

## DREAM INDUSTRIAL REIT REPORTS Q3 2019 FINANCIAL RESULTS AND CONTINUED PROGRESS ON ADDING SCALE AND IMPROVING PORTFOLIO QUALITY

*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 5, 2019, 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, 2019. Management will host a conference call to discuss the financial results on November 6, 2019 at 11:00 a.m. (ET).

*“We are poised to initiate the REIT’s development program as we continue to upgrade the Dream Industrial portfolio,” said Brian Pauls, Chief Executive Officer of Dream Industrial REIT. “We are pursuing attractive investment opportunities that add further scale in our target markets and improve the quality of our portfolio. Operationally, our focus on active asset management strategies continue to deliver strong comparative property NOI growth.”*

### FINANCIAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION (unaudited)	Three months ended		Nine months ended	
(in thousands of dollars except per Unit amounts)	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>Operating results</b>				
Net income (loss)	\$ (2,966)	\$ 29,960	\$ 72,790	\$ 91,073
Funds from operations (“FFO”) <sup>(1)</sup>	26,659	22,749	79,227	64,106
Net rental income	35,918	28,726	102,802	84,092
Comparative properties net operating income (“NOI”) <sup>(1)</sup>	27,419	25,760	80,910	77,338
<b>Per Unit amounts</b>				
Distribution rate	\$ 0.17	\$ 0.17	\$ 0.52	\$ 0.52
FFO – diluted <sup>(1)(2)</sup>	0.19	0.21	0.60	0.64
<b>FFO payout ratio – diluted<sup>(1)</sup></b>	<b>91.6%</b>	<b>85.0%</b>	<b>87.2%</b>	<b>82.0%</b>

*See footnotes at end.*

SELECTED BALANCE SHEET & PORTFOLIO INFORMATION (unaudited)	As at	
(in thousands of dollars except per Unit amounts)	September 30, 2019	December 31, 2018
Available liquidity <sup>(1)</sup>	\$ 280,097	\$ 103,162
Level of debt (net debt-to-assets ratio) <sup>(1)</sup>	31.4%	43.5%
Net asset value (“NAV”) per Unit <sup>(1)</sup>	\$ 11.09	\$ 10.54
<b>Total portfolio<sup>(3)</sup></b>		
Investment properties	\$ 2,329,107	\$ 2,138,411
Gross leasable area (“GLA”) (in millions of sq. ft.)	21.8	20.2
Occupancy rate – in-place and committed (period-end)	96.2%	97.1%
Occupancy rate – in-place (period-end)	95.8%	95.7%

*See footnotes at end.*

## QUARTERLY AND YEAR-TO-DATE FINANCIAL AND OPERATIONAL HIGHLIGHTS

- **Net income (loss) for the quarter and year-to-date** – For the three months ended September 30, 2019, the Trust recorded net loss of \$3.0 million, consisting of net rental income of \$35.9 million, fair value adjustments to investment properties of \$7.0 million, offset by fair value adjustments to financial instruments of \$28.2 million, primarily attributed to the revaluation of subsidiary redeemable units, and cumulative other income and expenses of \$17.7 million.

For the nine months ended September 30, 2019, the Trust recorded net income of \$72.8 million, consisting of net rental income of \$102.8 million, fair value adjustments to investment properties of \$90.7 million, offset by fair value adjustments to financial instruments of \$75.1 million, primarily attributed to the revaluation of subsidiary redeemable units, and cumulative other income and expenses of \$45.6 million.

