

## DREAM INDUSTRIAL REIT ANNOUNCES 4.5% GROWTH IN AFFO PER UNIT AND 1.4% GROWTH IN COMPARATIVE PROPERTIES NET OPERATING INCOME

*This news release contains forward-looking information that is based upon assumptions and is subject to risks and uncertainties as indicated in the cautionary note contained within this press release.*

**TORONTO, AUGUST 4, 2015, DREAM INDUSTRIAL REIT (DIR.UN-TSX)** today announced its financial results for the three and six months ended June 30, 2015.

### HIGHLIGHTS

- **Adjusted Funds From Operations (“AFFO”) per unit increased by 4.5% from Q2 2014** – Increase was largely a result of acquisitions completed in 2014, comparative properties net operating income (“NOI”) growth, and interest savings on refinancings.
- **Comparative Properties NOI increased by 1.4% over Q2 2014** – Driven by higher average occupancy and positive leasing spreads in our Western Canada portfolio.
- **Steady leasing pipeline maintained** – Approximately 698,000 square feet of new leasing and renewals commenced in the second quarter. Renewal rates were 5.1% higher than expiring rates. To date, commitments have been obtained for over 860,000 square feet of new leasing and renewals commencing in the remainder of 2015 compared to 1.4 million square feet of expiries.
- **Acquisition of an 119,000 square feet portfolio in Regina (“Saskatchewan portfolio”)** – In a 50/50 co-ownership with Dream Hard Asset Alternatives Trust (“DAT”). The Saskatchewan portfolio comprises six properties, 100% occupied, with a weighted average lease term of approximately 5.7 years.

### SELECTED FINANCIAL INFORMATION

(unaudited) (\$000's except unit and per unit amounts)	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Investment properties revenue	\$ 44,955	\$ 43,940	\$ 40,428	\$ 88,895	\$ 81,342
Net operating income (“NOI”) <sup>(1)</sup>	29,958	29,703	27,534	59,661	54,749
Funds from operations (“FFO”) <sup>(1)</sup>	18,731	18,621	17,262	37,352	34,306
Adjusted funds from operations (“AFFO”) <sup>(1)</sup>	16,137	15,603	14,205	31,740	28,211
Investment properties value	1,695,598	1,684,542	1,544,433	1,695,598	1,544,433
Debt	921,165	910,846	843,553	921,165	843,553
<b>Per unit data<sup>(1), (2)</sup></b>					
FFO – diluted <sup>(1)</sup>	\$ 0.238	\$ 0.237	\$ 0.236	\$ 0.475	\$ 0.470
AFFO – diluted <sup>(1)</sup>	0.208	0.202	0.199	0.409	0.395
Distributions	0.175	0.175	0.175	0.350	0.350
FFO payout ratio (%) <sup>(1), (3)</sup>	73.5%	73.8%	74.2%	73.7%	74.5%
AFFO payout ratio (%) <sup>(1), (3)</sup>	84.1%	86.6%	87.9%	85.6%	88.6%
<b>Units (period-end)</b>					
REIT Units	58,332,810	58,196,975	55,181,466	58,332,810	55,181,466
LP Class B Units	18,551,855	18,551,855	16,282,096	18,551,855	16,282,096
Total number of units	76,884,665	76,748,830	71,463,562	76,884,665	71,463,562
<b>Portfolio gross leasable area (square feet)</b>					
Occupied and committed space	16,995,177	16,944,061	15,613,687	16,995,177	15,613,687
Average occupancy for the period	95.0%	95.3%	95.6%	95.0%	95.6%
	94.2%	94.7%	94.7%	94.2%	94.7%

See footnotes on page 3.

“Amid the weakened economic growth and uncertainty, the Canadian industrial market remains fundamentally sound,” said Brent Chapman, President and Chief Executive Officer. “Dream Industrial’s diversified portfolio continued to perform and deliver solid AFFO growth this quarter.”

