

## DREAM INDUSTRIAL REIT DELIVERS STRONG Q3 2017 RESULTS, 96.7% OCCUPANCY AND 81.8% TENANT RETENTION RATIO

*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, November 7, 2017, DREAM INDUSTRIAL REIT (DIR.UN-TSX)** today announced its financial results for the three and nine months ended September 30, 2017.

### HIGHLIGHTS

- **New CEO appointed to spearhead expansion into the U.S., grow Canadian portfolio and work with Dream Unlimited Corp** to identify new development projects, including on lands owned by Dream, to generate new growth opportunities for the Trust and to expand the Trust's capital recycling program within Canada. As previously announced, Brian Pauls has been appointed CEO effective January 1, 2018.
- **Dream Unlimited Corp has entered into an arrangement with PAULS Corp LLC**, a Denver-based real estate firm with strong U.S. relationships and 40-year history, to provide the Trust with access to the U.S. market and leverage PAULS Corp LLC's track record and platform at no additional cost to the Trust. PAULS Corp LLC has acquired and developed industrial properties throughout the U.S. including the development of the 1,200 acre Gateway Park in Denver as well as developing over five million square feet of industrial space in multiple projects in Denver, Las Vegas, Dallas, Atlanta, Toronto and Calgary and over two million square feet of office space in Denver, San Diego, Las Vegas, St. Louis, Kansas City, and Detroit.
- **Adjusted Funds from Operations ("AFFO") per unit was 20.8 cents** for the quarter representing 2.5% growth over the same quarter of 2016, largely driven by comparative property growth of 1.4% and general and administrative expense savings of 7.2%.
- **Net income of \$9.1 million** Net income was \$16.2 million higher compared to prior quarter due to higher positive fair value adjustments to investment properties, which are excluded from FFO and AFFO.
- **Solid tenant retention ratio and leasing momentum** Tenant retention ratio during the quarter was 81.8% with 897,000 square feet of leasing taking occupancy in the quarter. On a year-to-date basis, the retention ratio of 81.1%, is the highest in the Trust's history. Net positive absorption of 116,350 square feet was realized across the portfolio during the quarter with approximately 46,000 square feet of positive absorption realized in Western Canada. To date, we have effectively addressed all of our 2017 expiries and terminations as we have obtained commitments exceeding the amount of space that expires or terminates this year.
- **Strong portfolio occupancy at 96.7%** with Western Canada at 96.5%, Ontario at 99.7%, Québec at 95.4% and Eastern Canada at 93.5%. Strong leasing momentum continued in our portfolio during the third quarter and the Trust's in-place occupancy has continually increased over the past four quarters. The Trust's portfolio continues to outperform comparable occupancy stats in each of our core markets.
- **Level of debt (debt-to-total assets) decreased by 10 bps to 52.6% and interest coverage improved to 3.3 times** compared to 52.7% and 3.1 times, respectively, as at September 30, 2016.
- **Completed first U.S. asset acquisition** subsequent to the quarter. The Trust completed the purchase of the previously announced acquisition of the 717,000 sq. ft. Nissan distribution center in Nashville, Tennessee for \$60.9 million. This represents a going in capitalization rate of 6.3% and an average capitalization rate of 6.5% over the remaining lease term of 8.5 years.
- **Completed Calgary industrial property acquisition** subsequent to the quarter. The Trust purchased a 189,000 square foot multi-tenant property in Calgary, Alberta for approximately \$17 million, representing a going in capitalization rate of 6.5%. The acquisition was funded using the Trust's revolving credit facility. The property is 93% leased and is strategically located in close proximity to the Trust's existing properties, providing the Trust with stable cash flow with opportunity to increase NOI with in-place rents currently below market.

