

## DREAM INDUSTRIAL REIT REPORTS Q3 2020 RESULTS AND PROVIDES BUSINESS UPDATE

*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. All dollar amounts are in Canadian dollars unless otherwise indicated.*

**TORONTO, November 3, 2020, 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, 2020. Management will host a conference call to discuss the financial results on November 4, 2020 at 11:00 a.m. (ET).

### HIGHLIGHTS

- **Solid leasing activity and robust operating results**
  - **Net income** for the three and nine months ended September 30, 2020 was \$73.7 million and \$118.6 million, respectively.
  - **Diluted funds from operations (“FFO”)<sup>(1)</sup> per unit was \$0.18 in Q3 2020**, \$0.17 in Q2 2020 and \$0.19 in Q3 2019. Q3 2020 FFO per unit decreased compared to Q3 2019 primarily due to the impact of dilution from timing of deployment of the Trust’s excess liquidity.
  - **Cash generated from operating activities increased to \$37.1 million in Q3 2020**, an increase of \$1.8 million or 5.1% compared to Q2 2020.
  - **Over 1.0 million square feet of leasing** completed since the end of Q2 2020 including over 300,000 square feet of new leases at a 30% spread to prior rents and over 800,000 square feet of renewals at a 12% spread over prior rents.
  - **Rent collections (adjusted for CECRA and deferrals granted) of 98.2% for Q3 2020.**
  
- **Solid capital structure supports growth initiatives**
  - On October 22, 2020 the Trust was assigned an **Issuer Rating of BBB with Stable Trend by DBRS Limited.**
  - **Level of debt increased to 29.6%** as at September 30, 2020 as a result of the acquisition activity during the quarter, representing significant acquisition capacity until the level of debt reaches the Trust’s target level.
  - **Commencement of execution of the euro-equivalent debt strategy** with a US\$150 million unsecured term loan with an expected rate of 0.90% when U.S. dollar proceeds are swapped for euro proceeds.
  - **Investment property fair values increased by \$66.3 million in Q3 2020** largely reflecting an increase in investment property values in Ontario, Québec, the U.S., and Europe.
  - **Net asset value (“NAV”)<sup>(1)</sup> per Unit increased by 3.0% from Q2 2020 and 9.1% from Q3 2019** to \$12.10 at Q3 2020.
  
- **Continued deployment of excess liquidity and portfolio high-grading**
  - **\$86.0 million of acquisitions completed during the quarter** in Europe and Canada.
  - **Over \$100 million of acquisitions under contract or in exclusivity** in the Trust’s target markets in Germany, the Netherlands and Canada.

## FINANCIAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION (unaudited)	Three Months Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
(in thousands of dollars except per Unit amounts)				
<b>Operating results</b>				
Net income (loss)	\$ 73,662	\$ (2,966)	\$ 118,623	\$ 72,790
Funds from operations ("FFO") <sup>(1)</sup>	30,159	26,659	87,711	79,227
Net rental income	42,252	35,918	124,371	102,802
Comparative properties net operating income ("NOI") (constant currency basis) <sup>(1)(2)</sup>	35,286	35,787	92,631	93,231
<b>Per Unit amounts</b>				
Distribution rate	\$ 0.17	\$ 0.17	\$ 0.52	\$ 0.52
FFO – diluted <sup>(1)(3)</sup>	\$ 0.18	\$ 0.19	\$ 0.52	\$ 0.60
<b>Financing and Capital</b>				
Level of debt (net debt-to-assets ratio) <sup>(1)</sup>				
End of period	29.6%	31.4%	29.6%	31.4%
Beginning of period	28.1%	37.4%	23.7%	43.5%
Available liquidity (period-end) <sup>(1)</sup>	\$ 271,634	\$ 280,097		
Net asset value ("NAV") per Unit (period-end) <sup>(1)</sup>	\$ 12.10	\$ 11.09		

See footnotes at end.

