



## **DREAM INDUSTRIAL REIT PROVIDES BUSINESS UPDATE AND ANNOUNCES CONTINUED PORTFOLIO GROWTH IN TARGET MARKETS**

*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, JUNE 24, 2020, Dream Industrial REIT (TSX: DIR.UN) (“Dream Industrial REIT”, “DIR”, or the “Trust”)** announced today a business update and recent acquisition activity in its target markets.

*“The strength of our operating platform, financial flexibility, and relationships with our tenants have enabled us to successfully navigate through the challenging environment brought on by the COVID-19 pandemic over the past few months,” said Brian Pauls, Chief Executive Officer of Dream Industrial REIT. “We have maintained occupancy, continued leasing momentum, and rent collections have been good. Given the current optimism and the fact that economies are starting to re-open in a number of our markets, we continue to actively position DIR to emerge stronger as supply chains return. Our strong balance sheet, with CAD 400 million of available liquidity, and disciplined investment strategy continue to create long-term opportunities to build value for DIR’s unitholders.”*

### **OPERATIONS UPDATE**

The Trust’s focus on active asset management has led to a healthy pace of leasing over the past three months and steady occupancy across the portfolio. The Trust has leased 1.1 million square feet of space since the beginning of the COVID-19 pandemic at rates that have exceeded budgeted rates. The average spread on these leases was 4% compared to prior rental rates. Included in this leasing volume is a 5-year early renewal of one of the Trust’s largest tenants in the Greater Toronto Area (“GTA”) for a 317,000 square foot production facility in Aurora leading to substantial value creation for the asset. Committed occupancy in the Trust’s portfolio remains high at 95%, with leases representing only 3% of its portfolio gross leasable area remaining to expire over the balance of the year. The expiring rates on these leases are below current market rents providing for opportunities to grow comparative properties net operating income (“NOI”) in the latter half of 2020 and 2021.

Over the course of Q2 2020, the Trust has continued to collaborate with its tenants, lenders, and partners and act in the best interests of its employees and other stakeholders, while actively pursuing growth initiatives across its portfolio. Rent collection numbers have been strong with over 95% of rent collected for the months of April and May, after adjusting for agreed-upon rent deferrals. To date, the Trust has collected approximately 90% of rent for the month of June after adjusting for rent deferrals, which is slightly above the collection levels on the same business day in April and May of 2020. Rent collection performance has been consistent across all of the Trust’s operating regions.

To date, the Trust has agreed to rent deferral arrangements with 75 tenants totaling approximately CAD 2.3 million in deferred rent, which represents approximately 3.5% of gross rent for Q2 2020. The majority of the deferred amounts are expected to be collected by year end 2020.

The Trust is actively working with its small business tenants who qualify for the Canada Emergency Commercial Rent Assistance (“CECRA”) program. While the impact to the Trust’s financial results is expected to be limited, it provides an opportunity to assist smaller businesses during the disruption and build strong relationships over the long term. The Trust is currently reviewing requests from approximately 100 tenants which represent approximately CAD 0.6 million of total rent relief over the term of the program, less than 0.5% of DIR’s annualized gross rent, assuming every application is eligible.

*“Over the past few weeks we have seen a substantial increase in touring activity across our portfolio, while the market rents remain steady,” said Alexander Sannikov, Chief Operating Officer of Dream Industrial REIT. “The outlook for industrial real estate remains strong and our high-quality, well-located portfolio is positioned to perform well. With business activity picking up pace, we are actively pursuing value add and growth initiatives across the portfolio including redevelopment and intensification of several properties in the GTA, ground up development of our Las Vegas site as well as a solar power program in the Netherlands. We are also looking at opportunities to upgrade the quality of our portfolio, including selectively selling assets in Western Canada that do not meet our return thresholds and reinvesting proceeds into higher quality assets in our target markets.”*

#### **LIQUIDITY AND CAPITAL DEPLOYMENT UPDATE**

The Trust closed on the previously announced USD 250 million unsecured revolving credit facility, which replaced its CAD 150 million secured credit facility, and boosted borrowing capacity by approximately CAD 190 million to CAD 340 million currently, resulting in overall liquidity of approximately CAD 400 million. The new facility is currently undrawn, bears interest at similar rates for Canadian and U.S. dollar draws, and adds the ability to drawdown in Euros at 1.70%. With the new unsecured facility, the Trust’s unencumbered assets have increased by CAD 270 million to CAD 1.1 billion, representing 38% of the Trust’s investment properties value as at March 31, 2020. In addition to its growing unencumbered asset pool, with leverage (net debt-to-assets ratio) at 28% as of March 31, 2020, the Trust is well-positioned to execute on attractive growth opportunities as well as pursue an investment grade credit rating in the near-term.

