

DREAM INDUSTRIAL REIT REPORTS 2019 FINANCIAL RESULTS AND PROGRESS ON EUROPEAN EXPANSION STRATEGY

This press 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 18, 2020, DREAM INDUSTRIAL REIT (DIR.UN-TSX) or (“Dream Industrial REIT”, the “Trust” or “we”) today announced its financial results for the three months and year ended December 31, 2019. Management will host a conference call to discuss the financial results on February 19, 2020 at 11:00 a.m. (ET).

“2019 was an exciting year for Dream Industrial and we made significant progress in growing and upgrading the quality of our portfolio”, said Brian Pauls, Chief Executive Officer of Dream Industrial REIT. “Our recently announced European expansion strategy represents the next step in transforming Dream Industrial into a premier global real estate company. At the same time, we remain focused on active asset management, leading to strong operating results for 2019, including significant rental rate growth in Ontario and Québec, as well as higher occupancy in Western Canada. As we continue to execute on our strategies, we expect enhanced cash flow growth and net asset value growth over the long term.”

FINANCIAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION (unaudited)	Three months ended		Year ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
(in thousands of dollars except per Unit amounts)				
Operating results				
Net income	\$ 106,642	\$ 66,455	\$ 179,432	\$ 157,528
Funds from operations (“FFO”) ⁽¹⁾	25,809	24,060	105,036	88,166
Net rental income	36,224	30,143	139,026	114,235
Comparative properties net operating income (“NOI”) ⁽¹⁾	26,908	26,256	107,819	103,594
Per Unit amounts				
Distribution rate	\$ 0.17	\$ 0.17	\$ 0.70	\$ 0.70
FFO – diluted ⁽¹⁾⁽²⁾	\$ 0.18	\$ 0.22	\$ 0.78	\$ 0.86
FFO payout ratio – diluted⁽¹⁾	97.8%	80.6%	89.6%	81.7%

See footnotes at end.

SELECTED BALANCE SHEET & PORTFOLIO INFORMATION

SELECTED BALANCE SHEET & PORTFOLIO INFORMATION (unaudited)	As at	
	December 31, 2019	December 31, 2018
(in thousands of dollars except per Unit amounts)		
Available liquidity ⁽¹⁾	\$ 591,537	\$ 103,162
Level of debt (net debt-to-assets ratio) ⁽¹⁾	23.7%	43.5%
Net asset value (“NAV”) per Unit ⁽¹⁾	\$ 11.76	\$ 10.54
Total portfolio⁽³⁾		
Number of properties	209	223
Investment properties	\$ 2,428,664	\$ 2,138,411
Gross leasable area (“GLA”) (in millions of sq. ft.)	21.9	20.2
Occupancy rate – in-place and committed (period-end)	95.8%	97.1%
Occupancy rate – in-place (period-end)	94.9%	95.7%

See footnotes at end.

QUARTERLY AND ANNUAL FINANCIAL AND OPERATIONAL HIGHLIGHTS

- **Net income for the quarter and year** – For the three months ended December 31, 2019, the Trust recorded net income of \$106.6 million, consisting of net rental income of \$36.2 million, fair value adjustments to investment properties of \$89.8 million, offset by cumulative other income and expenses of \$19.4 million.

For the year ended December 31, 2019, the Trust recorded net income of \$179.4 million, consisting of net rental income of \$139.0 million, fair value adjustments to investment properties of \$180.5 million, offset by fair value adjustments to financial instruments of \$70.8 million, primarily attributed to the revaluation of subsidiary redeemable units, and cumulative other income and expenses of \$69.3 million.

