⁽²⁾	7,681,091	7,121,110	6,756,250
Net total debt-to-total assets (net of cash and cash equivalents) ratio	36.2%	31.7%	29.7%

- (1) Net total debt and total assets (net of cash and cash equivalents) are non-GAAP financial measures; refer to the “Non-GAAP Financial Measures” section for additional information about these non-GAAP financial measures under the heading “Net total debt and total assets (net of cash and cash equivalents)”.
- (2) Excludes the fair value of CCIRS assets of \$59,827, \$75,581 and \$125,690 as at June 30, 2023, December 31, 2022 and June 30, 2022, respectively, as already considered in the non-GAAP financial measure, net total debt.

Net total debt-to-normalized adjusted EBITDAFV ratio (years)

Management believes that net total debt-to-normalized adjusted EBITDAFV ratio (years), a non-GAAP ratio, is a useful measure to investors in determining the time it takes the Trust, on a go forward basis, based on its normalized operating performance, to repay its debt. Net total debt-to-normalized adjusted EBITDAFV ratio (years) is calculated as net total debt (a non-GAAP financial measure) divided by normalized adjusted EBITDAFV – annualized (a non-GAAP financial measure). This non-GAAP ratio does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

Adjusted EBITDAFV (a non-GAAP financial measure) and Normalized adjusted EBITDAFV – annualized (a non-GAAP financial measure) are defined above under the heading “Adjusted earnings before interest, taxes, depreciation, amortization and fair value adjustments (“Adjusted EBITDAFV”) and normalized adjusted EBITDAFV – annualized”. The net total debt-to-normalized adjusted EBITDAFV ratio (years) is determined as net total debt (a non-GAAP financial measure) divided by normalized adjusted EBITDAFV – annualized (a non-GAAP financial measure).

The following table calculates the annualized net total debt-to-normalized adjusted EBITDAFV as at June 30, 2023, December 31, 2022 and June 30, 2022:

	June 30, 2023	December 31, 2022	June 30, 2022
Net total debt ⁽¹⁾	\$ 2,778,563	\$ 2,259,110	\$ 2,009,744
Normalized adjusted EBITDAFV – annualized ⁽²⁾	308,200	271,412	258,260
Net total debt-to-normalized adjusted EBITDAFV ratio (years)	9.0	8.3	7.8

- (1) Net total debt is a non-GAAP financial measure; refer to the heading “Net total debt and total assets (net of cash and cash equivalents)”.
- (2) Normalized adjusted EBITDAFV – annualized is a non-GAAP financial measure. See the “Non-GAAP Financial Measures” section for additional information.

Interest coverage ratio

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

Interest coverage ratio as shown below is calculated as the trailing 12-month adjusted EBITDAFV (a non-GAAP financial measure) 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 following table calculates the interest coverage ratio for the trailing 12-month period ended June 30, 2023 and June 30, 2022, and for the year ended December 31, 2022:

	For the trailing 12-month period ended June 30, 2023	For the year ended December 31, 2022	For the trailing 12-month period ended June 30, 2022
Adjusted EBITDAFV ⁽¹⁾	\$ 283,046	\$ 253,231	\$ 229,667
Interest expense on debt and other financing costs	36,031	20,622	18,409
Interest coverage ratio (times)	7.9	12.3	12.5

- (1) Adjusted EBITDAFV (a non-GAAP financial measure) for the trailing 12-month periods ended June 30, 2023 and June 30, 2022, and for the year ended December 31, 2022, have been reconciled to net income under the heading “Adjusted earnings before interest, taxes, depreciation, amortization and fair value adjustments (“Adjusted EBITDAFV”)” within the “Non-GAAP Financial Measures” section above.

DRIP participation rate

The DRIP participation rate is a non-GAAP ratio calculated as distributions reinvested less 3% bonus distribution (a non-GAAP financial measure) divided by the sum of distributions reinvested, less 3% bonus distribution (a non-GAAP financial measure) and distributions paid in cash (a non-GAAP financial measure). Management believes it is a useful measure to investors 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. This non-GAAP ratio does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

The following table summarizes the components used to determine DRIP participation rate for the three and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Distributions reinvested less 3% bonus distribution ⁽¹⁾	\$ 12,818	\$ 10,112	\$ 23,828	\$ 20,434
Distributions paid in cash ⁽¹⁾	35,587	37,702	72,825	73,077
Total distributions excluding 3% bonus distribution	\$ 48,405	\$ 47,814	\$ 96,653	\$ 93,511
DRIP participation rate	26.5%	21.1%	24.7%	21.9%

- (1) Distributions reinvested less 3% bonus distribution (a non-GAAP financial measure) and distributions paid in cash (a non-GAAP financial measure) for the three and six months ended June 30, 2023 and June 30, 2022 have been reconciled to distributions reinvested and distributions paid on REIT Units, respectively, under the heading "Distributions reinvested less 3% bonus distribution and distributions paid in cash" within the "Non-GAAP Financial Measures" section above.

SUPPLEMENTARY FINANCIAL MEASURES AND RATIOS AND OTHER DISCLOSURES

The following supplementary financial measures and ratios are important measures used by management in evaluating the Trust's debt management. These supplementary financial measures and ratios do not have standard meanings and may not be comparable with similar measures presented by other issuers.

Unencumbered investment properties and unencumbered investment properties as a percentage of investment properties

Unencumbered investment properties is a supplementary financial measure representing 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. The term "investment properties" used in unencumbered investment properties is determined in accordance with the accounting policies used to prepare the investment properties line item presented in the condensed consolidated financial statements. Unencumbered investment properties as a percentage of investment properties is a supplementary financial ratio calculated as total unencumbered investment properties divided by total investment properties. The supplementary financial measure and ratio are used by management and investors in assessing the borrowing capacity available to the Trust.

The table below summarizes the components used to determine unencumbered investment properties and unencumbered investment properties as a percentage of investment properties as at June 30, 2023, December 31, 2022 and June 30, 2022:

Amounts included in condensed consolidated financial statements	June 30, 2023	December 31, 2022	June 30, 2022
Investment properties	\$ 6,835,012	\$ 6,759,425	\$ 6,407,001
Less: Pledged as collateral	(965,401)	(1,446,342)	(1,490,291)
Unencumbered investment properties	\$ 5,869,611	\$ 5,313,083	\$ 4,916,710
Unencumbered investment properties as a percentage of investment properties	85.9%	78.6%	76.7%

Secured debt and secured debt as a percentage of total assets

Secured debt is a supplementary financial measure representing debt, excluding unsecured debt. The term “debt” used in secured debt is determined in accordance with the accounting policies used to prepare the current and non-current debt line items presented in the condensed consolidated financial statements. Secured debt as a percentage of total assets is a supplementary financial ratio calculated as total secured debt divided by total assets. The supplementary financial measure and ratio are used by management and investors in monitoring the secured debt levels to ensure compliance with certain lender covenant requirements.

The table below summarizes the components used to determine secured debt as a percentage of total assets as at June 30, 2023, December 31, 2022 and June 30, 2022:

Amounts included in condensed consolidated financial statements	June 30, 2023	December 31, 2022	June 30, 2022
Secured debt	\$ 359,598	\$ 529,600	\$ 526,772
Total assets	7,784,409	7,280,493	6,963,251
Secured debt as a percentage of total assets	4.6%	7.3%	7.6%

Unsecured debt

Unsecured debt is a supplementary financial measure representing debt, including fair value of CCIRS, and excludes secured debt. The term “debt” used in unsecured debt is determined in accordance with the accounting policies used to prepare the current and non-current debt line items presented in the condensed consolidated financial statements. This supplementary financial measure is used by management and investors in monitoring the unsecured debt levels to ensure compliance with certain lender covenant requirements.

The table below summarizes the components used to determine unsecured debt as at June 30, 2023, December 31, 2022 and June 30, 2022:

Amounts included in condensed consolidated financial statements	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured revolving credit facility	\$ 290,919	\$ 50,742	\$ (349)
Unsecured term loans	521,519	338,057	192,938
Unsecured debentures	1,694,148	1,494,549	1,493,693
Fair value of CCIRS ⁽¹⁾	(51,472)	(75,581)	(125,690)
Unsecured debt	\$ 2,455,114	\$ 1,807,767	\$ 1,560,592

(1) Attributed to unsecured term loans, unsecured debentures and the unsecured credit facility.

Weighted average number of Units

The basic weighted average number of Units (non-financial information) 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 (non-financial information) used in the FFO per Unit (non-GAAP ratio) calculation includes the basic weighted average number of Units, unvested deferred trust units and associated income deferred trust units. As at June 30, 2023, there were 655,992 unvested deferred trust units and associated income deferred trust units (June 30, 2022 – 538,866).