PORTFOLIO INFORMATION (unaudited)	As at	
	September 30, 2020	December 31, 2019
(in thousands of dollars)		
<b>Total portfolio</b>		
Number of assets <sup>(4)</sup>	172	130
Investment properties	\$ 3,051,597	\$ 2,428,664
Gross leasable area ("GLA") (in millions of sq. ft.)	26.6	21.9
Occupancy rate – in-place and committed (period-end)	95.1%	95.8%
Occupancy rate – in-place (period-end)	94.1%	94.9%

See footnotes at end.

FINANCING INFORMATION (unaudited)	As at	
	September 30, 2020	December 31, 2019
(in thousands of dollars)		
Level of debt (net debt-to-assets ratio) <sup>(1)</sup>	29.6%	23.7%
Net debt-to-adjusted EBITDAFV (years) <sup>(1)</sup>	5.8	4.3
Interest coverage ratios (times) <sup>(1)</sup>	4.2	3.8
Weighted average face interest rate on debt (period-end) <sup>(5)</sup>	3.43%	3.59%
Weighted average remaining term to maturity on debt (years)	5.1	5.5
Unencumbered assets (period-end) <sup>(1)</sup>	\$ 1,283,409	\$ 96,251
Available liquidity (period-end) <sup>(1)</sup>	\$ 271,634	\$ 591,537

See footnotes at end.

*“The DIR team had an exciting third quarter as we continued to grow and upgrade the quality of the portfolio while improving operating results and financial flexibility,”* said Brian Pauls, Chief Executive Officer of Dream Industrial REIT. *“We received an investment grade credit rating last month, which provides a strong endorsement of our portfolio diversification as well as the strength and quality of our balance sheet. With access to low-cost euro debt at rates that are approximately 1% today, we are well positioned to acquire high-quality assets accretively, while maintaining a conservatively financed balance sheet. Industrial fundamentals have continued to strengthen through the market disruption, and we are poised to deliver attractive overall returns to our unitholders over the long term.”*

## **STRATEGIC INITIATIVES**

**Continuing to grow and upgrade portfolio quality** – During the quarter, the Trust completed \$86.0 million of acquisitions in Europe and Canada and is firm or exclusive on over \$100 million of assets in Germany, the Netherlands and Ontario, Canada. The properties are 97% occupied and represent a weighted average going-in capitalization rate (“cap rate”) of 5.7%. Pro forma these acquisitions, the Trust will have closed or contracted over \$600 million of assets in 2020 which showcases the strength and depth of the Trust’s local on-the-ground acquisitions platform. These acquisitions will add over 5.5 million square feet of high quality, well-located and functional logistics space to the Trust’s portfolio.

**Development strategy and pipeline update** – The Trust is currently in advanced stages of the planning and permitting process for its 24.5 acre site in Las Vegas where the Trust holds an 80% ownership interest. The permitting process is expected to be completed in Q4 2020 to Q1 2021. Through the planning process, the Trust increased the proposed GLA by over 5% to 460,000 square feet, translating into greater efficiencies for the site. The Trust expects to achieve a development yield of approximately 6.0% on this proposed 36 foot clear height Class A distribution facility.

### **Range Road Project, Las Vegas – Conceptual Design**

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In addition to its ground-up development in Las Vegas, the Trust has conducted a review of its portfolio with the goal to identify redevelopment and intensification opportunities. As part of this process, the Trust identified 22 sites in its portfolio with over 70 acres of excess land. The Trust estimates that this excess land could accommodate up to 1.6 million square feet of additional GLA over the medium term. These sites are located in Ontario, Québec, Europe, and the US. Furthermore, the Trust identified five properties with redevelopment potential. These properties comprise approximately 0.5 million square feet of GLA and are situated on approximately 50 acres. The Trust estimates that over time, the density on these sites could be increased to accommodate over 0.9 million square feet of GLA.

The Trust intends to exercise a prudent approach to intensification and redevelopment on these sites. Many of these sites have in-place leases with a WALT of approximately 4.5 years, allowing the Trust to gradually maximize the development potential of these properties.

