

## **DREAM INDUSTRIAL REIT ANNOUNCES US\$103 MILLION ACQUISITION, \$75 MILLION PUBLIC OFFERING OF UNITS AND \$26 MILLION PRIVATE PLACEMENTS; WILL ALSO REPAY 6.75% CONVERTIBLE DEBENTURES ON MATURITY**

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*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 news release.*

**TORONTO, November 9, 2017, DREAM INDUSTRIAL REIT (DIR.UN-TSX) (“Dream Industrial REIT” or the “Trust”)** today announced that it has entered into an agreement to acquire (the “Acquisition”) a portfolio of four industrial distribution properties that are well located in strong U.S. industrial hubs in Memphis, Orlando and Charlotte (the “Acquired Properties”). The Acquisition continues the Trust’s strategic expansion into the United States and is consistent with the Trust’s previously announced plan to acquire high quality assets in attractive markets that provide attractive returns. The Acquired Properties comprise approximately 2.0 million square feet of gross leasable area (“GLA”) and are 100% occupied by a mix of large, blue-chip companies and medium-sized enterprises, including Coca-Cola Refreshments USA Inc. and Nissan North America. The Acquired Properties have a weighted average lease term of 6.1 years. The total purchase price for the Acquisition is approximately US\$103.3 million (\$131.5 million)<sup>1</sup>, representing a going in capitalization rate of approximately 6.4% (or including identified capital requirements through 2019, which includes a roof replacement on one property, 6.3%).

The purchase price for the Acquisition and related transaction costs will be partially funded by the proceeds of a \$75 million bought deal public offering (the “Public Offering”) of units of the Trust (“Units”), a \$25 million private placement of Units to Dream Office LP or one or more of its affiliates (“Dream Office”) and a \$1 million private placement of Units to an affiliate of PAULS Corp, LLC (“PAULS”) (together, the “Concurrent Private Placements”). The balance of the purchase price will be funded by the Trust’s working capital and drawings on the Trust’s revolving credit facility as further described below under “Financing of the Acquisition”. The Trust will also use a portion of the proceeds from the Public Offering and Concurrent Private Placements to fund the repayment upon maturity of its outstanding 6.75% convertible unsecured subordinated debentures due November 30, 2017 (the “6.75% Debentures”) and for general trust purposes, including funding future acquisitions. Closing of the Acquisition is expected to occur in stages between December 1, 2017 and January 15, 2018.

### **Acquisition Highlights**

- Strategic portfolio acquisition improves the quality of the Trust’s overall portfolio and expands its U.S. presence
- High quality assets are 100% occupied with a long weighted average lease term of 6.1 years
- Nationally recognized tenant base with strong covenants that are all under triple net leases with annual contractual rent increases
- Acquisition leverages Dream’s relationship with PAULS and its local real estate platform in sourcing and executing the Acquisition, which was in part achieved as a result of a long term relationship between the Trust’s incoming Chief Executive Officer and the vendor
- Having announced the Trust’s intention to enter the U.S. market in July 2017, the Acquisition and the acquisition of the Nissan Distribution Facility create a reputable U.S. industrial platform for Dream Industrial REIT comprising nearly 2.8 million square feet of high quality industrial assets

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<sup>1</sup> Using an exchange rate of \$1.2729 per U.S. dollar as of November 8, 2017.

- Purchase price of US\$103.3 million (\$131.5 million) represents an attractive going in capitalization rate of approximately 6.4% and a purchase price of approximately US\$50 per square foot
- The equity issuance will improve the Trust’s capital structure and provide additional financial flexibility to expand in target U.S. and Canadian markets and to execute on future strategic growth initiatives

*“We are very excited to be able to execute a meaningful transaction for Dream Industrial REIT, that is consistent with our previously announced strategy of entering into the U.S. industrial market,” said Brian Pauls, incoming Chief Executive Officer of Dream Industrial REIT. “We believe the Acquisition demonstrates the ability of the Trust to establish a reputable platform quickly in the United States and be successful in sourcing opportunities at attractive economics. Within six months of our announced strategy, we have attained a meaningful scale of \$190 million of high quality assets in excellent industrial hubs that we would look to for future growth opportunities.”*

### Acquired Properties Overview

The Acquired Properties consist of four high quality industrial properties (approximately 2.0 million square feet of GLA) that further expand the Trust’s presence in the United States. The Acquired Properties are highly functional distribution and light manufacturing facilities with an average ceiling height of 31 feet and ample trailer and car parking. The Acquired Properties include a combination of single and multi-tenant buildings that are well located in strong U.S. industrial hubs. The Acquired Properties are strategically situated in their respective markets, with each property located in close proximity to major U.S. cities and having excellent access to interstate highways and transportation nodes. The Acquired Properties are 100% leased with a weighted average lease term of 6.1 years. The tenants represent a mix of large, blue chip companies and medium sized enterprises, including Coca-Cola Refreshments USA Inc. and Nissan North America.