*“Having completed our first U.S. asset acquisition, and with Brian Pauls joining us as CEO in the new year, we are making significant progress on our previously announced strategy of entering the United States industrial markets in a disciplined manner,” said Vincenza Sera, Chair and Trustee of Dream Industrial REIT. “We expect our relationship with PAULS Corp LLC will help Dream Industrial REIT capitalize on unique and attractive industrial opportunities in the near term. In addition, we look forward to working with Brian to grow the Trusts’ business in Canada, including identifying new development projects and increasing the scope of the asset recycling program to improve the overall quality of our portfolio.”*

<b>SELECTED FINANCIAL INFORMATION</b>					
(unaudited)					
	Three Months Ended			Nine Months Ended	
	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
(\$000's except unit and per unit amounts)					
Net income	9,091	(7,108)	14,283	15,193	6,912
Net operating income (“NOI”) <sup>(1)</sup>	29,037	28,936	29,426	86,479	88,611
Funds from operations (“FFO”) <sup>(1)</sup>	18,708	18,502	18,191	54,969	54,632
Adjusted funds from operations (“AFFO”) <sup>(1)</sup>	16,867	16,382	15,923	48,819	47,331
Investment properties value	1,625,681	1,617,098	1,659,015	1,625,681	1,659,015
Debt	883,941	861,777	878,862	883,941	878,862
<b>Per unit data</b> <sup>(1)(2)</sup>					
FFO – diluted <sup>(1)</sup>	\$ 0.230	\$ 0.230	\$ 0.229	\$ 0.681	\$ 0.690
AFFO – diluted <sup>(1)</sup>	0.208	0.205	0.203	0.610	0.604
Distributions	0.175	0.175	0.175	0.525	0.525
FFO payout ratio (%) <sup>(1)(3)</sup>	76.1%	76.1%	76.4%	77.1%	76.1%
AFFO payout ratio (%) <sup>(1)(3)</sup>	84.1%	85.4%	86.2%	86.1%	86.9%
<b>Units (period-end)</b>					
REIT Units	61,542,636	60,904,202	59,275,687	61,542,636	59,275,687
LP Class B Units	18,551,855	18,551,855	18,551,855	18,551,855	18,551,855
Total number of units	80,094,491	79,456,057	77,827,542	80,094,491	77,827,542
Portfolio gross leasable area (square feet) <sup>(4)</sup>	16,087,993	16,084,410	16,638,360	16,087,993	16,638,360
Occupied and committed space <sup>(4)</sup>	96.7%	96.8%	94.5%	96.7%	94.5%
Average occupancy for the period <sup>(4)</sup>	95.3%	95.0%	93.3%	94.9%	93.5%

See footnotes on page 4.

## FINANCIAL HIGHLIGHTS

- **Investment properties** – The value of the Trust’s investment property portfolio remained stable at \$1.6 billion.
- **Net income of \$9.1 million for the quarter** – Net income was \$16.2 million higher compared to prior quarter due to higher positive fair value adjustments to investment properties, which are excluded from FFO and AFFO.
- **Diluted FFO** – FFO for the quarter was 23.0 cents per unit, consistent with prior quarter. FFO per unit for the same quarter prior year was 22.9 cents.
- **Diluted AFFO** – AFFO for the quarter was 20.8 cents per unit, compared to 20.5 cents in the prior quarter and 20.3 cents the same quarter prior year.
- **Total NOI of \$29.0 million for the quarter** – Total NOI was 0.3% higher compared to prior quarter primarily due to an increase in comparative properties NOI, offset by lower straight-line rent.
- **Comparative properties NOI of \$29.3 million for the quarter** – Comparative properties NOI increased by \$0.2 million, or 0.7%, when compared to the prior quarter primarily due to an increase in average occupancy.
- **Improved capital structure** – Level of debt (debt-to-total assets) was 52.6%, a decrease of 10 bps when compared to September 30, 2016, with interest coverage of 3.3 times and a weighted average term to maturity of 3.8 years.

