

## DREAM INDUSTRIAL REIT REPORTS Q3 2018 FINANCIAL RESULTS AND CONTINUED EXPANSION IN THE U.S. AND CANADA

*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 6, 2018, DREAM INDUSTRIAL REIT (DIR.UN-TSX) or (“Dream Industrial REIT”, the “Trust” or “we”)** today announced its financial results for the three and nine months ended September 30, 2018.

*“The third quarter was a busy and exciting time for the Trust. We successfully added high quality assets to the portfolio, continuing our U.S. expansion strategy and adding scale in our Canadian markets”, said Brian Pauls, Chief Executive Officer of Dream Industrial REIT. “We have made progress on improving our core operations with increased occupancy in our Western Canadian portfolio, setting the stage for stronger performance in 2019. Going forward, we will continue to focus on driving internal growth, sourcing attractive investment opportunities and improving the value of Dream Industrial.”*

SELECTED FINANCIAL INFORMATION (unaudited)	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2018	2017	2018	2017
(\$000's except unit and per unit amounts)				
Net income	29,960	9,091	91,073	15,193
Net rental income	33,665	29,037	98,738	86,374
Net operating income (“NOI”) <sup>(1)</sup>	33,665	29,037	98,738	86,374
Comparative properties NOI <sup>(1)</sup>	29,527	29,342	88,481	87,009
Funds from operations (“FFO”) <sup>(1)</sup>	22,749	18,708	64,106	54,969
<b>Per unit data</b>				
FFO – diluted <sup>(1)(2)</sup>	\$ 0.206	\$ 0.230	\$ 0.640	0.681
Distributions	0.175	0.175	0.525	0.525
FFO payout ratio (%) <sup>(3)</sup>	85.0%	76.1%	82.0%	77.1%

See footnotes on page 4.

SELECTED BALANCE SHEET INFORMATION (unaudited)		
	September 30, 2018	December 31, 2017
(\$000's except unit and per unit amounts)		
Liquidity <sup>(1)</sup>	86,742	177,651
Level of debt (net debt-to-assets) <sup>(1)</sup>	44.3%	47.9%
Net asset value (“NAV”) per unit <sup>(1)</sup>	\$ 10.12	\$ 9.35
<b>Units (period-end)</b>		
REIT Units	91,249,800	75,104,843
LP Class B Units	18,551,855	18,551,855
Total number of units	109,801,655	93,656,698
Investment properties	2,065,211	1,722,988
Portfolio gross leasable area (square feet) <sup>(4)</sup>	20,070,765	17,188,043
Occupied and committed space <sup>(4)</sup>	96.8%	96.6%
Average occupancy for the period <sup>(4)</sup>	95.5%	95.8%

See footnotes on page 4.

## QUARTERLY FINANCIAL AND OPERATIONAL HIGHLIGHTS

- **Net income** – Net income for the three months ended September 30, 2018 was \$30.0 million compared to \$9.1 million in the prior year comparative quarter. For the nine months ended September 30, 2018, net income was \$91.1 million compared to \$15.2 million in the prior year comparative period. Net income increased largely due to positive fair value adjustments to investment properties due to higher investment property valuations.
- **Diluted FFO<sup>(1)</sup> per unit for the quarter** ended September 30, 2018 was 20.6 cents compared to 23.0 cents for the quarter ended September 30, 2017. The positive impact of overall NOI growth was offset by lower leverage during the quarter and the timing difference between the June 2018 equity offering and the subsequent deployment of the proceeds.
- **Total third quarter NOI<sup>(1)</sup> increased 15.9% over the third quarter of 2017** – Total NOI for the quarter ended September 30, 2018 was \$33.7 million or \$4.6 million higher compared to Q3 2017. The increase in NOI compared to the same quarter last year was mainly due to higher comparative properties NOI and acquisitions completed in 2018 and the fourth quarter of 2017.
- **Comparative properties NOI<sup>(1)</sup> for the quarter increased by 0.6% over the third quarter of 2017.** Comparative properties NOI for the quarter ended September 30, 2018 was \$29.5 million or \$0.2 million higher when compared to Q3 2017. The increase is due to higher average occupancy in Eastern Canada, as well as higher rental rates in Ontario and Quebec, offset by lower average occupancy and rental rates in Western Canada. Occupancy has increased in the Trust's Western Canada portfolio and should result in stronger internal growth going forward. For the nine months ended September 30, 2018, comparative properties NOI increased 1.7% over the prior year period.
- **Leasing profile** – Strong leasing momentum has continued for an eighth straight quarter with occupancy over 95%. Leasing activity during Q3 2018 included 274,000 square feet of new leases, 459,000 square feet of renewals, and lease commitments of 263,000 square feet, compared to 714,000 square feet of expiries and early terminations for the same quarter. The average remaining lease term at September 30, 2018 is 4.1 years.
- **Portfolio occupancy and retention ratio** – Overall occupancy (including commitments) remained strong at 96.8%, compared to 96.6% at June 30, 2018. The retention ratio for the overall portfolio was 78.2%, and 79.6% for the three and nine months ended September 30, 2018. Occupancy in the Trust's Western Canadian portfolio increased 130 bps to 94.2% during the quarter.
- **Positive rental spreads in nearly all regions** – The Trust completed 459,000 square feet of renewals that commenced during the quarter, at an average renewal spread of 2.7%. In the Trust's markets of Ontario, Quebec, Eastern Canada, and Western Canada, renewal spreads were 3.2%, 8.2%, 1.1%, and -3.5%, respectively. In the West, the Trust remains focused on maximizing occupancy while prudently investing capital. Ontario included the early renewal of a 210,000 s.f. lease in the GTA which was expiring in 2019. Under the existing lease, there were no scheduled rental rates increases. With this renewal agreement, we negotiated a 1.9% bump effective immediately in July 2018 and an additional 13% increase in 2019, the latter of which is not reflected in the above renewal spread for Ontario.
- **Investment properties** – The Trust's investment property portfolio at September 30, 2018 consists of 222 properties with a value of \$2.1 billion compared to \$1.7 billion at December 31, 2017. Acquisitions totalling \$227 million were completed in 2018, of which \$115 million closed in the third quarter, and the Trust's Ontario and Quebec properties increased in value by \$106 million when compared to December 31, 2017 reflecting higher underlying cash flows, market rents and lower capitalization and discount rates.
- **Net asset value ("NAV") per unit<sup>(1)</sup>** – The Trust's net asset value per unit increased by \$0.77 or 8.2% to \$10.12 this quarter from \$9.35 as of December 31, 2017, largely reflecting an increase in investment property values in Ontario and Quebec.