## FINANCIAL HIGHLIGHTS

- **Increase in FFO per unit** – FFO for the quarter was \$18.7 million or 23.8 cents per unit. FFO per unit for the quarter increased 0.8% compared to the same period in the prior year and was 0.4% higher than the first quarter of 2015. The increase was largely a result of our 2014 acquisitions, comparative properties NOI growth, and interest savings on refinancings.
- **AFFO Growth** – AFFO for the quarter was \$16.1 million or 20.8 cents on a per unit basis. AFFO per unit for the quarter was 4.5% higher than the same period in the prior year and 3.0% higher compared to the first quarter of 2015. The increase in AFFO was driven by the same factors as FFO growth.
- **Total NOI of \$30.0 million for the quarter** – Total NOI has grown 8.8% compared to the same period last year, primarily as a result of acquisitions completed in September 2014, comparative properties NOI growth of 1.4%, and rental income from a previously disclosed short-term deal in Montreal that is not included in our occupancy numbers.
- **Stable capital structure** – Leverage remained stable at 52.6% with interest coverage of 3.1 times and a weighted average term to maturity on debt of 3.7 years.

## OPERATIONAL HIGHLIGHTS

- **Leasing Profile** – Leasing activity during the second quarter included 224,000 square feet of new leases, 474,000 square feet of renewals, and lease commitments of 219,000 square feet, compared to 776,000 square feet of expiries and early terminations. The average remaining lease term at June 30, 2015 is 4.3 years.
- **Portfolio occupancy at 95.0%** – Overall occupancy (including committed space) was 95.0% compared to 95.3% at end of the first quarter of 2015 and 95.6% at June 30, 2014. Leasing commitments on vacant space for the quarter totalled 219,000 square feet.
- **Positive leasing spreads on renewals** – In-place rents increased to \$7.15 per square foot compared with \$7.10 at March 31, 2015, as a result of positive spreads on leasing and contractual rent steps. Renewals were completed at \$6.62 per square foot which is \$0.32 or 5.1% above the expiring rates for those spaces.
- **Estimated market rents 3.4% above average in-place rents** – At quarter-end, estimated market rents were approximately 3.4% above the Trust's current average in-place rents of \$7.15 per square foot (March 31, 2015 – \$7.10).

	GLA (million sq. ft.)	Occupancy (%)	Average lease term (years)	Average in-place rent (per sq. ft.)	Estimated market rent (per sq. ft.)
Western Canada	4.9	98.1	4.2	\$ 9.02	\$ 9.66
Ontario	5.0	96.6	3.9	6.04	6.12
Quebec	4.3	92.4	5.5	6.20	6.22
Eastern Canada	2.8	90.9	3.2	7.21	7.36
<b>Total</b>	<b>17.0</b>	<b>95.0</b>	<b>4.3</b>	<b>\$ 7.15</b>	<b>\$ 7.39</b>

- **Acquisitions** – On May 21, 2015, the Trust in a 50/50 co-ownership with DAT completed the acquisition of five single-tenant properties located in Regina, Saskatchewan. The Trust's share of the purchase price was \$8.9 million, including transaction costs of \$0.3 million. In early July 2015, the co-ownership acquired the final property in this portfolio, a 14,000 square foot, multi-tenant building. The Trust's share of the final property was approximately \$1.0 million. The Saskatchewan portfolio is 100% occupied with a weighted average lease term of approximately 5.7 years.
- **Three new roof top solar projects generating revenue** – During the quarter, three solar projects, owned and operated by DAT, in our Ontario portfolio reached commercial operation. These projects have an installed capacity of 1.2 megawatts, which produce enough clean electricity to power approximately 130 average-sized homes. These roof top leases will contribute approximately \$0.1 million in revenue on an annual basis for the next twenty years. The Trust now has solar projects operating on seven of its properties.

## CAPITAL STRUCTURE

The Trust's capital structure remained stable during the quarter, with leverage at a stable 52.6% and interest coverage of 3.1 times.

Key performance indicators	June 30, 2015	March 31, 2015	June 30, 2014
Level of debt (debt-to-total assets) <sup>(1)</sup>	52.6%	52.4%	52.4%
Interest coverage ratio <sup>(1)</sup>	3.1 times	3.0 times	3.0 times
Weighted average face interest rate on all debt <sup>(4)</sup>	3.94%	4.01%	4.16%
Weighted average effective interest rate on all debt <sup>(4)</sup>	3.80%	3.83%	3.82%
Debt – weighted average term to maturity (years)	3.7	3.9	4.1

*See footnotes on page 3*

During the quarter, the Trust completed a \$31 million mortgage refinancing for a term of five years at a rate of 2.74%, secured by a portfolio of nine properties in Halifax. During the quarter, the Trust also took advantage of an early repayment opportunity with no penalty on a \$7.7 million mortgage bearing interest at 6.12%. Subsequent to the quarter end, the Trust completed a \$20 million mortgage refinancing for a term of five years at a rate of 2.71%, secured by a portfolio of properties in the Greater Toronto Area. The Trust continues to improve its financial metrics, and is strategically evaluating opportunities to take advantage of the current favourable interest rate environment, while continuing to maintain a balanced debt maturity profile.