The table below summarizes the basic and diluted weighted average number of Units for the three and six months ended June 30, 2023 and June 30, 2022:

Weighted average Units outstanding	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Basic (in thousands)	276,079	273,129	275,839	266,015
Diluted (in thousands)	276,732	273,668	276,492	266,554

SECTION V

DISCLOSURE CONTROLS AND OUR PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

At June 30, 2023, the CEO and Chief Financial Officer (“CFO”) of the Trust, along with the assistance of senior management, 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 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 and six months ended June 30, 2023, 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, including in respect of global market, economic and political risks, geopolitical risks, foreign currency exchange risk development risks, financing risks, interest rate risks and other risks, please refer to our latest Annual Report and Annual Information Form, each filed on SEDAR+ (www.sedarplus.ca).

SECTION VII

CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS IN APPLYING ACCOUNTING POLICIES

Preparing the condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent liabilities. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but that are inherently uncertain and unpredictable, the result of which is the basis of the carrying amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment in the future to the carrying amounts of the asset or liability affected. Dream Industrial REIT’s critical accounting judgments, estimates and assumptions in applying accounting policies are described in Note 2 to the condensed consolidated financial statements for the three and six months ended June 30, 2023, and in our annual consolidated financial statements for the year ended December 31, 2022.

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 and six months ended June 30, 2023.

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.sedarplus.ca.

Condensed consolidated balance sheets

(in thousands of Canadian dollars)
(Unaudited)

	Note	June 30, 2023	December 31, 2022
Assets			
NON-CURRENT ASSETS			
Investment properties	4, 5	\$ 6,835,012	\$ 6,759,425
Equity accounted investments	6	787,397	313,527
Derivatives and other non-current assets	7	71,907	92,016
		7,694,316	7,164,968
CURRENT ASSETS			
Cash and cash equivalents		43,491	83,802
Amounts receivable		33,766	27,673
Prepaid expenses and other assets		12,836	4,050
		90,093	115,525
Total assets		\$ 7,784,409	\$ 7,280,493
Liabilities			
NON-CURRENT LIABILITIES			
Non-current debt	9	\$ 2,469,082	\$ 2,137,412
Subsidiary redeemable units	17	188,320	216,871
Deferred Unit Incentive Plan ("DUIP")		18,452	14,369
Deferred income tax liabilities, net		47,682	47,869
Derivatives and other non-current liabilities	11	49,799	42,408
		2,773,335	2,458,929
CURRENT LIABILITIES			
Current debt	9	397,102	275,536
Amounts payable and accrued liabilities		98,307	88,784
Current income tax liabilities		4,283	4,503
		499,692	368,823
Total liabilities		3,273,027	2,827,752
Equity			
Unitholders' equity		3,206,077	3,106,904
Retained earnings		1,246,144	1,274,974
Accumulated other comprehensive income	12	59,161	70,863
Total equity		4,511,382	4,452,741
Total liabilities and equity		\$ 7,784,409	\$ 7,280,493

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

"Jennifer Scoffield"

Jennifer Scoffield
Trustee

Condensed consolidated statements of comprehensive income

(in thousands of Canadian dollars)

(Unaudited)

	Note	Three months ended June 30,		Six months ended June 30,	
		2023	2022	2023	2022
Investment properties revenue	13, 19	\$ 110,454	\$ 89,959	\$ 217,283	\$ 177,387
Investment properties operating expenses	19	(27,419)	(21,230)	(52,788)	(43,345)
Net rental income		83,035	68,729	164,495	134,042
Other income					
Share of net income (loss) from equity accounted investments	6	13,091	23,031	(6,654)	41,425
Interest income and other		56	325	141	511
		13,147	23,356	(6,513)	41,936
Other expenses					
General and administrative		(8,140)	(7,360)	(15,714)	(14,336)
Interest:					
Debt and other financing costs		(13,919)	(5,028)	(24,494)	(9,085)
Subsidiary redeemable units		(2,639)	(3,247)	(5,885)	(6,493)
		(24,698)	(15,635)	(46,093)	(29,914)
Fair value adjustments and net loss on transactions and other activities					
Fair value adjustments to investment properties	4	2,033	24,699	10,777	385,395
Fair value adjustments to financial instruments	14	9,131	84,242	(55,458)	111,903
Net loss on transactions and other activities	15	(94)	(5,027)	(2,772)	(6,202)
		11,070	103,914	(47,453)	491,096
Income before income taxes		82,554	180,364	64,436	637,160
Current and deferred income tax expenses, net	10	(2,202)	(8,884)	(1,814)	(22,791)
Net income		\$ 80,352	\$ 171,480	\$ 62,622	\$ 614,369
Other comprehensive loss					
Items that will be reclassified subsequently to net income:					
Unrealized loss on foreign currency translation of foreign operations	12	\$ (38,460)	\$ (53,493)	\$ (1,316)	\$ (124,317)
Unrealized gain (loss) on hedging instruments	12	7,090	41,683	(4,113)	90,056
Share of other comprehensive income (loss) from equity accounted investment	12	(6,040)	7,714	(6,273)	4,946
		(37,410)	(4,096)	(11,702)	(29,315)
Comprehensive income		\$ 42,942	\$ 167,384	\$ 50,920	\$ 585,054

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of changes in equity

(all dollar amounts in thousands of Canadian dollars)
(Unaudited)

		Attributable to unitholders of the Trust				
		Number of REIT Units	Unitholders' equity	Retained earnings	Accumulated other comprehensive income	Total equity
Six months ended June 30, 2023	Note					
Balance at January 1, 2023		256,604,207	\$ 3,106,904	\$ 1,274,974	\$ 70,863	\$ 4,452,741
Net income for the period		—	—	62,622	—	62,622
Distributions paid and payable	16	—	—	(91,452)	—	(91,452)
Exchange of subsidiary redeemable units to REIT Units	17	5,205,283	74,019	—	—	74,019
Distribution Reinvestment Plan	16	1,681,418	23,490	—	—	23,490
REIT Units issued for vested deferred trust units and Unit Purchase Plan		112,690	1,664	—	—	1,664
Other comprehensive loss	12	—	—	—	(11,702)	(11,702)
Balance at June 30, 2023		263,603,598	\$ 3,206,077	\$ 1,246,144	\$ 59,161	\$ 4,511,382

		Attributable to unitholders of the Trust				
		Number of REIT Units	Unitholders' equity	Retained earnings	Accumulated other comprehensive loss	Total equity
Six months ended June 30, 2022	Note					
Balance at January 1, 2022		233,864,845	\$ 2,756,156	\$ 746,848	\$ (3,581)	\$ 3,499,423
Net income for the period		—	—	614,369	—	614,369
Distributions paid and payable	16	—	—	(87,644)	—	(87,644)
Public offerings of REIT Units	17	19,588,300	320,146	—	—	320,146
Distribution Reinvestment Plan	16	1,439,189	21,496	—	—	21,496
REIT Units issued for vested deferred trust units and Unit Purchase Plan		107,848	1,678	—	—	1,678
Issue costs and other		—	(11,202)	—	—	(11,202)
Other comprehensive loss	12	—	—	—	(29,315)	(29,315)
Balance at June 30, 2022		255,000,182	\$ 3,088,274	\$ 1,273,573	\$ (32,896)	\$ 4,328,951

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of cash flows

(in thousands of Canadian dollars)

(Unaudited)