- **Diluted FFO per Unit<sup>(1)</sup> for the quarter and year-to-date** – Diluted FFO per Unit for the three and nine months ended September 30, 2019 was 19 cents and 60 cents, respectively, compared to 21 cents and 64 cents, respectively, for the three and nine months ended September 30, 2018. FFO per Unit was lower primarily due to lower leverage, partially offset by higher comparative properties NOI<sup>(1)</sup> across all regions and net rental income from our acquired properties.
- **Net rental income for the quarter and year-to-date** – Net rental income for the three and nine months ended September 30, 2019 was \$35.9 million and \$102.8 million, respectively, representing an increase of \$7.2 million or 25.0% over the prior year comparative quarter, and an increase of \$18.7 million or 22.2% over the prior year comparative nine-month period. The increase was mainly due to higher net rental income from investment properties acquired in 2018 and 2019, as well as higher comparative properties NOI<sup>(1)</sup> across all regions.
- **Comparative properties NOI<sup>(1)</sup> for the quarter and year-to-date** – Comparative properties NOI for the three and nine months ended September 30, 2019 increased 6.4% over the prior year comparative quarter, and increased 4.6% over the prior year comparative nine-month period. Comparative properties NOI increased primarily due to higher average occupancy and rental rates in the Western Canada and Québec regions, as well as higher rental rates in the Ontario region.
- **Leasing activity** – For the three and nine months ended September 30, 2019, approximately 698,000 square feet and 2.1 million square feet of leases commenced over the respective periods, of which 393,000 square feet and 1.3 million square feet, respectively, were renewals and relocations. The overall retention ratio for the three and nine months ended September 30, 2019 was 46.5% and 65.4%, respectively. This quarter's retention ratio was largely impacted by a 111,000 square foot tenant vacancy in the Greater Toronto Area ("GTA"). We continue to see a strong leasing environment in the GTA and the current vacancy will avail us the opportunity to drive rental rate growth on lease-up.

As at September 30, 2019, vacant space committed for future occupancy was approximately 92,000 square feet, bringing our overall in-place and committed occupancy to 96.2%. All of the Trust's future committed occupancy is scheduled to take occupancy during the remainder of 2019.

- **Continued strong leasing momentum in Ontario and Québec** – In the Trust's Ontario and Québec regions, the rental spreads on new leases and renewals on space occupied in the third quarter were 21.5% and 12.3%, respectively, higher than prior rental rates. Our focus on driving rental rates higher in these regions continues to have a positive impact on our operating results. Of the 1.2 million square feet of 2019 lease expiries in the Ontario region, we have secured renewal and new lease commitments totaling 1.0 million square feet at an average spread of 16.2% over expiring or prior rents. In the Québec region, we have secured renewal and lease commitments for the entire 685,000 square feet of 2019 lease expiries, along with 72,000 square feet of new lease commitments on vacant space, at an overall average spread of 12.1% over expiring or prior rents.

- **Net asset value (“NAV”) per Unit<sup>(1)</sup>** – As at September 30, 2019, NAV per Unit was \$11.09, compared to \$11.04 at June 30, 2019 and \$10.12 at September 30, 2018, up \$0.05 or 0.5% and \$0.97 or 9.6%, respectively. The quarter-over-quarter and year-over-year increases in NAV per Unit largely reflect an increase in investment property values in the Ontario and Québec regions.

## INVESTMENT HIGHLIGHTS

- **Initiating development program in attractive markets with strong partners** – The Trust, Dream Unlimited Corp. and PAULS Corp, LLC (“PAULS Corp”) are in exclusive negotiations to acquire an interest in approximately 24 acres of development land in Las Vegas, Nevada, with PAULS Corp expected to serve as the development manager. Both partners have strong development platforms with an extensive track record in commercial development, with PAULS Corp having developed over 16 million square feet of real estate across Canada and the U.S., including Las Vegas.
- **Increasing presence in target markets** – The Trust is currently in advanced negotiations to acquire a 0.6 million square foot portfolio in Kitchener, Ontario for a purchase price of \$62.5 million, representing a going-in capitalization rate of 5.2%. Subject to satisfactory completion of due diligence, the Trust expects to close on the acquisition in December 2019.
- **Completion of Eastern Canada portfolio sale** – On July 31, 2019, the Trust completed the previously announced sale of its Eastern Canada portfolio for gross proceeds before transaction costs, closing adjustments, and debt settlement costs of \$271 million. The Eastern Canada portfolio comprised 38 properties totalling approximately 2.8 million square feet.
- **Completed acquisitions in Ottawa and Regina** – On July 22, 2019, the Trust completed the acquisition of a property in Ottawa, Ontario comprising two multi-tenant industrial buildings totalling approximately 233,000 square feet of GLA, for a gross purchase price of \$32.8 million before closing adjustments and transaction costs.

On August 30, 2019, the Trust completed the acquisition of Dream Hard Asset Alternatives Trust’s remaining 50% interest in a portfolio of six properties co-owned with us in Regina, Saskatchewan for a gross purchase price of \$8.1 million before closing adjustments and transaction costs. The Saskatchewan portfolio comprises approximately 119,000 square feet of GLA.