*“While some of these projects will take time to activate as there are in-place leases on the properties, we expect that our embedded land bank will contribute to the organic growth profile of Dream Industrial over the medium term”* said Alexander Sannikov, Chief Operating Officer of Dream Industrial REIT. *“We are currently in varying stages of planning on several redevelopment and intensification opportunities in Ontario and Québec. Our 110,000 square foot property at 100 East Beaver Creek in Richmond Hill is an example of the opportunity in our excess land portfolio. We are planning to intensify the site with an addition of over 40,000 square feet with an expected commencement of construction in 2021. We expect to achieve a yield on construction costs of over 8.0% on this project.”*

**Continued focus on improving financial flexibility and execution of debt strategy** – Subsequent to quarter-end, the Trust was assigned an Issuer Rating of BBB with Stable Trend by DBRS Limited. An investment grade credit rating allows the Trust to further increase its financial flexibility and access debt markets more efficiently in order to continue to execute on its strategy to grow and upgrade the quality of the portfolio.

On October 30, 2020, the Trust closed on a US\$150 million, three-year unsecured term loan. The Trust intends to enter into a cross-currency interest rate swap to exchange the principal and interest payments from the term loan for euro-denominated payments with prevailing fixed interest rates currently at approximately 0.9%.

*“We continue to focus on deploying our balance sheet capacity to improve NAV and FFO per Unit growth and the overall quality of the portfolio,”* said Lenis Quan, Chief Financial Officer of Dream Industrial REIT. *“Our leverage continues to be well below our long-term target and we can complete these and additional acquisitions totalling approximately \$275 million before our leverage reaches the high 30% range. We commenced the execution of our European debt strategy with the recently announced term loan which is expected to bear an interest rate approximately 250 basis points lower than our current average in-place interest rate providing a meaningful driver to FFO growth. As we deploy our acquisition capacity and transition more of our debt into euros, we expect our FFO per Unit run-rate in the coming quarters to be stronger.”*

## OPERATIONAL HIGHLIGHTS

- **Significant pickup in leasing momentum** – During the third quarter, the Trust entered into over 70 leases totalling over 880,000 square feet at an average rental spread of approximately 18% to expiring or prior rates. As at September 30, 2020, the Trust has secured lease commitments on new leases and renewals taking occupancy in 2020 totalling 3.3 million square feet, representing approximately 95% of leases expiring during the year. Only 1% of the Trust’s portfolio GLA is set to mature over the remainder of the year. Subsequent to quarter end, over 300,000 square feet were signed at an average spread of 14% to expiring or prior rates.

The overall retention ratio for the three and nine months ended September 30, 2020 was approximately 62.3% and 74.1%, respectively, which is in-line with our expectations. As at September 30, 2020, vacant space committed for future occupancy was approximately 269,000 square feet, bringing the overall in-place and committed occupancy to 95.1%. In addition, the Trust is in advanced negotiations on over 400,000 square feet of new leases on currently vacant premises at net rents in line with pre-COVID rates.

- **Healthy rental spreads continue in Ontario and Québec** – Within the Trust’s Ontario region, the average rental spread on leases that commenced during the quarter was approximately 37% on over 250,000 square feet. Within the Trust’s Québec region, the average rental spread on leases that commenced during the quarter was approximately 11% on over 200,000 square feet. The Trust has secured 2020 lease commitments totalling approximately 1.1 million square feet in Ontario at an average rental spread of 28% over expiring or prior rents. In Québec, the Trust has secured 2020 lease commitments totalling approximately 440,000 square feet at an overall average rental spread of 11% over expiring or prior rents.
- **Strong rent collection for the quarter** – The Trust has collected 95.2% of recurring contractual gross rent for the third quarter, 98.2% after adjusting for rent deferrals and the Canada Emergency Commercial Rent Assistance (“CECRA”) program. For the second quarter, the Trust collected 99.1% after adjusting for rent deferrals and CECRA.