		Three months ended June 30,		Six months ended June 30,	
	Note	2023	2022	2023	2022
Generated from (utilized in) operating activities					
Net income		\$ 80,352	\$ 171,480	\$ 62,622	\$ 614,369
Non-cash items:					
Share of net loss (income) from equity accounted investments	6	(13,091)	(23,031)	6,654	(41,425)
Fair value adjustments to investment properties	4	(2,033)	(24,699)	(10,777)	(385,395)
Fair value adjustments to financial instruments	14	(9,131)	(84,242)	55,458	(111,903)
Depreciation and amortization		705	488	1,439	1,120
Other adjustments	18	3,027	15,155	5,654	31,266
Change in non-cash working capital	18	(1,363)	7,306	(5,948)	(11,275)
Investment in lease incentives and initial direct leasing costs		(2,039)	(5,641)	(4,464)	(8,833)
Interest expense on debt and other financing costs		13,919	4,970	24,494	9,020
		70,346	61,786	135,132	96,944
Generated from (utilized in) investing activities					
Investment in building improvements and other development and pre-development costs		(34,520)	(43,940)	(59,266)	(62,609)
Investment in property and equipment		—	—	—	(2)
Acquisitions, deposits and transaction costs of investment properties (net of cash acquired)		—	(374,370)	(2,307)	(506,860)
Dispositions of investment properties (net of assumed mortgages and transaction costs)		—	68,157	3,781	68,157
Distributions from equity accounted investments		—	—	—	967
Contributions to equity accounted investments	6	(14,004)	(61,843)	(490,662)	(88,988)
		(48,524)	(411,996)	(548,454)	(589,335)
Generated from (utilized in) financing activities					
Borrowings	9	159,200	200,000	853,615	200,000
Lump sum repayments	9	(163,603)	—	(378,127)	—
Principal repayments	9	(1,253)	(3,284)	(3,881)	(4,226)
Financing costs additions	9	—	(1,150)	(1,827)	(1,150)
Interest and other financing costs paid on debt		(14,769)	(6,336)	(24,276)	(8,567)
Interest paid on subsidiary redeemable units		(2,943)	(3,247)	(6,189)	(6,493)
Distributions paid on REIT Units	16	(33,217)	(34,262)	(67,554)	(64,915)
Cash proceeds on issuance of REIT Units	17	15	3	15	320,162
Issue costs paid on REIT Units		—	17	—	(11,394)
Other adjustments to financing activities		(48)	(53)	(107)	(153)
		(56,618)	151,688	371,669	423,264
(Decrease) increase in cash and cash equivalents		(34,796)	(198,522)	(41,653)	(69,127)
Foreign exchange gain (loss) on cash held in foreign currency		561	(10,255)	1,342	(13,577)
Cash and cash equivalents, beginning of period		77,726	290,088	83,802	164,015
Cash and cash equivalents, end of period		\$ 43,491	\$ 81,311	\$ 43,491	\$ 81,311

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 REIT Unit amounts, or unless otherwise stated)
(Unaudited)

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, manages and operates industrial properties in key markets across Canada, Europe and the U.S.

The principal office and centre of administration of the Trust is at 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 and six months ended June 30, 2023 were authorized for issuance by the Board of Trustees on August 1, 2023, after which they may be amended only 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" ("IAS 34"), 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, 2022, 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, 2022.

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, 2022.

Note 3

FUTURE ACCOUNTING POLICY CHANGES

Amendments to IAS 1, "Presentation of Financial Statements"

The IASB 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, 2024. The Trust is currently assessing the impact of these amendments.

Note 4

INVESTMENT PROPERTIES

	Note	Six months ended June 30, 2023			Year ended December 31, 2022		
		Income-producing properties	Properties held for development	Investment properties	Income-producing properties	Properties held for development	Investment properties
Balance at beginning of period		\$ 6,652,838	\$ 106,587	\$ 6,759,425	\$ 5,618,966	\$ 77,641	\$ 5,696,607
Additions (deductions):							
Acquisitions of investment properties and land	5	177	—	177	574,222	25,718	599,940
Building improvements		16,473	—	16,473	50,904	—	50,904
Lease incentives and initial direct leasing costs		3,903	—	3,903	17,518	—	17,518
Development costs, pre-development costs and capitalized interest		10,361	37,243	47,604	76,297	24,493	100,790
Income-producing properties transferred to/from properties held for development ⁽¹⁾		12,314	(12,314)	—	(41,899)	41,899	—
Investment properties disposed	8	(3,781)	—	(3,781)	(5,422)	(97,293)	(102,715)
Fair value adjustments to investment properties		10,777	—	10,777	328,288	34,129	362,417
Change in straight-line rent		3,543	—	3,543	6,217	—	6,217
Amortization of lease incentives		(1,425)	—	(1,425)	(3,073)	—	(3,073)
Foreign currency translation adjustments		(1,684)	—	(1,684)	30,820	—	30,820
Balance at end of period		\$ 6,703,496	\$ 131,516	\$ 6,835,012	\$ 6,652,838	\$ 106,587	\$ 6,759,425
Change in unrealized income included in net income							
Change in fair value of investment properties ⁽²⁾		\$ 10,424	\$ —	\$ 10,424	\$ 327,774	\$ 485	\$ 328,259

- (1) For the six months ended June 30, 2023, an income-producing property was transferred to property held for development due to redevelopment activities, and one property was transferred from property held for development to income-producing property as the development was substantially completed. For the year ended December 31, 2022, three Ontario income-producing properties were transferred to properties held for development due to redevelopment activities.
- (2) Excludes the fair value adjustments to investment properties recognized on disposed investment properties during the respective periods.

Investment properties include \$21,579 (December 31, 2022 – \$18,039) related to straight-line rent receivables.

Valuations of externally appraised investment properties

For the three and six months ended June 30, 2023, there were 35 investment properties valued by qualified external valuation professionals representing 8.9% of total investment property values, excluding acquired properties (for the year ended December 31, 2022 – 82 investment properties were externally appraised representing 27.4% of total investment property values, excluding acquired properties).

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 June 30, 2023 and December 31, 2022 represents the Trust's best estimate based on the internally and externally available information as at the end of each reporting period.

Significant assumptions used in the valuation of investment properties

As at June 30, 2023 and December 31, 2022, the Trust's investment properties were valued using the capitalization ("cap") rate and discounted cash flow methods, except for income-producing properties acquired during the respective quarters as applicable and properties held for development. As at June 30, 2023 and December 31, 2022, development land included in the properties held for development were valued at the acquisition price plus capitalized interest, planning and pre-development costs incurred to date and revalued using a comparable sales approach. Income-producing properties transferred to properties held for development were initially valued at carrying value, which approximated fair value. The significant and unobservable Level 3 valuation metrics used in the methods as at June 30, 2023 and December 31, 2022 are set out in the table below:

	June 30, 2023 ⁽¹⁾		December 31, 2022 ⁽¹⁾	
	Range (%)	Weighted average (%) ⁽²⁾	Range (%)	Weighted average (%) ⁽²⁾
Cap rate method				
Stabilized cap rate	4.30–8.50	5.82	4.30–8.50	5.61
Discounted cash flow method				
Discount rate	5.00–9.50	6.78	5.05–9.50	6.54
Terminal cap rate	4.25–8.75	6.00	4.30–8.75	5.79

(1) Excludes properties held for development and investment properties acquired during the respective quarter as applicable.

(2) Weighted average percentage 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 properties held for development, ground leases and 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 June 30, 2023:

Cap rate method	Impact to change in weighted average stabilized cap rates			
	+25 bps		–25 bps	
Increase (decrease) in value	\$	(274,316)	\$	298,942

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	\$	(134,309)	\$	137,584
			\$	(181,955)
			\$	198,507

Note 5

INVESTMENT PROPERTY ACQUISITION

Acquisition

Detailed below is the investment property acquisition completed for the six months ended June 30, 2023:

	Fair value of investment property ⁽¹⁾	Date acquired
15203 – 128th Avenue, Edmonton, Alberta ⁽²⁾	\$ 150	February 23, 2023
Total	\$ 150	

(1) Fair value of investment property is at the acquisition date. Excludes transaction costs of \$27.

(2) Acquisition of a 0.4 acre parcel of land immediately adjacent to our property located at 15303 – 128th Avenue in Edmonton, Alberta for a purchase price of \$0.2 million in order to facilitate the parking requirements at the property.

For the year ended December 31, 2022, the Trust acquired investment properties for gross proceeds net of adjustments and before transaction costs totalling \$565,266.

Detailed below are the considerations paid for the acquired investment properties for the six months ended June 30, 2023 and year ended December 31, 2022:

	Six months ended June 30, 2023	Year ended December 31, 2022
Cash paid (net of cash acquired)	\$ 145	\$ 562,825
Deposits paid in prior period and released to seller on closing	5	2,600
Assumed non-cash working capital and capital expenditure obligations	—	(159)
Transaction costs and land transfer taxes	27	34,674
Total cost of acquisitions	\$ 177	\$ 599,940

On February 17, 2023, pursuant to the Arrangement (see Note 6), the Trust acquired Dream Summit Industrial Management Corp. (“DSIM”, formerly Summit Industrial Income Management Corp.) for nominal consideration, and has consolidated the financial results of DSIM for the six months ended June 30, 2023. DSIM assists a subsidiary of the Trust in providing property management and leasing services to Dream Summit JV (see Note 6).

Note 6

EQUITY ACCOUNTED INVESTMENTS

On February 17, 2023, Dream Summit Industrial LP, a limited partnership owned by a joint venture (“Dream Summit JV”) between GIC and the Trust in which the Trust has a 10% interest, completed the previously announced statutory arrangement (the “Arrangement”) involving Summit Industrial Income REIT (“Summit REIT”) and Summit Industrial Income Management Corp. Pursuant to the Arrangement, Dream Summit Industrial LP acquired all of the assets and assumed all of the liabilities of Summit REIT, including the assumption of certain debt. The Trust contributed equity of \$473.2 million to Dream Summit JV, which was funded with proceeds from a new \$200 million unsecured term loan, the unsecured revolving credit facility and available cash on hand. A subsidiary of Dream Asset Management Inc. (“DAM”) is the asset manager of Dream Summit JV and the Trust will pay fees on its interest in Dream Summit JV under the North America Asset Management Agreement.

