

DREAM INDUSTRIAL REIT REPORTS STRONG Q1 2018 FINANCIAL RESULTS AND 97.1% PORTFOLIO OCCUPANCY

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, May 8, 2018, DREAM INDUSTRIAL REIT (DIR.UN-TSX) or (“Dream Industrial REIT”, the “Trust” or “we”) today announced its financial results for the three months ended March 31, 2018.

SELECTED FINANCIAL INFORMATION (unaudited) (\$000's except unit and per unit amounts)	Three Months Ended	
	March 31, 2018	March 31, 2017
Net income	44,871	13,210
Net operating income (“NOI”) ⁽¹⁾	32,503	28,401
Funds from operations (“FFO”) ⁽¹⁾	21,232	17,759
Per unit data⁽¹⁾⁽²⁾		
FFO – diluted ⁽¹⁾	\$ 0.224	\$ 0.222
Distributions	0.175	0.175
FFO payout ratio (%) ⁽¹⁾⁽³⁾	78.1%	78.8%

See footnotes on page 4.

SELECTED BALANCE SHEET INFORMATION (unaudited) (\$000's except unit and per unit amounts)	March 31, 2018		December 31, 2017
	Investment properties value	1,903,708	
Debt	949,283		889,796
Units (period-end)			
REIT Units	76,000,367		75,104,843
LP B Units	18,551,855		18,551,855
Total number of units	94,552,222		93,656,698
Portfolio gross leasable area (square feet) ⁽⁴⁾	19,143,808		17,188,043
Occupied and committed space ⁽⁴⁾	97.1%		96.6%
Average occupancy for the period ⁽⁴⁾	96.1%		95.8%

See footnotes on page 4.

“2018 has started off positively for Dream Industrial REIT,” said Brian Pauls, Chief Executive Officer. “Our Western Canada portfolio occupancy has remained strong at 94.8%, and our occupancy in Eastern Canada has increased 280 bps since this time last year. We are capitalizing on the strong industrial fundamentals in our Ontario and Quebec markets which positions the Trust well for continued stability and growth. Our focus on active asset management continues to yield positive results and we recently completed significant lease deals on two properties in the Greater Toronto Area that we had previously considered selling. With higher rents that increase the value of these properties by over 25%, we are retaining these assets for the long-term, demonstrating our ability to generate organic growth in our strongest markets and increase our net asset value.