## CONFERENCE CALL

Senior management will host a conference call to discuss the results tomorrow, August 5, 2015 at 2:00 p.m. (ET). To access the conference call, please dial 1-888-465-5079 in Canada and the United States or 416-216-4169 elsewhere and use passcode 9411 711#. To access the conference call via webcast, please go to Dream Industrial REIT's website at [www.dreamindustrialreit.ca](http://www.dreamindustrialreit.ca) and click on the link for News & Events, then click on Calendar of Events. A taped replay of the conference call and the webcast will be available for ninety (90) days following the call.

## Other information

Information appearing in this news release is a select summary of results. The condensed consolidated financial statements and management's discussion and analysis for the Trust will be available at [www.dreamindustrialreit.ca](http://www.dreamindustrialreit.ca) and on [www.sedar.com](http://www.sedar.com).

Dream Industrial REIT is an unincorporated, open-ended real estate investment trust. Dream Industrial REIT owns a portfolio of 221 primarily light industrial properties comprising approximately 17.0 million square feet of gross leasable area in key industrial markets across Canada. Its objective is to build upon and grow its portfolio and to provide stable, sustainable and growing cash distributions to its unitholders. For more information, please visit [www.dreamindustrialreit.ca](http://www.dreamindustrialreit.ca).

## FOOTNOTES

(1) AFFO, FFO, comparative properties NOI, NOI, FFO and AFFO payout ratios, level of debt (debt-to-total assets), leverage and interest coverage ratio are non-GAAP measures used by Management in evaluating operating performance and debt management. Please refer to the cautionary statements under the heading "Non-GAAP Measures" in this press release.

(2) A description of the determination of diluted amounts per unit can be found in our Management's Discussion and Analysis for the three and six months ended June 30, 2015 under the heading "Non-GAAP Measures and Other Disclosures".

(3) Payout ratios for FFO and AFFO (non-GAAP measures) are calculated as the ratio of distribution rate to diluted FFO and AFFO per unit, respectively.

(4) A description of the determination of weighted average face interest rate and weighted average effective interest rate can be found in our Management's Discussion and Analysis for the three and six months ended June 30, 2015 under the heading "Key Performance Indicators".

**Non-GAAP Measures**

The Trust's condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). In this press release, as a complement to results provided in accordance with IFRS, the Trust discloses and discusses certain non-GAAP financial measures, including net operating income ("NOI"), comparative properties NOI, funds From operations ("FFO"), adjusted funds from operations ("AFFO"), FFO payout ratio, AFFO payout ratio, level of debt (debt-to-total assets), leverage and interest coverage ratio as well as other measures discussed elsewhere in this release. These non-GAAP measures are not defined by IFRS, do not have a standardized meaning and may not be comparable with similar measures presented by other income trusts. The Trust has presented such non-GAAP measures as Management believes they are relevant measures of the Trust's underlying operating performance and debt management. Non-GAAP measures should not be considered as alternatives to net income, cash generated from (utilized in) operating activities or comparable metrics determined in accordance with IFRS as indicators of the Trust's performance, liquidity, cash flow, and profitability. For a full description of these measures, please refer to the "Non-GAAP Measures and Other Disclosures" in Dream Industrial REIT's Management's Discussion and Analysis for the three and six months ended June 30, 2015.

**Forward looking information**

This press release may contain forward-looking information within the meaning of applicable securities legislation. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond Dream Industrial REIT's control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, general and local economic and business conditions; the financial condition of tenants; our ability to refinance maturing debt; leasing risks, including those associated with the ability to lease vacant space; and interest and currency rate functions. Our objectives and forward-looking statements are based on certain assumptions, including that the general economy remains stable, interest rates remain stable, conditions within the real estate market remain consistent, competition for acquisitions remains consistent with the current climate and that the capital markets continue to provide ready access to equity and/or debt. All forward-looking information in this press release speaks as of the date of this press release. 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 law. Additional information about these assumptions and risks and uncertainties is contained in Dream Industrial REIT's filings with securities regulators, including its latest annual information form and MD&A. These filings are also available at Dream Industrial REIT's website at [www.dreamindustrialreit.ca](http://www.dreamindustrialreit.ca).

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