As at June 30, 2023, the Trust holds an equity accounted investment in Dream Summit JV, a private U.S. industrial fund (the “U.S. Fund”), and a GTA Development joint venture (the “Development JV”); the equity accounted investments are related parties of the Trust (see Note 20).

During the three months ended June 30, 2023, the Trust contributed additional capital of \$3,680 to fund the first investment property acquisition in the Dream Summit JV. During the three and six months ended June 30, 2023, the Trust earned fees totalling \$4,260 and \$7,223, respectively (for the three and six months ended June 30, 2022, \$1,336 and \$2,984, respectively) for providing property management and accounting, construction management and leasing services to the U.S. Fund and Dream Summit JV (see Note 13).

Equity accounted investments continuity

	Six months ended June 30, 2023				Year ended December 31, 2022	
	Dream Summit JV	Development JV	U.S. Fund	Total	Total	Total
Balance at beginning of period	\$ —	\$ 32,812	\$ 280,715	\$ 313,527	\$	139,355
Capital contributions	476,906	4,025	3,919	484,850		122,511
Capitalized transaction costs	6,673	232	192	7,097		—
Distributions earned	—	—	(5,150)	(5,150)		(6,026)
Share of net income (loss)	(8,473)	(4)	1,823	(6,654)		38,482
Foreign currency translation adjustments	—	—	(6,273)	(6,273)		19,205
Balance at end of period	\$ 475,106	\$ 37,065	\$ 275,226	\$ 787,397	\$	313,527
Percentage of ownership, end of period	10.0%	25.0%	25.6%			

Note 7

DERIVATIVES AND OTHER NON-CURRENT ASSETS

	Note	June 30, 2023	December 31, 2022
Restricted cash and other assets		\$ 2,300	\$ 2,939
Fair value of interest rate swaps		9,780	12,484
Fair value of cross-currency interest rate swaps ("CCIRS")	22	59,827	76,593
Total		\$ 71,907	\$ 92,016

Note 8

DISPOSITION

The following disposition was completed during the six months ended June 30, 2023:

		Fair value of investment properties ⁽¹⁾	Date disposed
Hilversum Cluster, Netherlands ⁽²⁾	\$	3,781	March 22, 2023
Total	\$	3,781	

(1) Fair value of investment properties is as at the respective disposition date.

(2) Disposition in Europe was settled in euros and translated into Canadian dollars as at the respective transaction date.

For the year ended December 31, 2022, the Trust disposed of investment properties located in the Netherlands and Ontario totalling \$103,440.

Note 9

DEBT

	June 30, 2023	December 31, 2022
Mortgages ⁽¹⁾	\$ 359,598	\$ 529,600
Unsecured revolving credit facility ⁽¹⁾	290,919	50,742
Unsecured term loans ⁽¹⁾⁽²⁾	521,519	338,057
Unsecured debentures ⁽¹⁾	1,694,148	1,494,549
Total debt	2,866,184	2,412,948
Less: Current portion	(397,102)	(275,536)
Non-current debt	\$ 2,469,082	\$ 2,137,412

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

(2) The unsecured term loans are denominated in U.S. dollars and are 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 six months ended June 30, 2023 and year ended December 31, 2022:

	June 30, 2023				
	Mortgages ⁽¹⁾	Unsecured revolving credit facility ⁽¹⁾	Unsecured term loans ⁽¹⁾	Unsecured debentures	Total
Total debt as at January 1, 2023	\$ 529,600	\$ 50,742	\$ 338,057	\$ 1,494,549	\$ 2,412,948
Cash items:					
Borrowings	—	453,615	200,000	200,000	853,615
Lump sum repayments	(164,307)	(213,820)	—	—	(378,127)
Principal repayments	(3,881)	—	—	—	(3,881)
Financing cost additions	—	—	(500)	(1,327)	(1,827)
Non-cash items:					
Foreign currency translation adjustments	(535)	158	(16,187)	—	(16,564)
Other adjustments ⁽²⁾	(1,279)	224	149	926	20
Total debt as at June 30, 2023	\$ 359,598	\$ 290,919	\$ 521,519	\$ 1,694,148	\$ 2,866,184

(1) The unsecured term loans denominated in U.S. dollars, the unsecured revolving credit facility and the mortgages denominated in euros are translated into Canadian dollars at the foreign exchange rate in accordance with the Trust's accounting policy.

(2) Includes amortization of financing costs of \$1,331, amortization of fair value adjustments on assumed debt and cost of reopening Series A Debentures of \$(1,311).

December 31, 2022

	Mortgages	Unsecured revolving credit facility	Unsecured term loan ⁽¹⁾	Unsecured debentures	Total
Total debt as at January 1, 2022	\$ 561,681	\$ (464)	\$ 189,705	\$ 1,294,074	\$ 2,044,996
Cash items:					
Borrowings	—	293,233	135,780	200,000	629,013
Lump sum repayments	(19,778)	(249,539)	—	—	(269,317)
Principal repayments	(8,973)	—	—	—	(8,973)
Financing cost additions	(66)	(851)	(558)	(1,150)	(2,625)
Non-cash items:					
Foreign currency translation adjustments	(322)	8,107	12,651	—	20,436
Other adjustments ⁽²⁾	(2,942)	256	479	1,625	(582)
Total debt as at December 31, 2022	\$ 529,600	\$ 50,742	\$ 338,057	\$ 1,494,549	\$ 2,412,948

(1) The unsecured term loan denominated in U.S. dollars, the unsecured revolving credit facility and the mortgages denominated in euros are translated into Canadian dollars at the foreign exchange rate in accordance with the Trust's accounting policy.

(2) Includes amortization and write-off of financing costs of \$2,490, amortization of fair value adjustments on assumed debt and cost of reopening Series A Debentures of \$(3,072).

Mortgages

During the three months ended June 30, 2023, the Trust repaid eight mortgages in Europe, totalling \$153,187 with a weighted average face interest rate of 1.22% per annum, by utilizing its unsecured revolving credit facility.

During the six months ended June 30, 2023, the Trust discharged one mortgage and repaid an additional eight mortgages in Europe, totalling \$164,307 with a face interest rate of 1.26% per annum, by utilizing its unsecured revolving credit facility.

During the year ended December 31, 2022, the Trust discharged one mortgage in Europe totalling \$19,778 with a face interest rate of 0.87% per annum.

Unsecured term loan (\$200 million)

On February 14, 2023, the Trust closed on an unsecured term loan (the "\$200M Unsecured Term Loan") with an equivalent principal amount of \$200 million maturing on February 14, 2026 with a one-year extension option. The \$200M Unsecured Term Loan Trust bears interest at Canadian bankers' acceptance rates ("BA rates") plus spread or Canadian prime rate plus spread on Canadian dollar draws, or the secured overnight financing rate ("SOFR") plus spread or base rate plus spread on U.S. dollar draws.

The Trust fully drew down on the principal amount on February 15, 2023 to finance part of the acquisition of Summit REIT. On March 15, 2023, the Trust rolled over the entire principal amount of the \$200M Unsecured Term Loan into a US\$145 million principal amount drawdown and concurrently entered into a CCIRS arrangement, maturing on March 15, 2028, to swap the U.S. dollar proceeds to Canadian dollars and fix the floating interest rate to 4.848%.

The Trust uses the CCIRS arrangement to hedge its U.S. dollar cash flows associated with the \$200M Unsecured Term Loan, including the one-year extension option, and highly probable incremental one-year extension of the loan at similar terms. The U.S. dollar cash flows of the \$200M Unsecured Term Loan and expected extensions mirror the U.S. cash flows in the CCIRS. As all critical terms and underlying hedge risks are expected to match during the duration of the swap, the economic relationship was 100% effective.

Unsecured revolving credit facility

In October 2022, the Trust amended its \$350 million unsecured revolving credit facility to increase the limit to \$500 million and increase the accordion option limit from \$150 million to \$250 million, and extended the term from May 14, 2024 to January 31, 2026. The unsecured revolving credit facility bears interest at the BA rates plus spread or Canadian prime rate plus spread on Canadian dollar draws, the SOFR plus spread or U.S. prime rate plus spread on U.S. dollar draws, or Euro Interbank Offered Rate ("EURIBOR") plus spread on euro draws.

The Trust has entered into CCIRS arrangements for the unsecured revolving credit facility. U.S. dollar draws and interest obligations were swapped to Canadian dollar draws and interest obligations (see Note 22). Economically, this is equivalent to holding Canadian denominated debt. Due to the short-term nature of the drawdowns, hedge accounting has not been applied on the associated CCIRS.