Property Location	Memphis, TN	Memphis, TN	Charlotte, NC	Orlando, FL	Total / Weighted Average
<b>GLA (square feet)</b>	885,000	500,000	471,744	193,133	2,049,877
<b>WALT (years)</b>	6.6	6.2	5.1	5.3	6.1
<b>Occupancy</b>	100%	100%	100%	100%	100%
<b>Clear Height (feet)</b>	32	32	30	25	31
<b>Construction Year</b>	2006	1997	1994	1997	2000
<b>Loading Type</b>	Cross-Dock	Cross-Dock	Cross-Dock	Front and Side	-
<b>Tenant Type</b>	Multi-Tenant	Multi-Tenant	Single-Tenant	Single-Tenant	-
<b>Notable Tenants</b>	Nissan North America, Solae LLC	Coca-Cola Refreshments USA Inc., Veritiv Operating Company	West Marine, Inc.	Quietflex Manufacturing Company	-

**Memphis, TN**



**Memphis, TN**



**Charlotte, NC**



**Orlando, FL**



**Market Overview<sup>2</sup>**

*Memphis, Tennessee*

Memphis is often referred to as “America’s Distribution Center” and serves as a regional and national supply chain and logistics hub. Memphis had an unemployment rate of 3.5% as of September 2017. Businesses in Memphis enjoy access to the second busiest air cargo airport in the world, one of the largest shipping ports on the Mississippi and the largest rail center in the United States. The city is also connected to three major interstate highways. The Memphis industrial market totals 237 million square feet of GLA and had a direct vacancy rate of 6.6% as of September 2017. Memphis has experienced nearly 15 consecutive years of positive annual net absorption through to the end of the third quarter of 2017. In 2016, over six million square feet of positive net absorption was recorded, with an additional 3.4 million square feet absorbed through the first three quarters of 2017.

*Charlotte, North Carolina*

The Charlotte metropolitan area is the largest city in a major urban node known as the “Piedmont Urban Crescent” and is home to six Fortune 500 headquarters. Unemployment has decreased from approximately 10% at the end of 2011 to 3.8% in September 2017. These positive economic fundamentals have contributed to strong industrial absorption in recent years, bringing Charlotte’s industrial vacancy rate to near historic lows, ending the second quarter of 2017 at 4.5%. In the second quarter of 2017, industrial construction in Charlotte totaled 2.5 million square feet, which represented approximately 1.2% of the 208 million square feet of inventory in the market.

*Orlando, Florida*

Orlando’s unemployment rate was 3.2% in September 2017 and compares favourably to the U.S. national unemployment rate of 4.1%. The Orlando industrial market comprises 112 million square feet of GLA with vacancy having decreased 70 basis points year-over-year to 6.7% at the end of the third quarter of 2017. New construction remains low, with approximately 1.3 million square feet of space under construction, representing approximately

<sup>2</sup> Certain statistical information in this Market Overview has been taken from the following sources: United States Bureau of Labor Statistics – September 2017 report; CBRE Memphis Industrial Snapshot Q3-2017; CBRE Charlotte Industrial Snapshot Q2-2017; and CBRE Orlando Industrial Snapshot Q3-2017.

1.1% of total supply. With year-to-date net absorption in 2017 of approximately two million square feet and strong leasing demand, the Orlando industrial market has seen steady pressure on asking rent rates, which increased 3.7% year-over-year at the end of the third quarter of 2017.

**Pro Forma Portfolio and Top Tenant Listing**

Upon completion of the Acquisition, the Trust’s portfolio will comprise 218 properties with a total GLA of approximately 19.0 million square feet, of which nearly 15% of GLA, or approximately 2.8 million square feet, will be located in the United States. Nissan North America will be the Trust’s largest tenant by GLA at approximately 6.2%. The following table highlights the Trust’s top 10 tenants, on a pro forma basis, after giving effect to the completion of the Acquisition.

Rank	Tenant	GLA (square feet)
1	Nissan North America, Inc.	1,189,000
2	Spectra Premium Industries Inc.	642,368
3	TC Transcontinental	523,345
4	West Marine Products, Inc.	471,744
5	Solae, LLC	413,000
6	Gienow Windows & Doors Inc.	370,691
7	United Agri Products Canada Inc.	275,335
8	Coca-Cola Refreshments USA, Inc.	266,800
9	Nellson Nutraceutical Canada	234,555
10	Veritiv Operating Company	233,200



**Financing of the Acquisition**

*Equity Offering*

In order to provide partial funding for the Acquisition, the Trust has entered into an agreement to sell, on a bought deal basis in each of the provinces of Canada, 8,600,000 Units at a price of \$8.75 per Unit to a syndicate of underwriters led by TD Securities Inc. The total gross proceeds of the Public Offering will be \$75 million. Dream Industrial REIT has granted the underwriters an over-allotment option to purchase up to an additional 1,290,000 Units, exercisable in whole or in part, for a period of 30 days following closing of the Public Offering. If the over-allotment option is exercised in full, the gross proceeds of the Public Offering will total \$86 million.

