

DREAM INDUSTRIAL REIT REPORTS STRONG 2017 FINANCIAL RESULTS, 140 BPS IMPROVEMENT IN OCCUPANCY YEAR-OVER-YEAR AND SUCCESSFUL EXPANSION INTO U.S. CLASS A INDUSTRIAL MARKET

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, February 20, 2018, DREAM INDUSTRIAL REIT (DIR.UN-TSX) or (“Dream Industrial REIT”, the “Trust” or “we”) today announced its financial results for the three and twelve months ended December 31, 2017. Management will host a conference call to discuss the results on February 21, 2018 at 9:00 a.m. (ET).

SELECTED FINANCIAL INFORMATION				
(unaudited)				
(\$000's except unit and per unit amounts)				
	Three months ended		Year ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Net income	19,466	(9,602)	34,659	(2,690)
Net operating income (“NOI”) ⁽¹⁾	30,404	28,776	116,778	117,387
Funds from operations (“FFO”) ⁽¹⁾	19,655	16,677	74,623	71,309
Adjusted funds from operations (“AFFO”) ⁽¹⁾	17,719	14,488	66,537	61,819
Investment properties value	1,722,988	1,634,315	1,722,988	1,634,315
Debt	889,796	868,347	889,796	868,347
Per unit data ⁽¹⁾⁽²⁾				
FFO – diluted ⁽¹⁾	\$ 0.225	\$ 0.212	\$ 0.905	\$ 0.901
AFFO – diluted ⁽¹⁾	0.204	0.186	0.813	0.790
Distributions	0.175	0.175	0.700	0.700
FFO payout ratio (%) ⁽¹⁾⁽³⁾	77.8%	82.5%	77.3%	77.7%
AFFO payout ratio (%) ⁽¹⁾⁽³⁾	85.8%	94.1%	86.1%	88.6%
Units (period-end)				
REIT Units	75,104,843	59,633,237	75,104,843	59,633,237
LP Class B Units	18,551,855	18,551,855	18,551,855	18,551,855
Total number of units	93,656,698	78,185,092	93,656,698	78,185,092
Portfolio gross leasable area (square feet) ⁽⁴⁾				
Occupied and committed space ⁽⁴⁾	17,188,043	16,182,117	17,188,043	16,182,117
Average occupancy for the period ⁽⁴⁾	96.6%	95.2%	96.6%	95.2%
	95.8%	93.0%	95.1%	93.4%

See footnotes on page 4.

“Dream Industrial REIT’s operational performance in 2017 has improved significantly,” said Brian Pauls, Chief Executive Officer. “Our Western Canada portfolio occupancy has remained strong at 95.1%, and our occupancy in Eastern Canada has increased 350 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. In the four months since the announcement of my appointment as CEO, we are pleased to have acquired 2.8 million square feet of Class A industrial properties in the Southeastern U.S. We will continue to capitalize on unique and attractive industrial opportunities in both Canada and the U.S., including identifying new development projects and increasing the scope of the asset recycling program to improve the overall quality of our portfolio.”

QUARTERLY FINANCIAL AND OPERATIONAL HIGHLIGHTS

- **Net income** – Net income increased by \$29.1 million compared to same quarter prior year due to higher NOI, savings from certain one-time costs incurred in Q4 2016 and lower negative fair value adjustments to investment properties and financial instruments, which are excluded from the calculation of FFO and AFFO.
- **Diluted FFO⁽¹⁾ per unit for the quarter** ended December 31, 2017 was 22.5 cents compared to 21.2 cents for the quarter ended December 31, 2016. Diluted FFO was higher by 1.3 cents or 6.1% year-over-year due to the impact of acquired properties, higher comparative properties NOI and a one-time cost incurred in the prior year, offset slightly by the timing difference between the equity offering completed in Q4 2017 and subsequent capital deployment.
- **Diluted AFFO⁽¹⁾ per unit for the quarter** ended December 31, 2017 was 20.4 cents compared to 18.6 cents in the same quarter prior year due to the reasons discussed above.
- **Total fourth quarter NOI⁽¹⁾ increased 5.7% over the fourth quarter of 2016** – Total NOI for the quarter ended December 31, 2017 was \$30.4 million or \$1.6 million higher compared to Q4 2016. The increase in NOI compared to the same quarter last year was mainly due to higher comparative properties NOI and acquisitions completed in 2017, offset slightly by the impact of properties sold in Q4 2016.
- **Comparative properties NOI⁽¹⁾ for the quarter increased by 2.3% over the fourth quarter of 2016.** Comparative properties NOI for the quarter ended December 31, 2017 was \$29.5 million or \$0.7 million higher when compared to the same quarter previous year. The increase in comparative properties NOI compared to the previous period was driven by an overall increase in average occupancies mainly in Ontario.
- **Leasing profile** – Strong leasing momentum has continued for a fifth straight quarter with occupancy over 95%. Leasing activity during the fourth quarter included 184,000 square feet of new leases, 482,000 square feet of renewals, and lease commitments of 154,000 square feet, compared to 683,000 square feet of expiries and early terminations for the same quarter. The average remaining lease term at December 31, 2017 is 4.0 years.
- **Increasing market rents** – Market rents increased to 3.1% above the in-place rents for our Canadian portfolio reflecting the strong demand for industrial space in Ontario and Quebec.