It is currently expected that the administrator of the Canadian Dollar Offered Rate (“CDOR”) will cease publication of CDOR by June 28, 2024, and the Canadian financial benchmark will be replaced by the Canadian Overnight Repo Rate Average (“CORRA”). The fallback provisions of the unsecured revolving credit facility have been appropriately updated to transition from CDOR to CORRA for Canadian drawdowns when CDOR will be discontinued.

The amounts available and drawn under the revolving credit facility as at June 30, 2023 are as follows:

						June 30, 2023
	Maturity date	Borrowing capacity	Letters of credit amount	Principal outstanding	Amounts available to be drawn	
Unsecured revolving credit facility ⁽¹⁾	January 31, 2026	\$ 500,000	\$ 8,705	\$ 291,754	\$ 199,541	

(1) The unsecured revolving credit facility has the ability to be drawn in Canadian dollars, U.S. dollars and euros. As at June 30, 2023, the principal outstanding amounts were \$26,000, US\$73,563 and €116,550 respectively, which have been converted into Canadian dollars in accordance with the Trust’s accounting policies.

As at December 31, 2022, \$51,801 was drawn on the unsecured revolving credit facility in addition to a letter of credit totalling \$2,414.

Debentures

On March 22, 2023, the Trust completed a private placement offering of \$200 million aggregate principal amount of Series F 5.383% Senior Unsecured Debentures maturing on March 22, 2028 (the “\$200 million Series F Debentures”).

The Trust has the following outstanding debentures, all rated BBB with a Stable Trend by DBRS Morningstar (“DBRS”): the \$450 million 1.662% Series A Debentures due 2025, the \$200 million Floating Rate Series B Debentures due 2024; the \$400 million 2.057% Series C Debentures due 2027 (Series C Green Bonds), the \$250 million 2.539% Series D Debentures due 2026 (Series D Green Bonds), the \$200 million 3.968% Series E Debentures due 2026 (Series E Green Bonds), and the \$200 million Series F Debentures due 2028 (collectively, the “Debentures” and the Series C Green Bonds, the Series D Green Bonds and the Series E Green Bonds, collectively, the “Green Bonds”).

\$200 million Series F Debentures

The \$200 million Series F Debentures were issued at a price equal to \$1,000 per \$1,000 principal amount, bear interest at a rate of 5.383% per annum and will mature on March 22, 2028. Interest is payable on the \$200 million Series F Debentures on March 22 and September 22 of each year commencing on September 22, 2023. The \$200 million Series F Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the \$200 million Series F Debentures offering totalled \$1,327.

Debt weighted average effective interest rates and maturity profile

As at June 30, 2023, the weighted average effective interest rate on total debt was 2.34% (December 31, 2022 – 1.26%). The weighted average effective interest rate includes the impact of fair value adjustments on assumed debt, deferred financing costs and the impact of CCIRS.

The scheduled principal and interest repayments and debt maturities are as follows:

	Debt balance due at maturity	Scheduled principal repayments on debt maturing in future periods	Amount	Contractual interest payments	Total debt service requirements
Remainder of 2023	\$ 106,259	\$ 2,528	\$ 108,787	\$ 22,233	\$ 131,020
2024	307,195	3,289	310,484	39,450	349,934
2025	838,817	2,700	841,517	35,483	877,000
2026	933,166	2,798	935,964	21,194	957,158
2027	400,000	2,900	402,900	14,509	417,409
2028–2030	269,118	4,756	273,874	9,432	283,306
Total	\$ 2,854,555	\$ 18,971	\$ 2,873,526	\$ 142,301	\$ 3,015,827
Unamortized financing costs			(7,919)		
Unamortized fair value adjustments			577		
Total debt			\$ 2,866,184		

Note 10

INCOME TAXES

The Trust is subject to corporate income taxes in Canada, Europe and the U.S. through the Trust's wholly owned European subsidiaries and a U.S. subsidiary.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Current income tax expense	\$ (501)	\$ (811)	\$ (1,359)	\$ (1,288)
Deferred income tax recovery (expense), net	(1,701)	(8,073)	(455)	(21,503)
Deferred and current income tax recovery (expenses), net	\$ (2,202)	\$ (8,884)	\$ (1,814)	\$ (22,791)

Note 11

DERIVATIVES AND OTHER NON-CURRENT LIABILITIES

	Note	June 30, 2023	December 31, 2022
Tenant security deposits		\$ 29,719	\$ 29,553
Fair value of CCIRS	22	8,355	1,012
Ground leases		11,725	11,843
Total		\$ 49,799	\$ 42,408

Note 12

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Six months ended June 30,					
	2023			2022		
	Opening balance January 1	Net change during the period	Closing balance June 30	Opening balance January 1	Net change during the period	Closing balance June 30
Unrealized loss on foreign currency translation of foreign operations	\$ (19,367)	\$ (1,316)	\$ (20,683)	\$ (43,488)	\$ (124,317)	\$ (167,805)
Unrealized gain on hedge of net investment	29,930	5,795	35,725	49,505	99,116	148,621
Unrealized gain (loss) on cash flow hedge	(435)	435	—	(435)	—	(435)
Unrealized gain (loss) on interest portion of hedging derivatives	40,377	(10,343)	30,034	(10,316)	(9,060)	(19,376)
Share of other comprehensive income (loss) from equity accounted investment	20,358	(6,273)	14,085	1,153	4,946	6,099
Accumulated other comprehensive income (loss)	\$ 70,863	\$ (11,702)	\$ 59,161	\$ (3,581)	\$ (29,315)	\$ (32,896)

Note 13

INVESTMENT PROPERTIES REVENUE

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Rental income	\$ 87,768	\$ 75,085	\$ 174,537	\$ 146,353
Recoveries revenue	18,426	13,538	35,523	28,050
Property management and other income	4,260	1,336	7,223	2,984
Total	\$ 110,454	\$ 89,959	\$ 217,283	\$ 177,387

Note 14

FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Remeasurement of carrying value of subsidiary redeemable units	\$ 10,373	\$ 75,320	\$ (45,468)	\$ 95,356
Remeasurement of carrying value of deferred trust units	466	4,041	(3,569)	4,862
Remeasurement of interest rate swaps	395	4,881	(2,215)	11,685
Amortization of fair value adjustments on CCIRS	(2,103)	—	(4,206)	—
Total	\$ 9,131	\$ 84,242	\$ (55,458)	\$ 111,903

Note 15

NET LOSS ON TRANSACTIONS AND OTHER ACTIVITIES

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Internal leasing costs	\$ (973)	\$ (1,073)	\$ (2,097)	\$ (2,164)
Foreign exchange gain (loss)	1,080	(3,404)	48	(3,414)
Transaction costs on acquisitions and dispositions	(225)	(445)	(742)	(445)
Other	24	(105)	19	(179)
Total	\$ (94)	\$ (5,027)	\$ (2,772)	\$ (6,202)

Note 16

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 and \$0.35 for the three and six months ended June 30, 2023 and June 30, 2022, respectively.

The following table summarizes distributions paid and payable for the six months ended June 30, 2023 and June 30, 2022:

	Six months ended June 30,	
	2023	2022
Paid in cash	\$ (67,554)	\$ (64,915)
Paid by way of reinvestment in REIT Units ⁽¹⁾	(23,490)	(21,496)
Less: Payable at December 31, 2022/December 31, 2021	14,968	13,641
Add: Payable at June 30, 2023/June 30, 2022	(15,376)	(14,874)
Total distributions paid and payable	\$ (91,452)	\$ (87,644)

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

The following table summarizes our monthly distributions paid and payable subsequent to June 30, 2023:

Date distribution announced	Record date	Date distribution was paid or is payable	Distribution per REIT A Unit	Total cash distributions paid	Total DRIP distributions
June 20, 2023	June 2023	July 14, 2023	\$ 0.05833	\$ 10,906	\$ 4,470 ⁽¹⁾

(1) \$4,470 in distributions along with \$134 in bonus distributions were reinvested in an additional 322,278 REIT Units (including 3% bonus distributions on Units reinvested pursuant to the DRIP).

On July 20, 2023, the Trust announced its July 2023 monthly distribution in the amount of \$0.05833 per REIT Unit. The July 2023 distributions will be payable on August 15, 2023 to unitholders on record as at July 31, 2023.

Note 17

EQUITY

Secondary offering of REIT Units and exchange of subsidiary redeemable units

On May 16, 2023, the Trust closed on a secondary bought deal offering, along with Dream Office REIT ("the Selling Unitholder"), 12,500,000 REIT Units at a price of \$14.20 per Unit, for a gross total proceeds of \$177.5 million (the "Offering"). All proceeds were paid to the Selling Unitholder. The Trust did not receive any proceeds of the Offering.