With 2.8 million square feet of Class A industrial properties in the Southeastern U.S. acquired in the past six months, 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 \$31.7 million compared to Q1 2017 due to positive fair value adjustment to investment properties due to higher investment properties valuations, slightly offset by negative fair value adjustment on the Trust’s subsidiary redeemable units as the Trust’s unit price increased. These fair value adjustments are excluded from the calculation of FFO. The investment property acquisitions completed during the last quarter of 2017 and first quarter of 2018 contributed an additional \$3.2 million in net rental income.
- **Diluted FFO⁽¹⁾ per unit for the quarter** ended March 31, 2018 was 22.4 cents, relatively stable compared to 22.2 cents for the quarter ended March 31, 2017. Comparative properties NOI growth was offset by lower leverage during the quarter.
- **Total first quarter NOI⁽¹⁾ increased 14.4% over the first quarter of 2017** – Total NOI for the quarter ended March 31, 2018 was \$32.5 million or \$4.1 million higher compared to Q1 2017. The increase in NOI compared to the same quarter last year was mainly due to higher comparative properties NOI and acquisitions completed in the first quarter of 2018 and fourth quarter of 2017.
- **Comparative properties NOI⁽¹⁾ for the quarter increased by 2.8% over the first quarter of 2017.** Comparative properties NOI for the quarter ended March 31, 2018 was \$29.4 million or \$0.8 million higher when compared to Q1 2017. The increase in comparative properties NOI compared to Q1 2017 was as a result of higher NOI from Ontario and Eastern Canada where the average occupancies were higher, slightly offset by lower NOI from the Western Canada and Quebec regions where the average occupancies were lower.
- **Leasing profile** – Strong leasing momentum has continued for a sixth straight quarter with occupancy over 95%. Leasing activity during the first quarter included 240,000 square feet of new leases, 990,000 square feet of renewals, and lease commitments of 221,000 square feet, compared to 1,271,000 square feet of expiries and early terminations for the same quarter. The average remaining lease term at March 31, 2018 is 4.1 years.
- **Portfolio occupancy up 50 bps in first quarter and retention ratio of 82.7%** – Overall occupancy (including committed space) was 97.1%, an increase from 96.6% at December 31, 2017. Excluding the impact of acquisitions, comparative portfolio occupancy is 96.7% compared to 96.5% at December 31, 2017.
- **Positive rental spreads on Ontario renewals** – During the quarter, the Trust completed 990,000 square feet of renewals at rates \$0.04 or 0.6% higher than expiring rates. Of these deals, renewals totaling 695,000 square feet were in the Trust’s Ontario portfolio at rates 2.0% higher than expiring rents. Two single-tenants representing almost half of these renewals were transacted over a year ago at 6.3% negative renewal spreads as the focus was on retention and occupancy. Excluding these two deals, our renewal spread in Ontario would have been 8.0% higher than expiry. With our recent focus on increased rents in the Ontario region, we have transacted 682,000 square feet of deals at rates \$0.66 or 11.3% above expiry or prior in-place rents which take occupancy in 2018.
- **Increasing market rents** – Market rents increased to 4.1% above the in-place rents for our Canadian portfolio primarily reflecting the strong demand for industrial space in Ontario.
- **Investment properties** – The Trust’s investment property portfolio consists of 219 properties with a value of \$1.9 billion compared to \$1.7 billion at December 31, 2017. U.S. acquisitions totalling \$115 million were completed in the quarter, and the Trust’s Ontario and Quebec properties increased by \$57 million reflecting higher underlying cash flows, market rents and lower capitalization and discount rates.
- **Net Assets Value (“NAV”)^{(1),(7)} per unit** – The Trust’s NAV per unit increased by \$0.50 or 5.4% to \$9.85 this quarter, largely from higher investment properties values in Ontario and Quebec.

CAPITAL STRUCTURE

Key performance indicators	March 31, 2018	December 31, 2017
Level of debt (debt-to-total assets) ⁽¹⁾	49.5%	49.5%
Interest coverage ratio ⁽¹⁾	3.4 times	3.3 times
Weighted average face interest rate on all debt ⁽⁵⁾	3.77%	3.75%
Debt – weighted average term to maturity (years)	3.9	3.8
Unencumbered assets ⁽⁶⁾	\$222,808	\$113,191
Undrawn lines of credit	89,639	123,000

See footnotes on page 4.

- **Stable and conservative capital structure** – Level of debt (debt-to-total assets) remained at 49.5%, with interest coverage of 3.4 times and a weighted average term to maturity of 3.9 years. Following the completion of the U.S. acquisitions this quarter, the Trust had \$223 million of unencumbered assets providing additional financial flexibility and liquidity.

“Dream Industrial REIT had a good first quarter, following a very successful year in 2017,” 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 free cash flow and NAV growth.”

CONFERENCE CALL

Senior management will host a conference call to discuss the results on Wednesday, May 9, 2018 at 11:00 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 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 219 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) FFO, comparative properties NOI, NOI, FFO payout ratio, NAV per unit, 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 months ended March 31, 2018 under the heading “Non-GAAP Measures and Other Disclosures”.

(3) Payout ratio for FFO (non-GAAP measure) is calculated as the ratio of distribution rate to diluted FFO per unit.

(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.

(7) NAV per unit (non-GAAP measure) is calculated as the total equity (including LPB Units) divided by the total number of REIT Units and LP B Units.

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”), FFO payout ratio, NAV per unit, 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 months ended March 31, 2018.

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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