ANNUAL FINANCIAL AND OPERATIONAL HIGHLIGHTS

- **Net income** – Net income increased by \$37.3 million compared to the previous year due to higher comparative properties NOI, savings in our general and administrative expenses, savings from certain one-time costs incurred in 2016, lower fair value losses on investment properties and gains on financial instruments.
- **Diluted FFO⁽¹⁾ per unit for the year** was 90.5 cents compared to 90.1 cents for the year ended December 31, 2016. Diluted FFO was higher by 0.4 cents when compared to the prior year primarily due to higher comparative properties NOI, savings in interest expenses, general and administrative costs and a one-time cost incurred in the prior year, offset slightly by the timing difference between the equity offering completed in November 2017 and subsequent capital deployment.
- **Diluted AFFO⁽¹⁾ per unit for the year increased 2.9%** to 81.3 cents for the year ended December 31, 2017 compared to 79.0 cents for the year ended December 31, 2016 due to the reasons discussed above.
- **Investment properties** – The value of the Trust's investment property portfolio increased to \$1.7 billion compared to \$1.6 billion at December 31, 2016. The increase was largely as a result of acquisitions completed during 2017.
- **Total NOI⁽¹⁾ for 2017** was \$116.8 million or 0.5% lower compared to the prior year. The decrease in NOI for the year ended December 31, 2017 compared to the same period last year was attributed to the timing difference between dispositions completed in 2016 and acquisitions that closed in Q4 2017, offset by growth in comparative properties NOI.

- **Comparative properties NOI for the year increased 1.7% over 2016.** For the year ended December 31, 2017 the comparative properties NOI was \$116.6 million or \$1.9 million higher compared to the year ended December 31, 2016. The increase in comparative properties NOI compared to previous periods was driven by an overall increase in average occupancies mainly in Ontario.
- **Portfolio occupancy up 140 bps in 2017 and retention ratio of 80.3%** – Overall occupancy (including committed space) was 96.6%, an increase from 95.2% at December 31, 2016. For the full year, the Trust’s retention ratio is 80.3%.

INVESTMENT HIGHLIGHTS

- **Successful Expansion into Class A U.S. Industrial Market** – To date, the Trust acquired 2.8 million square feet of distribution and light manufacturing facilities in strong industrial markets in Memphis, Nashville, Orlando and Charlotte for total purchase price of US\$150 million, representing a weighted average capitalization rate of ~6.4% and a purchase price of approximately US\$54 per square foot. The assets are 100% occupied by a mix of large, blue-chip companies and medium sized enterprises, including Nissan North America and Coca-Cola Refreshments USA Inc. The acquired properties are all under triple net lease structures with contractual rent increases and have a weighted average lease term of 6.7 years.

CAPITAL STRUCTURE

Key performance indicators	December 31, 2017	December 31, 2016
Level of debt (debt-to-total assets) ⁽¹⁾	49.5%	52.6%
Interest coverage ratio ⁽¹⁾	3.3 times	3.1 times
Weighted average face interest rate on all debt ⁽⁵⁾	3.75%	3.81%
Debt – weighted average term to maturity (years)	3.8	4.2
Unencumbered assets ⁽⁶⁾	\$113,191	\$121,210
Undrawn lines of credit	123,000	98,000

See footnotes on page 4.

- **Improved capital structure** – Level of debt (debt-to-total assets) was 49.5%, a decrease of 310 bps when compared to December 31, 2016, with interest coverage of 3.3 times and a weighted average term to maturity of 3.8 years.
- **Equity offering and private placements** – On November 21, 2017, the Trust successfully completed a public offering and private placements for total gross proceeds of \$113 million and issued 12,863,000 units. Net proceeds were used to repay the \$19.4 million of outstanding 6.75% debentures that matured on November 30, 2017 and to fund the U.S. acquisitions which closed in December 2017 and January 2018.

“Dream Industrial REIT had a good fourth quarter, concluding a very successful year” said Lenis Quan, Chief Financial Officer of Dream Industrial REIT. “Our well-capitalized balance sheet is at its strongest since inception and we are well positioned to focus on strategies to improve the value of our business, including growing organically and identifying asset recycling opportunities that can improve overall portfolio quality and generate higher NAV growth.”

CONFERENCE CALL

Senior management will host a conference call to discuss the results on Wednesday, February 21, 2018 at 9:00 a.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 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 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 218 geographically diversified light industrial properties comprising approximately 19 million square feet of gross leasable area 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.

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 twelve months ended December 31, 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 period.
- (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.
- (6) Includes properties held for sale.

Non-GAAP Measures

The Trust's 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 twelve months ended December 31, 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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