## INVESTMENT HIGHLIGHTS

- **Addition of high quality assets.** During the quarter, the Trust completed the acquisition of two properties in Columbus, OH and one in Etobicoke, ON for a total purchase price of approximately \$115 million at a weighted average going-in cap rate of 6.3%. The properties are 100% occupied with a WALT of approximately 6.6 years.
- **Expanding presence in the strong Montreal industrial market.** Subsequent to the quarter, the Trust acquired a 121,000 s.f. Class A distribution facility located in the Greater Montreal Area. The purchase price of \$13.6 million, represented a going in capitalization rate of approximately 6%.
- **Strong acquisition pipeline.** The Trust continues to pursue acquisitions in target markets in the Midwest and Southeastern U.S., and Canada with approximately \$300 million of assets in the pipeline.

## CAPITAL STRUCTURE

- **Redemption of 5.25% convertible debentures** – On August 2, 2018 the Trust redeemed its \$111.25 million aggregate principal amount of 5.25% convertible debentures. The redemption price was at par plus unpaid accrued interest.
- **Stable and conservative capital structure** – Level of debt (net debt-to-assets)<sup>(1)</sup> was 44.3% as of September 30, 2018. The Trust had \$210 million of unencumbered assets providing additional financial flexibility and liquidity.

Key performance indicators	September 30, 2018	December 31, 2017
Level of debt (net debt-to-assets) <sup>(1)</sup>	44.3%	47.9%
Interest coverage ratio <sup>(1)</sup> – year-to-date	3.4 times	3.3 times
Weighted average face interest rate on all debt <sup>(5)</sup>	3.62%	3.75%
Debt – weighted average term to maturity (years)	4.3	3.8
Unencumbered assets <sup>(1)(6)</sup>	\$209,703	\$113,191
Undrawn lines of credit	78,351	123,000

See footnotes on page 4.

*“With our level of debt down 820 bps since this time last year, and a significant unencumbered asset pool, our balance sheet flexibility remains strong and will enable the Trust to grow, diversify and improve our overall portfolio quality,” said Lenis Quan, Chief Financial Officer of Dream Industrial REIT. “We continue to look for opportunities that will improve the value of our business and generate higher cash flow as well as NAV growth.”*

## CONFERENCE CALL

Senior management will host a conference call to discuss the results on Wednesday, November 7, 2018 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. Excluding the asset held for sale, Dream Industrial REIT owns and operates a portfolio of 223 geographically diversified light industrial properties comprising approximately 20.2 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](http://www.dreamindustrialreit.ca).

#### FOOTNOTES

(1) NOI, comparative properties NOI, FFO, liquidity, level of debt (net debt-to-assets), NAV per unit, interest coverage ratio, unencumbered assets 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, 2018 under the heading “Non-GAAP Measures and Other Disclosures”.

(3) FFO payout ratio 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 face interest rate is calculated as the weighted average face interest rate of all interest bearing debt.

(6) Includes property or properties held for sale.

#### **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”), liquidity, level of debt (net debt-to-assets), net asset value (“NAV”) per unit, interest coverage ratio and unencumbered assets 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, 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 expand our presence in our existing 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).*

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