## OPERATIONAL HIGHLIGHTS

- **Leasing profile** – Strong leasing momentum has continued with the fourth straight quarter of positive absorption. Leasing activity during the third quarter included 325,000 square feet of new leases, 572,000 square feet of renewals, and lease commitments of 168,000 square feet, compared to 780,000 square feet of expiries and early terminations. The average remaining lease term at September 30, 2017 is 3.9 years.
- **Portfolio occupancy at 96.7%** – Overall occupancy (including committed space) was 96.7%, stable compared to 96.8% at June 30, 2017 and an increase from 94.5% at September 30, 2016.
- **High tenant retention of 81.8%** – On a year-to-date basis, the retention ratio is 81.1% which is the highest in the Trust’s history.
- **Stable in-place rents** – In-place rents remained at \$7.19 per square foot.
- **Completed first acquisition in the U.S.** – The Trust completed the acquisition of a 717,000 sq. ft. distribution center in Nashville, Tennessee for \$60.9 million from Dream Office REIT on October 31, 2017. The acquisition was funded by the assumed mortgage of \$29.7 million and the balance from working capital and the Trust’s revolving credit facility.
- **Completed acquisition in Calgary, Alberta** – The Trust completed the purchase of a 189,000 square foot multi-tenant industrial property for approximately \$17 million, representing a going in capitalization rate of 6.5%. The acquisition was funded using the Trust’s revolving credit facility.

*“Dream Industrial’s operational performance over the past year has improved significantly,” said Brent Chapman, President and Chief Executive Officer. “Our Western Canada portfolio occupancy has remained strong at 96.5%, and our occupancy in Eastern Canada has increased 580 bps since this time last year. We are capitalizing on the strong industrial fundamentals in our markets which positions the Trust well for continued stability and growth.”*

September 30, 2017 <sup>(4)</sup>	GLA (million sq. ft.)	Occupancy (%)	Average lease term (years)	Average in-place rent (per sq. ft.)
Western Canada	4.9	96.5	3.7	\$ 9.00
Ontario	4.8	99.7	3.7	6.17
Québec	3.8	95.4	4.6	6.14
Eastern Canada	2.6	93.5	3.5	7.23
<b>Total</b>	<b>16.1</b>	<b>96.7</b>	<b>3.9</b>	<b>\$ 7.19</b>

*See footnotes on page 4.*

## CAPITAL STRUCTURE

Key performance indicators	September 30, 2017	December 31, 2016	September 30, 2016
Level of debt (debt-to-total assets) <sup>(1)</sup>	<b>52.6%</b>	52.6%	52.7%
Interest coverage ratio <sup>(1)</sup>	<b>3.3 times</b>	3.1 times	3.1 times
Weighted average face interest rate on all debt <sup>(5)</sup>	<b>3.81%</b>	3.81%	3.83%
Weighted average effective interest rate on all debt <sup>(5)</sup>	<b>3.91%</b>	3.89%	3.88%
Debt – weighted average term to maturity (years)	<b>3.8</b>	4.2	4.2

*See footnotes on page 4.*

The Trust continues to improve its financial metrics and is strategically evaluating opportunities to take advantage of the current favourable interest rate environment, while maintaining a balanced debt maturity profile. As at September, 30, 2017, the Trust had \$99 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 deliver improved financial results relative to the same quarter in 2016, after selling \$71 million of assets last year,” said Lenix Quan, Chief Financial Officer of Dream Industrial REIT. “With two acquisitions completed this year, including our first asset in the U.S.,*

*we are executing on our growth strategies and believe that the Trust is well positioned with the financial flexibility to explore and continue to execute on them going forward.”*

#### **CONFERENCE CALL**

Senior management will host a conference call to discuss the results on Wednesday, November 8, 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 6802 324#. 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 and operates a portfolio of 214 geographically diversified light industrial properties comprising approximately 17.0 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](http://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 nine months ended September 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 nine months ended September 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](http://www.dreamindustrialreit.ca).*

For further information, please contact:

**Dream Industrial REIT**

Brent Chapman  
President and Chief Executive Officer  
(416) 365-5265  
[bchapman@dream.ca](mailto:bchapman@dream.ca)

Lenis Quan  
Chief Financial Officer  
(416) 365-2353  
[lquan@dream.ca](mailto:lquan@dream.ca)