Dream Industrial REIT expects to file, on November 13, 2017, with the securities commissions or other securities regulatory authorities in each of the provinces of Canada, a shelf prospectus supplement to the Trust’s short form base shelf prospectus dated September 15, 2017 relating to the Public Offering of Units.

Closing of the Public Offering is expected to occur on or about November 21, 2017, and is subject to certain customary conditions, including the approval of the Toronto Stock Exchange. Closing of the Public Offering will also be conditional on the contemporaneous closing of the Concurrent Private Placements referred to below.

#### *Concurrent Private Placements*

Concurrently with the Public Offering, Dream Office has agreed to purchase 2,858,000 Units from the Trust on a private placement basis at a price of \$8.75 per Unit for gross proceeds of \$25 million. In addition, PAULS has also agreed to purchase 115,000 Units from the Trust on a private placement basis at a price of \$8.75 per Unit for gross proceeds of \$1 million, demonstrating its support of and alignment with the Trust.

Closing of the Concurrent Private Placements is expected to occur on or about November 21, 2017 contemporaneous with the closing of the Public Offering. However, the Concurrent Private Placements are not conditional on the closing of the Public Offering.

#### *Use of Proceeds*

The Trust intends to use the net proceeds from the Public Offering and the Concurrent Private Placements to partially fund the Acquisition, to fund the repayment upon maturity of \$19.4 million aggregate principal amount of its outstanding 6.75% Debentures which mature on November 30, 2017, and for general trust purposes, including to fund future acquisitions. The balance of the purchase price for the Acquisition will be funded from working capital and drawings on the Trust's revolving credit facility. The Trust intends to obtain new U.S. mortgage financing on certain of the Acquired Properties following closing.

#### **Amended Credit Facility**

The Trust also announced today that it has received lender approval to amend its existing revolving credit facility by increasing the limit from \$100 million to \$125 million, with amounts available to be drawn in Canadian and/or U.S. dollars. The amendment is subject to customary closing conditions.

*"The transaction is aligned with our previously announced strategies, lowers our leverage and provides enhanced financial flexibility," said Lenis Quan, Chief Financial Officer of Dream Industrial REIT. "The Trust will have an improved balance sheet and is well positioned to continue to execute on its strategies to drive growth and improve value into 2018."*

This news release is not an offer of securities for sale in the United States. The securities being offered have not been and will not be registered under the United States Securities Act of 1933, as amended, and accordingly are not being offered for sale and may not be offered, sold or delivered, directly or indirectly within the United States, its possessions and other areas subject to its jurisdiction or to, or for the account or for the benefit of a U.S. person, except pursuant to an exemption from the registration requirements of that Act.

#### **About Dream Industrial REIT**

Dream Industrial REIT is an unincorporated, open-ended real estate investment trust. Dream Industrial REIT owns and operates a portfolio of 214 geographically diversified light industrial properties comprising approximately 17.0 million square feet of gross leasable area located primarily in key markets across Canada with a growing presence in the United States. 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](http://www.dreamindustrialreit.ca).

**Forward looking information**

*This news release may contain forward-looking information within the meaning of applicable securities legislation. Forward-looking information generally can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plans”, or “continue”, or similar expressions suggesting future outcomes or events. Some of the specific forward-looking information may include, among other things, statements regarding our objectives and strategies and plans to enter new markets, the Trust’s expectations regarding the Acquisition, including the going in capitalization rate, expectations regarding the strength of the Trust’s industrial platform in the United States following completion of the Acquisition, the manner in which the Acquisition will be financed, including by using the net proceeds of the Public Offering and the Concurrent Private Placements, working capital and drawings on the Trust’s revolving credit facility, the expected sources and uses of funds, the Trust’s intentions to repay upon maturity the Trust’s 6.75% Debentures, the anticipated timing of completion of the Acquisition, the Public Offering and the Concurrent Private Placements, expectations regarding the Trust’s capital structure and flexibility to expand in target U.S. markets in the future and, expected total GLA and top 10 tenants after giving effect to completion of the Acquisition. 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; and, with respect to the Acquisition referred to in this news release, the failure to satisfy or waive any conditions to the closing of the Acquisition or to realize the expected benefits from the Acquisition, as well as the risk that the Acquired Properties may not perform as anticipated. 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 news release speaks as of the date of this news 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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