

DREAM INDUSTRIAL REIT REPORTS SOLID Q2 2017 FINANCIAL RESULTS AND INCREASE IN OCCUPANCY BY 80 BPS TO 96.8%

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 8, 2017, DREAM INDUSTRIAL REIT (DIR.UN-TSX) today announced its financial results for the three and six months ended June 30, 2017.

HIGHLIGHTS

- **Diluted Adjusted Funds from Operations (“AFFO”) per unit was 20.5 cents** compared to 19.7 cents in the three months ended March 31, 2017 and 20.0 cents in the three months ended June 30, 2016.
- **Strong leasing momentum** with 799,000 square feet of leasing taking occupancy in the quarter. Commitments for space representing 93% of 2017 expiries and terminations have been achieved to date.
- **Highest portfolio occupancy in the last four years at 96.8%** with Western Canada at 96.5%, Ontario at 99.5%, Québec at 96.7% and Eastern Canada at 92.5%.
- **Leverage decreased by 90 bps to 52.4% and interest coverage improved to 3.3 times** when compared to 53.3% and 3.1 times, respectively, as at June 30, 2016.
- **Executing strategy to explore opportunities in new markets and developments** Subsequent to the quarter, the Trust entered into a purchase and sale agreement to acquire a 717,000 sq. ft. distribution center in Nashville, Tennessee for approximately CAD\$60 million, representing a going-in capitalization rate of 6.3% and average capitalization rate of 6.5% over the term of the lease. As described in our press release dated July 24, 2017, the Trust intends to actively leverage Dream’s land bank, newly established industrial development group, existing partnerships and relationships to explore development opportunities and acquisitions that can generate above average returns and net asset value growth for the Trust both in Canada and the U.S.

SELECTED FINANCIAL INFORMATION

(unaudited) (\$000's except unit and per unit amounts)	Three Months Ended			Six Months Ended	
	June 30, 2017	March 31, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Investment properties revenue	\$ 42,664	\$ 42,867	\$ 44,704	\$ 85,531	\$ 88,741
Net operating income (“NOI”) ⁽¹⁾	28,936	28,401	29,530	57,337	59,185
Funds from operations (“FFO”) ⁽¹⁾	18,502	17,759	18,150	36,261	36,441
Adjusted funds from operations (“AFFO”) ⁽¹⁾	16,382	15,570	15,623	31,952	31,408
Investment properties value	1,617,098	1,632,115	1,707,152	1,617,098	1,707,152
Debt	861,777	862,726	914,021	861,777	914,021
Per unit data ⁽¹⁾⁽²⁾					
FFO – diluted ⁽¹⁾	\$ 0.230	\$ 0.222	\$ 0.229	\$ 0.451	\$ 0.461
AFFO – diluted ⁽¹⁾	0.205	0.197	0.200	0.401	0.402
Distributions	0.175	0.175	0.175	0.350	0.350
FFO payout ratio (%) ⁽¹⁾⁽³⁾	76.1%	78.8%	76.4%	77.6%	75.9%
AFFO payout ratio (%) ⁽¹⁾⁽³⁾	85.4%	88.8%	87.5%	87.3%	87.1%
Units (period-end)					
REIT Units	60,904,202	60,298,894	59,117,023	60,904,202	59,117,023
LP Class B Units	18,551,855	18,551,855	18,551,855	18,551,855	18,551,855
Total number of units	79,456,057	78,850,749	77,668,878	79,456,057	77,668,878
Portfolio gross leasable area (square feet)	16,084,410	16,182,438	16,981,459	16,084,410	16,981,459
Occupied and committed space ⁽⁴⁾	96.8%	96.0%	94.7%	96.8%	94.7%
Average occupancy for the period ⁽⁴⁾	95.0%	93.9%	93.5%	94.5%	93.6%

See footnotes on page 3.

“Our existing operations delivered solid financial results in the second quarter,” said Brent Chapman, President and Chief Executive Officer. “Our portfolio in Western Canada remains resilient, Ontario and Quebec have both been strong industrial markets, and we are seeing positive leasing in our Eastern Canada portfolio. Having announced our first U.S. asset acquisition, we are starting to execute on our previously announced strategy of entering new markets in a disciplined manner. Together with our asset manager, Dream Unlimited Corp., we are progressing on development and partnership opportunities that will provide a preferential pipeline to Dream Industrial of new assets that improve the quality of the portfolio and deliver value to our unitholders.”