In connection with the Offering, Dream Office REIT exercised its option to exchange 5,205,283 subsidiary redeemable units of Dream Industrial LP, a subsidiary of the Trust, for REIT Units on a one-for-one basis, and a corresponding number of Special Trust Units were automatically redeemed for a nominal amount and cancelled on exchange of such subsidiary redeemable units. The exchange of the subsidiary redeemable units to REIT Units was recorded based on the May 5, 2023 closing price of the Units on the TSX of \$14.22 for a total of \$74,019. As at June 30, 2023, 13,346,572 subsidiary redeemable units and Special Trust Units were issued and outstanding.

The following table summarizes the public offerings issued for the six months ended June 30, 2022. Total costs related to the offerings were charged directly to unitholders' equity.

Date of public offering	Number of REIT Units	REIT Unit price	Six months ended June 30, 2022	
			Gross proceeds	Issue costs
March 9, 2022 ⁽¹⁾	14,110,500	\$ 16.30	\$ 230,001	\$ 9,850

(1) Includes 1,840,500 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

At-the-market equity program ("ATM Program")

On November 30, 2021, the Trust filed a prospectus supplement (the "ATM Program"), which qualified the Trust to issue REIT Units up to an aggregate sale price of \$250,000 to the public from time to time at prevailing market prices, directly on the TSX or on other permitted marketplaces to the extent permitted.

No units were issued under the ATM Program during the six months ended June 30, 2023.

Since the beginning of this ATM Program dated November 30, 2021 until December 31, 2022, the Trust issued 7,300,000 REIT Units under this ATM Program at a weighted average price of \$16.49 per REIT Unit for gross proceeds of \$120,362. Total costs related to the issuance of these REIT Units amounted to \$2,407. Accordingly, the net proceeds relating to the issuance of these REIT Units amounted to \$117,955.

Short form base shelf prospectus

On November 26, 2021, the Trust filed and obtained a receipt for a final short form base shelf prospectus dated November 26, 2021 that 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 \$2,500,000.

On March 2, 2022, the Trust filed a prospectus supplement to its final base shelf prospectus to qualify the distribution of 12,270,000 REIT Units at a price of \$16.30 per Unit, and on March 9, 2022, the Trust completed an offering of 14,110,500 Units for aggregate gross proceeds of approximately \$230 million, including 1,840,500 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters of such offering.

On May 8, 2023, the Trust filed a prospectus supplement to its final base shelf prospectus to qualify the distribution of 12,500,000 REIT Units at a price of \$14.20 per Unit by Dream Office REIT, and on May 16, 2023, the Trust completed the secondary offering of 12,500,000 REIT Units for aggregate gross proceeds of approximately \$177.5 million. The Trust did not receive the proceeds from such offering.

Since the beginning of this base shelf prospectus dated November 26, 2021 to June 30, 2023, the Trust has issued REIT Units under this base shelf prospectus totalling \$527,863.

Note 18

SUPPLEMENTARY CASH FLOW INFORMATION

The components of other adjustments under operating activities include:

	Note	Three months ended June 30,		Six months ended June 30,	
		2023	2022	2023	2022
Change in straight-line rent	4	\$ (1,764)	\$ (1,158)	\$ (3,543)	\$ (2,584)
Deferred unit compensation expense, net		1,306	1,144	2,163	1,995
Deferred income tax expense, net	10	1,701	8,073	455	21,503
Interest on subsidiary redeemable units		2,639	3,247	5,885	6,493
Foreign exchange (gain) loss	15	(1,080)	3,404	(48)	3,414
Transaction costs on acquisitions and dispositions	15	225	445	742	445
Total other adjustments		\$ 3,027	\$ 15,155	\$ 5,654	\$ 31,266

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

		Three months ended June 30,		Six months ended June 30,	
		2023	2022	2023	2022
Increase (decrease) in amounts receivable		\$ 1,566	\$ (13,253)	\$ (6,099)	\$ (14,414)
Increase in prepaid expenses and other assets		(2,054)	(62)	(8,438)	(6,584)
Decrease (increase) in derivatives and other non-current assets		24	(1,172)	625	(1,230)
(Decrease) increase in amounts payable and accrued liabilities		(428)	18,910	8,005	6,522
(Decrease) increase in derivatives and other non-current liabilities		(138)	2,494	179	3,409
(Decrease) increase in current income tax liabilities		(333)	389	(220)	1,022
Change in non-cash working capital		\$ (1,363)	\$ 7,306	\$ (5,948)	\$ (11,275)

Note 19

SEGMENTED INFORMATION

For the six months ended June 30, 2023 and June 30, 2022, the Trust's reportable operating segments of its investment properties and results of operations were segmented into the following components: Ontario, Québec, Western Canada, Europe, the U.S. and the newly acquired Dream Summit JV.

The chief operating decision-maker, determined to be the Chief Executive Officer ("CEO") of the Trust, continues to take into consideration the operating performance of its retained interest in the U.S. portfolio after the sale to the U.S. Fund and in the properties held for developments sold to the Development JV when assessing the operating performance of the U.S. and Ontario segments, respectively.

The Trust's segmented income included the Trust's share of net rental income from the U.S. Fund while fair value adjustments on investment properties and internal leasing costs included in net loss on transactions and other activities exclude the equity accounted investment in the U.S. segment.

Effective April 29, 2022, the Trust's segmented income included the Trust's share of net rental income from the Development JV while fair value adjustments on investment properties and internal leasing costs included in net loss on transactions and other activities excluded the equity accounted investment in the Ontario segment.

Effective February 17, 2023, the Trust's segmented income included the Trust's share of net rental income from the Dream Summit JV while fair value adjustments on investment properties and internal leasing costs included in net loss on transactions and other activities excluded the equity accounted investment in the Dream Summit JV segment.

The chief operating decision-maker also considers the performance of assets held for sale (except for those where the Trust will continue to retain an interest) and disposed properties separately from the investment properties in the geographic segments, and discontinued operations, as applicable, 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 Trust's financing strategy is to optimize the overall borrowing costs and it is not typically determined on a segment basis. 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 June 30, 2023	Ontario	Québec	Western Canada	Europe	U.S. ⁽¹⁾	Dream Summit JV ⁽¹⁾	Segment total	Other ⁽²⁾	Total
Investment properties revenue	\$ 29,535	\$ 17,741	\$ 18,320	\$ 40,599	\$ 5,553	\$ 6,885	\$ 118,633	\$ (8,179)	\$ 110,454
Investment properties operating expenses	(6,080)	(4,177)	(6,890)	(8,396)	(1,529)	(1,802)	(28,874)	1,455	(27,419)
Net rental income (segmented income)	\$ 23,455	\$ 13,564	\$ 11,430	\$ 32,203	\$ 4,024	\$ 5,083	\$ 89,759	\$ (6,724)	\$ 83,035
Fair value adjustments on investment properties	\$ 19,346	\$ 38,847	\$ (10,124)	\$ (46,036)	—	—	\$ 2,033	—	\$ 2,033
Net loss on transactions and other activities ⁽³⁾	(293)	(157)	(427)	(68)	—	—	(945)	851	(94)

(1) U.S. and Dream Summit JV segments include the Trust's share of net rental income from the equity accounted investments while fair value adjustments on investment properties and net loss on transactions and other activities exclude the equity accounted investments in the U.S. and Dream Summit JV segments.

(2) Other includes properties sold, the reversal of net rental income from the equity accounted investment included in segmented income, net property management and other income, and items included in net loss on transactions and other activities that were not segmented.

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

Three months ended June 30, 2022	Ontario	Québec	Western Canada	Europe	U.S. ⁽¹⁾	Segment total	Other ⁽²⁾	Total
Investment properties revenue	\$ 24,845	\$ 15,354	\$ 17,414	\$ 31,009	\$ 4,378	\$ 93,000	\$ (3,041)	\$ 89,959
Investment properties operating expenses	(5,987)	(3,478)	(6,277)	(5,036)	(864)	(21,642)	412	(21,230)
Net rental income (segmented income)	\$ 18,858	\$ 11,876	\$ 11,137	\$ 25,973	\$ 3,514	\$ 71,358	\$ (2,629)	\$ 68,729
Fair value adjustments on investment properties ⁽³⁾	\$ 20,271	\$ 12,723	\$ 1,978	\$ (10,273)	—	\$ 24,699	—	\$ 24,699
Net loss on transactions and other activities ⁽⁴⁾	(376)	(286)	(405)	(187)	—	(1,254)	(3,669)	(4,923)

(1) U.S. includes the Trust's share of net rental income from the equity accounted investment while fair value adjustments on investment properties and net loss on transactions and other activities exclude the equity accounted investment in the U.S. segment.