- **Diluted FFO per Unit⁽¹⁾ for the quarter and year** – Diluted FFO per Unit for the three months and year ended December 31, 2019 was 18 cents and 78 cents, respectively, compared to 22 cents and 86 cents, respectively, for the three months and year ended December 31, 2018. FFO per Unit was lower primarily due to lower leverage, partially offset by higher overall comparative properties NOI⁽¹⁾ and net rental income from our acquired properties.
- **Net rental income for the quarter and year** – Net rental income for the three months and year ended December 31, 2019 was \$36.2 million and \$139.0 million, respectively, representing an increase of \$6.1 million or 20.2% over the prior year comparative quarter, and an increase of \$24.8 million or 21.7% over the prior year. The increase was mainly due to higher net rental income from investment properties acquired in 2018 and 2019, as well as higher overall comparative properties NOI⁽¹⁾.
- **Comparative properties NOI⁽¹⁾ for the quarter and year** – Comparative properties NOI for the three months and year ended December 31, 2019 increased 2.5% over the prior year comparative quarter and increased 4.1% over the prior year. Comparative properties NOI increased primarily due to higher average occupancy in Western Canada as well as higher rental rates and occupancy in Québec. For the quarter, comparative properties NOI was relatively flat on a year-over-year basis in Ontario primarily driven by the increase in average in-place base rent of 4.2%, offset by the temporary decrease in occupancy. For the full year, comparative properties NOI growth was led by Québec (+7.5%), Western Canada (+3.2%), and Ontario (+2.9%). The Trust's comparative properties portfolio in the U.S. comprised only two properties and posted comparative properties NOI growth of 3.2% due to contractual rent growth as well as the impact of a stronger U.S. dollar relative to the Canadian dollar.
- **Leasing activity** – For the three months and year ended December 31, 2019, approximately 1.4 million square feet and 3.5 million square feet of leases commenced over the respective periods. The overall retention ratio for the three months and year ended December 31, 2019 was 85.3% and 73.9%, respectively. As at December 31, 2019, vacant space committed for future occupancy was approximately 194,000 square feet, bringing our overall in-place and committed occupancy to 95.8%.
- **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 fourth quarter were 8.2% and 10.3%, respectively, higher than prior rental rates. Our focus on driving rental rates higher in these regions has been successful. Of the 1.2 million square feet of 2019 lease expiries in the Ontario region, we secured renewal and new lease commitments totalling approximately 1.0 million square feet at an average rental spread of 14.9% over expiring or prior rents. In the Québec region, we have secured renewal and new lease commitments totalling approximately 0.8 million square feet at an overall average rental spread of 11.4% over expiring or prior rents. We expect the pace of rental growth to remain strong in 2020. Of the 3.1 million square feet of leases expiring in 2020 from our overall portfolio, we have secured renewal and new lease commitments totaling 1.7 million square feet at an average rental spread of 8.0%, led by Ontario with an average rental spread of 25.8% over expiring or prior rental rates.

- **NAV per Unit⁽¹⁾** – As at December 31, 2019, NAV per Unit was \$11.76, compared to \$11.09 at September 30, 2019 and \$10.54 at December 31, 2018, up \$0.67 or 6.0% and \$1.22 or 11.6%, respectively. The quarter-over-quarter and year-over-year increases in NAV per Unit largely reflect an increase in investment property values due to higher market rents, lower capitalization rates, and strong leasing activity in the Ontario and Québec regions.

INVESTMENT HIGHLIGHTS

- **Solid progress on European expansion** – Since announcing our European expansion strategy, the Trust has completed approximately \$52 million (€35 million) of acquisitions in the Netherlands and approximately \$15 million (€10 million) in Germany. Further, the Trust is in exclusive negotiations or under contract on approximately \$55 million (€38 million) of acquisitions in Germany and has waived conditions on approximately \$205 million (€140 million) of acquisitions in the Netherlands. Subject to satisfactory completion of due diligence, the Trust expects to complete these acquisitions in the first half of 2020. Upon completion of these acquisitions, the Trust’s European portfolio will comprise 3.2 million square feet of well-located high quality industrial assets totalling approximately \$327 million in gross asset value, representing 11% of the Trust’s overall investment property value as of December 31, 2019 including the Canadian and European acquisitions announced in 2020.
- **Continuing to add scale in Ontario and Québec** – During the fourth quarter of 2019 and subsequent to year-end, the Trust completed the following acquisitions in the Ontario region:

	Acquired GLA (thousands of sq. ft.)	Occupancy at acquisition (%)	WALT at acquisition (years)	Purchase price ⁽¹⁾	Date acquired
300 Orenda Road, Brampton, Ontario	97	100.0%	7.0	\$ 17,420	December 16, 2019
840 Trillium Drive, Kitchener, Ontario	39	100.0%	11.0	5,700	January 13, 2020
Berkshire Portfolio, Kitchener, Ontario	566	100.0%	2.9	62,500	January 17, 2020
1995 Markham Road, Scarborough, Ontario	241	100.0%	7.0	33,100	January 22, 2020
Total	943	100.0%	4.7	\$ 118,720	

(1) Excludes transaction costs.

Including these acquisitions, the Trust has completed or is under contract to acquire approximately \$170 million of properties comprising 1.3 million square feet of GLA in Ontario and Québec at a weighted average cap rate of 4.6%. The properties are being acquired significantly below replacement cost with in-place rents more than 20% below current market rent and a weighted average lease term of 4.7 years. Subject to satisfactory completion of due diligence, the Trust expects to close on the remainder of the acquisitions in the first quarter of 2020.

In addition to the above acquisitions, the Trust is in negotiations on another \$100 million of acquisitions, predominantly in the Greater Toronto Area.

CAPITAL HIGHLIGHTS

Key performance indicators (unaudited)	December 31, 2019	December 31, 2018
Level of debt (net debt-to-assets ratio) ⁽¹⁾	23.7%	43.5%
Net debt-to-adjusted EBITDAFV (years) ⁽¹⁾	4.3	7.2
Interest coverage ratio (times) ⁽¹⁾⁽⁴⁾	3.8	3.3
Weighted average face interest rate on debt (period-end) ⁽⁵⁾	3.59%	3.65%
Weighted average remaining term to maturity on debt (years)	5.5	4.4
Unencumbered assets ⁽¹⁾⁽⁴⁾	\$ 96,251	\$ 190,694
Available liquidity ⁽¹⁾	591,537	103,162

See footnotes at end.