Through on-the-ground investment teams in both North America and Europe, the Trust has access to local relationships that boost market reach and increase deal flow. The Trust continues to successfully leverage these unique opportunities to source off-market deals of high quality properties at attractive economics. Most recently, the Trust waived conditions on EUR 37 million (CAD 56 million) of accretive acquisitions in Germany, representing a going-in capitalization rate (“cap rate”) of approximately 6.1%, with closing expected in Q3 2020. Spanning 575,000 square feet with an average clear height of 29 feet, these two highly functional properties are located close to major transportation corridors and are 95% occupied by tenants primarily in the logistics and the food and beverage industries. These acquisitions allow the Trust to drive NOI yields higher over time with in-place rental rates 17% below current market rent and an attractive weighted average lease term of 3.5 years. Moreover, developing excess land could add up to an additional 500,000 square feet of gross leasable area to these properties, significantly increasing the yield on the Trust’s investment.

The Trust is also in exclusive negotiations on CAD 52 million of acquisitions in the Netherlands and Montreal at a weighted average cap rate of 5.7%. Subject to satisfactory due diligence, the Trust expects to close on these acquisitions in Q4 2020. The investment pipeline continues to be strong and the Trust is currently underwriting over CAD 300 million of additional investment opportunities across its target markets.

*“In conjunction with maintaining a strong and flexible balance sheet, DIR continues to allocate capital towards high-quality investment opportunities that improve the overall quality of the portfolio and are poised to deliver cash flow and NAV per unit growth over the long term,” said Lenix Quan, Chief Financial Officer of Dream Industrial REIT. “We retain the capacity to complete at least CAD 300 million of additional acquisitions before leverage increases to our mid-to-high-30% target range. We continue to see interest rates on Euro denominated fixed-rate debt approximately 150 basis points lower than North American debt. Pro forma the acquisitions that are firm or exclusive, our leverage will be 31% and we look forward to deploying our significant balance sheet capacity and improving our FFO per unit growth outlook.”*

#### **About Dream Industrial Real Estate Investment Trust**

Dream Industrial REIT is an unincorporated, open-ended real estate investment trust. To date, the Trust owns and operates a portfolio of 262 industrial properties comprising approximately 25.8 million square feet of gross leasable area in key markets across North America and a growing presence in strong European industrial markets. The Trust’s objective is to continue 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](http://www.dreamindustrialreit.ca).

#### **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 available liquidity, level of debt (net debt-to-assets 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” section in Dream Industrial REIT’s MD&A for the three months ended March 31, 2020.*

#### **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 to achieve those objectives; expectations regarding the industrial real estate market and the future performance of our portfolio; the availability of long-term opportunities to build value for unitholders; our ability to enhance comparative properties NOI, cash flow, and NAV per Unit growth; the timing of repayment of rent deferrals and the impact of such deferrals on the Trust’s financial results; the anticipated results of our value add initiatives; proposed dispositions and use of proceeds therefrom; the strength of our investment pipeline; the terms of future acquisitions, anticipated timing of closings and the effect of such acquisitions on our NOI; our ability to execute on growth opportunities and plans to pursue an investment grade credit rating; and our plans for developments and their effect on investment yields. 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 the Trust'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; uncertainties surrounding the COVID-19 pandemic; the financial condition of tenants and borrowers; mortgage and interest rates and regulations; leasing risks, including those associated with the ability to lease vacant space; rental rates on future leasing; and interest and currency rate fluctuations. All forward-looking information in this press release speaks as of the date of this press release. The Trust 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 disclosed in filings with securities regulators filed on SEDAR ([www.sedar.com](http://www.sedar.com)). These filings are also available at the Trust's website at [www.dreamindustrialreit.ca](http://www.dreamindustrialreit.ca).*

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