FINANCIAL HIGHLIGHTS

- **Diluted FFO** – FFO for the quarter was 23 cents per unit compared to 22 cents in the prior quarter and remained stable when compared to the same quarter prior year. The increase over the prior quarter was primarily due to an increase in comparative property NOI.
- **Diluted AFFO** – AFFO for the quarter was 21 cents compared to 20 cents in the prior quarter and the same quarter prior year. The movement in AFFO is due to the same factors impacting FFO.
- **Total NOI of \$28.9 million for the quarter** – Total NOI was 1.9% higher compared to prior quarter primarily due to an increase in comparative properties NOI.
- **Comparative properties NOI of \$29.1 million for the quarter** – Comparative properties NOI increased by \$0.5 million, or 1.8%, when compared to the prior quarter primarily due to an increase in occupancy.
- **Improved capital structure** – Leverage was 52.4%, a decrease of 90 bps when compared to June 30, 2016, with interest coverage of 3.3 times and a weighted average term to maturity of 3.8 years.

OPERATIONAL HIGHLIGHTS

- **Leasing profile** – Leasing activity during the second quarter included 333,000 square feet of new leases, 466,000 square feet of renewals, and lease commitments of 297,000 square feet, compared to 731,000 square feet of expiries and early terminations. The average remaining lease term at June 30, 2017 is 4.0 years.
- **Portfolio occupancy at 96.8%** – Overall occupancy (including committed space) was 96.8% an increase from 96.0% at March 31, 2017 and 94.7% at June 30, 2016.
- **High tenant retention of 76.1%** – The Trust renewed and relocated 76.1% of expiring tenants during the quarter.
- **Stable in-place rents** – In-place rents remained at \$7.19 per square foot.
- **First U.S. asset acquisition** – Subsequent to the quarter, the Trust entered into a purchase and sale agreement to acquire a 717,000 sq. ft. distribution center in Nashville, Tennessee for approximately CAD\$60 million.

	GLA (million sq. ft.)	Occupancy (%)	Average lease term (years)	Average in-place rent (per sq. ft.)
Western Canada	4.9	96.5	3.8	\$ 9.03
Ontario	4.8	99.5	3.9	6.16
Québec	3.8	96.7	4.7	6.14
Eastern Canada	2.6	92.5	3.6	7.24
Total	16.1	96.8	4.0	\$ 7.19

CAPITAL STRUCTURE

Key performance indicators	June 30, 2017	December 31, 2016	June 30, 2016
Level of debt (debt-to-total assets) ⁽¹⁾	52.4%	52.6%	53.3%
Interest coverage ratio ⁽¹⁾	3.3 times	3.1 times	3.1 times
Weighted average face interest rate on all debt ⁽⁵⁾	3.81%	3.81%	3.86%
Weighted average effective interest rate on all debt ⁽⁵⁾	3.91%	3.89%	3.86%
Debt – weighted average term to maturity (years)	3.8	4.2	3.9

See footnotes on page 3.

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. As at June, 30, 2017, the Trust had \$127 million of unencumbered assets and \$98 million available to be drawn on the revolving credit facility, which provide additional sources of financial flexibility.

“We have been able to improve our payout ratio, reduce our leverage and report improved financial results relative to the same quarter in 2016 even though we have sold \$62 million of assets since June of last year,” said Lenis Quan, Chief Financial Officer of Dream Industrial REIT. “The Trust is well positioned and will have the financial flexibility to explore and execute on our strategies.”

CONFERENCE CALL

Senior management will host a conference call to discuss the results on Wednesday, August 9, 2017 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 6640 466#. To access the conference call via webcast, please go to Dream Industrial REIT’s website at 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 and on www.sedar.com.

Dream Industrial REIT is an unincorporated, open-ended real estate investment trust. Dream Industrial REIT owns and operates a portfolio of 212 geographically diversified light industrial properties comprising approximately 16.1 million square feet of gross leasable area in key markets across Canada. Its objective is to build upon and grow its portfolio and to provide stable and sustainable cash distributions to its unitholders. For more information, please visit www.dreamindustrialreit.ca.

FOOTNOTES

(1) AFFO, FFO, comparative properties NOI, NOI, FFO and AFFO payout ratios, level of debt (debt-to-total assets) 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, 2017 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) Excludes property or properties held for sale at each quarter.

(5) Weighted average effective interest rate is calculated as the weighted average face rate of interest net of amortization of fair value adjustments and financing costs of all interest bearing debt. Weighted average face interest rate is calculated as the weighted average face interest rate of all interest bearing debt.

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) 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, 2017.

Forward looking information

This press release may contain forward-looking information within the meaning of applicable securities legislation, including statements regarding our objectives and strategies and plans to enter new markets. 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 fluctuations. 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.

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