- Attractive opportunity to lower cost of debt** – On February 12, 2020, the Trust completed a public offering (the “Offering”) of 16.9 million units for gross proceeds of \$230.1 million. The Trust has used or intends to use the net proceeds from this Offering, together with cash on hand: (i) to fund a portion of the purchase price for our previously announced acquisitions in Canada, the Netherlands and Germany; (ii) to repay indebtedness, including approximately \$200 million of Canadian mortgage debt as part of our previously announced strategy to reduce our overall cost of debt, and (iii) for general trust purposes. In addition, the Trust intends to secure new euro-denominated financing for up to 100% of the value of its European asset base at attractive rates, currently expected to be in the range of 1.3 to 1.5% over a five-year term. The implementation of this debt and hedging strategy is expected to be accretive to our FFO⁽¹⁾ and net income by approximately \$0.02 to \$0.03 per Unit on an annualized basis without increasing leverage.

“Over the past year, we have reduced our average leverage by more than 10% resulting in enhanced safety and financial flexibility”, said Lenis Quan, Chief Financial Officer of Dream Industrial REIT. “Our net asset value per Unit has increased by 12% which reflects the strength of our Ontario and Québec markets. With our recently announced European expansion and debt strategy, we are well positioned to pursue an investment grade credit rating and pursue unsecured financings. We remain focused on driving FFO per Unit and net asset value growth as we continue to improve the overall quality and stability of Dream Industrial’s portfolio.”

APPOINTMENT OF OFFICERS

As previously announced, Mr. Alexander Sannikov and Mr. Bruce Traversy have joined the Trust in dedicated senior operating and investment roles. The Trust is pleased to announce the appointment of Mr. Alexander Sannikov to the position of Chief Operating Officer and Mr. Bruce Traversy to the position of Senior Vice President, Head of Investments, Europe. Mr. Sannikov will have oversight of the operating performance of our properties, our portfolio strategy as well as capital allocation. Mr. Traversy will have oversight of investment strategy and execution with a focus mainly on the European markets.

CONFERENCE CALL

Senior management will host a conference call to discuss the results on Wednesday, February 19, 2020 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 5152 623#. 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 press 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. As at December 31, 2019, Dream Industrial REIT owns and operates a portfolio of 209 geographically diversified light industrial properties comprising approximately 21.9 million square feet of gross leasable area in key markets across North America. Its objective is to grow and upgrade the quality of its portfolio and to provide attractive overall returns to its unitholders. For more information, please visit 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 months and year ended December 31, 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 at the end of each period as applicable.
- (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 our MD&A in 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.

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 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 press 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 months and year ended December 31, 2019.

Forward looking information

This press release may contain forward-looking information within the meaning of applicable securities legislation. Forward-looking information generally can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plans”, or “continue”, or similar expressions suggesting future outcomes or events. Some of the specific forward-looking information in this press release may include, among other things, statements regarding our European expansion strategy; the Trust’s intention to repay approximately \$200 million of its Canadian mortgage debt; the expectation that such prepayment will realize immediate interest cost savings; the Trust’s intention to obtain new euro-denominated financing of up to 100% of the value of its European asset base at attractive rates and the estimated interest rates relating to such financing over a five-year term; expectations regarding accretion to FFO and net income; the intended use of proceeds of the Offering; strategies and plans to enhance cash flow growth and NAV per Unit growth; expectations relating to the pace of rental growth in 2020 and the opportunity to realize rental rate growth; the potential acquisition opportunities and the anticipated timing of closing of the acquisitions referred to in this press release and the expected composition of our European portfolio after the completion of the acquisitions. 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 that 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, global and local economic and business conditions; changes to laws, including tax laws; 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; the risk that the Trust may not be able to obtain some or all of the euro-denominated financing it intends to obtain, or that it may take longer than anticipated to obtain such financing, or that the interest rates for such financing may be higher than the estimated range or that the terms of such financing may be less favourable than anticipated; the risk that the actual accretion to FFO and net income as described in this press release may differ from what the Trust has estimated; the risk that there may be unforeseen events that cause the Trust’s actual capital structure, overall cost of debt and results of operations to differ from what the Trust currently anticipates; and with respect to the acquisition pipeline, the risk of failure of completion, the failure to receive any required approvals, 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 with respect to each of our markets, including the European markets that we are entering, including that the general economy remains stable, interest rates remain stable (including that interest rates in Europe remain below North American rates), there are no unforeseen changes in the legislative and operating framework for our business, including unforeseen changes to tax laws or governmental regulations in Canada, the U.S. or Europe; conditions within the real estate market remain consistent, competition for acquisitions remains consistent with the current climate, the acquisitions referred to in this press release are completed as currently contemplated, our hedging and debt strategies achieve their intended goals 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.

For further information, please contact:

Dream Industrial REIT

Brian Pauls
Chief Executive Officer
(416) 365-2365
bpauls@dream.ca

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

Alexander Sannikov
Chief Operating Officer
(416) 365-4106
asannikov@dream.ca