- **Acquisitions pipeline update** – We continue to pursue investment opportunities in the Trust’s target markets with approximately \$300 million of asset acquisitions in the pipeline.

## CAPITAL HIGHLIGHTS

Key performance indicators	September 30, 2019	December 31, 2018
Level of debt (net debt-to-assets ratio) <sup>(1)</sup>	31.4%	43.5%
Net debt-to-adjusted EBITDAFV (years) <sup>(1)</sup>	5.4	7.2
Interest coverage ratio (times) <sup>(1)(4)</sup>	3.8	3.3
Weighted average face interest rate on debt (period-end) <sup>(5)</sup>	3.69%	3.65%
Weighted average remaining term to maturity on debt (years)	4.9	4.4
Unencumbered assets <sup>(1)(4)</sup>	\$ 345,324	\$ 190,694
Available liquidity <sup>(1)</sup>	280,097	103,162

See footnotes at end.

- **Stable and conservative capital structure** – We ended the quarter with level of debt (net debt-to-assets ratio)<sup>(1)</sup> of 31.4%, net debt-to-adjusted EBITDAFV<sup>(1)</sup> of 5.4 years and interest coverage ratio<sup>(1)</sup> of 3.8 times. Our unencumbered assets<sup>(1)</sup> and available liquidity<sup>(1)</sup> totalled \$345.3 million and \$280.1 million, respectively, providing additional financial flexibility.

*“Our focus on pushing rents higher in Ontario and Québec as well as increasing occupancy in Western Canada continues to drive strong comparative property NOI growth,” said Lenis Quan, Chief Financial Officer of Dream Industrial REIT. “Our balance sheet is the strongest since the inception of the REIT and we remain focused on utilizing our acquisition capacity to add scale in our target markets, initiate our development program and improve portfolio quality. We continue to allocate capital towards opportunities that are poised to drive strong NAV growth over time.”*

## CONFERENCE CALL

Senior management will host a conference call to discuss the results on Wednesday, November 6, 2019 at 11:00 a.m. (ET). To access the conference call, please dial 1-888-465-5079 in Canada and the U.S. or 416-216-4169 elsewhere and use passcode 7356 954#. 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. To date, Dream Industrial REIT owns and operates a portfolio of 209 geographically diversified light industrial properties<sup>(6)</sup> comprising approximately 21.8 million square feet of gross leasable area in key markets across Canada and the U.S. 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) FFO, comparative properties NOI, diluted FFO per Unit, diluted FFO payout ratio, available liquidity, level of debt (net debt-to-assets ratio), NAV per Unit, net debt-to-adjusted EBITDAFV, interest coverage ratio and unencumbered assets are non-GAAP measures used by Management in evaluating operating and financial performance. 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, 2019, in the section “Non-GAAP measures and other disclosures”, under the heading “Weighted average number of Units”.
- (3) Total portfolio excludes assets held for sale in the respective periods.
- (4) Interest coverage ratio and unencumbered assets have been restated in the comparative period to conform to current period presentation. For further details, please refer to the section “Non-GAAP Measures and Other Disclosures” under the headings “Interest coverage ratio” and “Unencumbered assets”.
- (5) Weighted average face interest rate on debt is calculated as the weighted average face interest rate of all interest-bearing debt.
- (6) Excludes assets 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 FFO, comparative properties NOI, diluted FFO per Unit, diluted FFO payout ratio, available liquidity, level of debt (net debt-to-assets ratio), NAV per Unit, net debt-to-adjusted EBITDAFV, 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 and financial performance. Non-GAAP measures should not be considered as alternatives to net income, net rental income, cash flows generated from (utilized in) operating activities, cash and cash equivalents, total assets, non-current debt, total equity, 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 and, where applicable, a reconciliation to the most directly comparable measure calculated in accordance with IFRS, please refer to the "Non-GAAP measures and other disclosures" in Dream Industrial REIT's MD&A for the three and nine months ended September 30, 2019.

**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 and target markets, strategies and plans to drive NAV per Unit growth, the opportunity to realize rental rate growth, and the potential acquisition opportunities. 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; interest and currency rate fluctuations; and with respect to the acquisition pipeline, the failure to satisfy or waive customary conditions on closing 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 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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