(2) Other includes properties sold, the reversal of net rental income from the equity accounted investment included in segmented income, net property management and other income, and items included in net gain (loss) on transactions and other activities that were not segmented.

(3) During the three months ended June 30, 2022, the Trust wrote off transaction costs associated with acquisitions in Canada, Europe and the U.S. totalling \$20,699 and included in fair value adjustments on investment properties. The Ontario segment includes fair value adjustments of \$608 on the two properties held for development that are classified as held for sale. The U.S. segment excludes the equity accounted investment.

(4) Net loss on transactions and other activities allocated to the geographic segments represents internal leasing costs. The U.S. segment excludes the equity accounted investment.

Six months ended June 30, 2023	Ontario	Québec	Western Canada	Europe	U.S. ⁽¹⁾	Dream Summit JV ⁽¹⁾	Segment total	Other ⁽²⁾	Total
Investment properties revenue	\$ 59,005	\$ 34,982	\$ 37,032	\$ 78,968	\$ 11,167	\$ 10,195	\$ 231,349	\$ (14,066)	\$ 217,283
Investment properties operating expenses	(12,773)	(8,885)	(14,175)	(13,758)	(2,938)	(2,680)	(55,209)	2,421	(52,788)
Net rental income (segmented income)	\$ 46,232	\$ 26,097	\$ 22,857	\$ 65,210	\$ 8,229	\$ 7,515	\$ 176,140	\$ (11,645)	\$ 164,495
Fair value adjustments on investment properties	\$ 21,259	\$ 50,495	\$ (13,173)	\$ (47,804)	—	—	\$ 10,777	—	\$ 10,777
Net loss on transactions and other activities ⁽³⁾	(655)	(372)	(891)	(151)	—	—	(2,069)	(703)	(2,772)

(1) U.S. and Dream Summit JV segments include the Trust's share of net rental income from the equity accounted investment while fair value adjustments on investment properties and internal leasing costs included in net loss on transactions and other activities excludes the equity accounted investments in the U.S. and Dream Summit JV segments.

(2) Other includes properties sold, the reversal of net rental income from the equity accounted investment included in segmented income, net property management and other income, and items included in net gain (loss) on transactions and other activities that were not segmented.

(3) Net loss on transactions and other activities allocated to the geographic segments represents internal leasing costs. The U.S. segment excludes the equity accounted investment.

Six months ended June 30, 2022	Ontario	Québec	Western Canada	Europe	U.S. ⁽¹⁾	Segment total	Other ⁽²⁾	Total
Investment properties revenue	\$ 48,483	\$ 29,985	\$ 34,687	\$ 61,249	\$ 7,927	\$ 182,331	\$ (4,944)	\$ 177,387
Investment properties operating expenses	(12,122)	(7,147)	(12,997)	(10,190)	(1,648)	(44,104)	759	(43,345)
Net rental income (segmented income)	\$ 36,361	\$ 22,838	\$ 21,690	\$ 51,059	\$ 6,279	\$ 138,227	\$ (4,185)	\$ 134,042
Fair value adjustments on investment properties ⁽³⁾	\$ 224,010	\$ 122,772	\$ 15,268	\$ 23,345	—	\$ 385,395	—	\$ 385,395
Net loss on transactions and other activities ⁽⁴⁾	(705)	(532)	(843)	(265)	—	(2,345)	(3,683)	(6,028)

(1) U.S. includes the Trust's share of net rental income from the equity accounted investment while fair value adjustments on investment properties and net loss on transactions and other activities exclude the equity accounted investment in the U.S. segment.

(2) Other includes properties sold, the reversal of net rental income from the equity accounted investment included in segmented income, net property management and other income, and items included in net gain (loss) on transactions and other activities that were not segmented.

(3) During the six months ended June 30, 2022, the Trust wrote off transaction costs associated with acquisitions in Canada, Europe and the U.S. totalling \$28,713 and included in fair value adjustments on investment properties. The Ontario segment includes fair value adjustments of \$34,252 on the two properties held for development that are classified as held for sale. The U.S. segment excludes the equity accounted investment.

(4) Net loss on transactions and other activities allocated to the geographic segments represents internal leasing costs. The U.S. segment excludes the equity accounted investment.

Investment properties and equity accounted investments

Six months ended June 30, 2023	Ontario	Québec	Western Canada	Europe	U.S.	Dream Summit JV	Segment total	Other	Total
Investment properties ⁽¹⁾	\$ 2,428,451	\$ 1,196,365	\$ 730,918	\$ 2,479,278	—	—	\$ 6,835,012	—	\$ 6,835,012
Capital expenditures ⁽²⁾	20,770	11,179	31,021	5,011	—	—	67,981	—	67,981
Equity accounted investments	37,065	—	—	—	275,226	475,106	787,397	—	787,397

(1) The Ontario segment and Western Canada segment include \$79,072 and \$52,444, respectively, of properties held for development.

(2) Includes building improvements, lease incentives, initial direct leasing costs and development costs. The Ontario segment and Western Canada segment include \$13,163 and \$24,081, respectively, of development costs, pre-development costs and capitalized interest. The U.S. and Dream Summit JV segments exclude the equity accounted investments.

Year ended December 31, 2022	Ontario	Québec	Western Canada	Europe	U.S.	Segment total	Other	Total
Investment properties ⁽¹⁾	\$ 2,385,272	\$ 1,133,225	\$ 713,618	\$ 2,527,310	\$ —	\$ 6,759,425	\$ —	\$ 6,759,425
Capital expenditures ⁽²⁾	52,227	38,612	22,170	56,220	—	169,229	—	169,229
Equity accounted investments	32,812	—	—	—	280,715	313,527	—	313,527

(1) The Ontario segment and Western Canada segment include \$78,224 and \$28,363, respectively, of properties held for development.

(2) Includes building improvements, lease incentives, initial direct leasing costs and development costs. The Ontario segment and Western Canada segment include \$22,277 and \$2,233, respectively, of development costs, pre-development costs and capitalized interest. The U.S. segment excludes the equity accounted investment.

Note 20

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

Under the asset management agreement (“AMA”) between the Trust and DAM, DAM provides certain asset management services to the Trust and its subsidiaries. The AMA provides the Trust and DAM the opportunity to agree on additional services to be provided to the Trust for which DAM is to be reimbursed on a cost recovery basis.

The following table summarizes the fees paid to or received from DAM and its affiliates for the three and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Incurred under the North American AMA and European AMA:				
Asset management fee (included in general and administrative expenses)	\$ (3,633)	\$ (3,173)	\$ (7,089)	\$ (6,116)
Asset management fee (included in properties under development)	(99)	(25)	(165)	(25)
Acquisition fee (included in investment properties and equity accounted investments)	(18)	(2,000)	(3,677)	(3,572)
Capital expenditures fee (included in investment properties)	(1,280)	(1,082)	(1,959)	(1,432)
Expense reimbursements related to financing arrangements	(119)	(172)	(214)	(347)
Total costs incurred under the North American AMA and European AMA	\$ (5,149)	\$ (6,452)	\$ (13,104)	\$ (11,492)
Total costs incurred under the Shared Services and Cost Sharing Agreement	\$ (591)	\$ (370)	\$ (869)	\$ (670)

Effective January 1, 2022, the Trust amended its asset management agreement with DAM, to clarify certain definitions and simplify the administration of the agreement.

The principal amendments to the agreement included:

- Change in fiscal year to calendar year to align with the Trust’s year-end;
- Funds from operations per Unit (“FFO per Unit”) replacing adjusted funds from operations per Unit (“AFFO per Unit”) in calculations;
- Incorporation of development activities so the historical purchase price of the properties for the purposes of determining certain fees now includes development costs; and
- Separate contracts for North America (“North American AMA”) and Europe (“European AMA”) to align with the Trust’s expansion into Europe.

The overall economics to the Trust and DAM due to the separation of the contracts for North America and Europe will approximate the aggregate fees payable under the prior agreement, as described in more detail below.

North American AMA

The North American AMA entitles DAM to the same fees as the original AMA in respect of the Trust's North American properties: a base annual management fee, capital expenditure fee, acquisition fee, financing fee and incentive fee. The incentive fee calculation has been modified to be based on an amount equal to 15% of the Trust's FFO per Unit from the Trust's North American investment properties and gains on the disposition of any North American investment properties in the year in excess of the North American hurdle amount (the "North American Hurdle Amount"), multiplied by the number of Units outstanding, less the amount of any shortfall in the Incentive Distribution (as defined below) in respect of the European portfolio as described below. The North American Hurdle Amount was initially set as at January 1, 2020 as the product of (i) \$0.95 per Unit (increasing annually by 50% of the increase in the consumer price index ("CPI") as defined in the North American AMA (\$1.00 as of January 1, 2023)) multiplied by (ii) the proportion of the Trust's total portfolio represented by the North American investment properties (based on the historic cost of the Trust's investment properties).

The North American AMA had 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 North American AMA may be terminated by DAM at any time after the initial term. Other than in respect of termination resulting from certain events of default of DAM, on termination of the North American AMA, all accrued fees under the North American AMA, including the incentive fee, become payable to DAM. In such circumstances, or if the Trust is acquired, the incentive fee is calculated as if all the Trust's North American investment properties were sold on the applicable date.

European AMA

The European AMA applies only to the Trust's European investment properties. Under the European AMA, a subsidiary of DAM ("Europe Asset Manager") is entitled to a base annual management fee, capital expenditure fee, acquisition fee and financing fee. In addition, a subsidiary of DAM ("DAM Europe") holds LP Class B Units of a subsidiary of the Trust through which the Trust holds the European investment properties. These LP Class B Units entitle DAM Europe to an annual distribution (the "Incentive Distribution") equal to 15% of the Trust's European FFO per Unit in excess of the European hurdle amount (the "European Hurdle Amount"), multiplied by the number of Units outstanding. The calculation of the European FFO per Unit includes the Trust's FFO from the European investment properties and gains on the disposition of any European investment properties in the year. The European Hurdle Amount was initially set as at January 1, 2020 as the product of (i) \$0.95 per Unit (increasing annually by 50% of the increase in the CPI as defined in the European AMA (\$1.00 as of January 1, 2023)) multiplied by (ii) the proportion of the Trust's total portfolio represented by the European investment properties (based on the historic cost of the Trust's investment properties).

The European AMA has an initial term ending December 31, 2026 and is automatically renewed for further five-year terms unless and until terminated in accordance with its terms. The European AMA may be terminated by the Europe Asset Manager at any time after the initial term ends on December 31, 2026. Other than in respect of termination resulting from certain events of default of the Europe Asset Manager, on termination of the European AMA, all accrued fees under the European AMA become payable to the Europe Asset Manager. In such circumstances, or upon an acquisition of control of the Trust's subsidiary through which the Trust holds its European investment properties, the LP Class B Units will be redeemed at a redemption price equal to the Incentive Distribution calculated as if all of the European investment properties were sold at the applicable date.

Disposition gains in the Trust's FFO per Unit and European FFO per Unit calculations used for determining the incentive fee and Incentive Distribution are based on the fair value (or actual disposition value) of the Trust's North American and European investment properties, respectively, at the applicable date, relative to their historic purchase price.

As at June 30, 2023, no incentive fee under the North American AMA has been paid or is payable by the Trust to DAM.

As at June 30, 2023, the fair value of the LP Class B Units held by DAM Europe was \$nil and no Incentive Distribution has been paid or is payable by the Trust to DAM Europe.

In the event that all of the Trust's investment properties had been sold or both the North American AMA and the European AMA had been terminated, based on the investment properties value reported as at June 30, 2023 of \$6.8 billion, and based on the Trust's actual financial results for the trailing 12 months, the estimated overall incentive fee payable would have been \$272.4 million. The actual incentive fee payable, if any, would be calculated as of each fiscal year-end and based on the Trust's actual financial results for the year ending December 31.

The amount of the North American incentive fee payable by the Trust and the Incentive Distribution and the redemption price of the LP Class B Units on any date will be contingent upon various factors, including, but not limited to, changes in the Trust's FFO (as defined in the North American AMA) and changes in the European FFO, 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 and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Total costs reimbursed under the Services Agreement	\$ (2,441)	\$ (1,772)	\$ (4,243)	\$ (3,750)

The following table summarizes our distributions paid and payable to subsidiaries of Dream Office REIT for the three and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Distributions paid and payable to Dream Office REIT on subsidiary redeemable units	\$ (2,639)	\$ (3,247)	\$ (5,885)	\$ (6,493)
Distributions paid and payable to Dream Office REIT on REIT Units	(459)	(1,409)	(1,835)	(2,818)
Distributions paid and payable to Dream Office REIT	\$ (3,098)	\$ (4,656)	\$ (7,720)	\$ (9,311)

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

The following table summarizes our fees paid and costs reimbursed to an affiliate of PAULS Corp for the three and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Total costs incurred under the Sub Property Management Agreement ⁽¹⁾	\$ (105)	\$ (43)	\$ (203)	\$ (118)

(1) Amounts include cost recovery for property management, leasing expenses and construction management.

Agreements and transactions with the associate and joint venture

The following table summarizes our fees earned from the associate and joint venture for the three and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Total fees earned under the Property Management Agreements ⁽¹⁾	\$ 4,312	\$ 1,336	\$ 7,223	\$ 2,984

(1) Amounts include management fees, construction fees, leasing fees, and cost recovery for property management and accounting related to the U.S. Fund and Dream Summit JV.

The following table summarizes our distributions received and receivable from the U.S. Fund for the three and six months ended June 30, 2023 and June 30, 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Total distributions received and receivable from the U.S. Fund	\$ 3,254	\$ 1,077	\$ 5,150	\$ 2,152

Amounts due from (to) related parties

	June 30, 2023	December 31, 2022
Amounts due from related parties		
U.S. Fund and Dream Summit JV ⁽¹⁾	\$ 5,042	2,273

(1) As at June 30, 2023, the balance includes \$3,254 of distribution receivable from the U.S. Fund as at June 30, 2023 (December 31, 2022 – \$2,066).

	June 30, 2023	December 31, 2022
Amounts due to related parties		
DAM	\$ (5,739)	\$ (5,593)
Dream Office REIT	(663)	(811)
PAULS Corp	(105)	(42)

Distributions and interest payable to Dream Office REIT

	June 30, 2023	December 31, 2022
Interest payable on subsidiary redeemable units to Dream Office REIT ⁽¹⁾	\$ (779)	\$ (1,082)
Distributions payable to Dream Office REIT ⁽²⁾	(11)	(470)

(1) Interest payable on subsidiary redeemable units is in relation to the 13,346,572 subsidiary redeemable units held by Dream Office REIT as at June 30, 2023 and December 31, 2022.

(2) Distributions payable is in relation to the 192,735 and 8,052,451 REIT Units held by Dream Office REIT as at June 30, 2023 and December 31, 2022, respectively.

Note 21

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 consolidated financial statements.

As at June 30, 2023, the Trust's remaining contractual commitments related to construction and development projects amounted to \$122,041 (December 31, 2022 – \$44,623).

As at June 30, 2023, the Trust's remaining contractual commitment of capital contributions to the U.S. Fund amounted to US\$9,731 (December 31, 2022 – US\$9,731).

Note 22

OTHER FINANCIAL INSTRUMENTS

Interest rates and cross-currency interest rate swap arrangements

The following table summarizes the Trust's interest rates and CCIRS arrangements outstanding as at June 30, 2023 and December 31, 2022:

	Fair value as at June 30, 2023	Fair value as at December 31, 2022
Fair value through other comprehensive income		
Assets	\$ 59,430	\$ 76,593
Liabilities	(8,355)	(1,012)
Fair value through profit or loss		
Assets ⁽¹⁾⁽²⁾	\$ 12,478	\$ 14,287

(1) As at June 30, 2023, \$2,301 is due to mature in the next twelve months and is included in "Prepaid expenses and other assets" in the condensed consolidated financial statements.

(2) As at December 31, 2022, \$1,803 is due to mature in 2023 and is included in "Prepaid expenses and other assets" in the consolidated financial statements.

Note 23

FAIR VALUE MEASUREMENTS

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

	Note	Carrying value as at June 30, 2023	Level 1	Level 2	Level 3
Financial instruments at amortized cost					
Mortgages	9	\$ 359,598	\$ —	\$ —	\$ 338,955
Unsecured debentures	9	1,694,148	—	1,566,420	—

	Note	Carrying value as at December 31, 2022	Level 1	Level 2	Level 3
Financial instruments at amortized cost					
Mortgages	9	\$ 529,600	\$ —	\$ —	\$ 508,144
Unsecured debentures	9	1,494,549	—	1,358,556	—

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 the 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 June 30, 2023, these have been classified as Level 2 in the fair value measurement hierarchy. The fair value measurements of the interest rate and CCIRS 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 24

SUBSEQUENT EVENTS

Subsequent to June 30, 2023, the Trust has issued 3,675,940 REIT Units under the ATM Program at a weighted average price of \$14.28 per REIT Unit for gross proceeds of \$52,505.

Corporate Information

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STOCK EXCHANGE LISTING

The Toronto Stock Exchange

Listing Symbol: DIR.UN

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