To date, the Trust has collected 96.7% of recurring contractual gross rent for the month of October which is on track with collections in prior months. The following table summarizes selected operational statistics with respect to the second quarter, third quarter and October 2020, all presented as a percentage of recurring contractual gross rent as at November 3, 2020:

<b>SELECTED OPERATIONAL STATISTICS</b>			
(unaudited)	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>October 2020</b>
Cash collected from tenants	94.4%	95.2%	96.7%
CECRA cash collected from government	2.4%	2.0%	—%
<b>Sub-total of cash collected from tenants and government*</b>	<b>96.8%</b>	<b>97.2%</b>	<b>96.7%</b>
Deferrals granted (with defined repayment schedule)	3.5%	0.0%	—%
Cash collected on deferrals granted	(2.4)%	0.0%	—%
<b>Sub-total of deferrals granted (net of cash collected)*</b>	<b>1.1%</b>	<b>0.0%</b>	<b>—%</b>
CECRA (the Trust's portion)	1.2%	1.0%	—%
<b>Sub-total of cash collected, adjusted for CECRA and deferrals granted*</b>	<b>99.1%</b>	<b>98.2%</b>	<b>96.7%</b>
Remaining to be collected	0.9%	1.8%	3.3%
<b>Total*</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

\*includes applicable taxes

## QUARTERLY FINANCIAL HIGHLIGHTS

- **Net income for the quarter and year-to-date** – For the three months ended September 30, 2020, the Trust recorded net income of \$73.7 million consisting of net rental income of \$42.3 million, fair value adjustments to investment properties of \$66.3 million, partially offset by fair value losses to financial instruments of \$11.4 million primarily attributed to the revaluation of subsidiary redeemable units, and cumulative other income and expenses of \$23.5 million.

For the nine months ended September 30, 2020, the Trust recorded net income of \$118.6 million, consisting of net rental income of \$124.4 million, fair value adjustments to investment properties of \$28.2 million, fair value gains to financial instruments of \$25.6 million primarily attributed to the revaluation of subsidiary redeemable units, partially offset by cumulative other income and expenses of \$59.6 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, 2020 was 18 cents and 52 cents respectively compared to 19 cents and 60 cents, respectively for the three and nine months ended September 30, 2019. FFO per Unit was lower in the respective periods primarily due to dilution from timing of deployment of the Trust's excess liquidity. Other items recorded during the three and nine months ended September 30, 2020 impacting FFO per Unit included the impact of CECRA and higher COVID-19 related adjustments and provisions (-0.5 cents for the quarter and -1.3 cents year-to-date).
- **Net rental income for the quarter and year-to-date** – Net rental income for the three and nine months ended September 30, 2020 was \$42.3 million and \$124.4 million, respectively, representing an increase of \$6.3 million or 17.6% over the prior year comparative quarter and \$21.6 million or 21.0% over the prior year comparative period. The increase net rental income was mainly attributed to investment properties acquired during 2020 and 2019.
- **Comparative properties NOI (constant currency basis)<sup>(1)</sup> for the quarter and year-to-date** – Comparative properties NOI (constant currency basis) for the three and nine months ended September 30, 2020 was 1.4% and 0.6%, respectively, lower than the prior year comparative periods.

Comparative properties NOI (constant currency basis) was positively impacted by increasing average in-place rental rates of approximately 2.2% and 1.6%, respectively, for the three and nine months ended September 30, 2020.

The rental rate growth was offset by the timing of lease-up of transitory vacancy. As of the date of this press release, the Trust has signed lease commitments for over 20% of its current vacancy at rents exceeding the prior rents by over 15%. The majority of these leases are scheduled to commence in the first half of 2021.

- **Net asset value (“NAV”) per Unit<sup>(1)</sup>** – NAV per Unit for as at September 30, 2020 increased by \$0.35, or 3.0%, to \$12.10 from \$11.75 as at June 30, 2020, largely reflecting an increase in investment property values across our portfolio as private market demand for industrial assets remains robust.

## CONFERENCE CALL

Senior management will host a conference call to discuss the financial results on Wednesday, November 4, 2020 at 11:00 a.m. (ET). To access the conference call, please dial 1-888-465-5079 in Canada or 416-216-4169 elsewhere and use passcode 7044 959#. To access the conference call via webcast, please go to Dream Industrial REIT's website at <http://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 financial results. The condensed consolidated financial statements and management's discussion and analysis for the Trust will be available at <http://dreamindustrialreit.ca/> and on [www.sedar.com](http://www.sedar.com).

Dream Industrial REIT is an unincorporated, open-ended real estate investment trust. As at September 30, 2020, Dream Industrial REIT owns and operates a portfolio of 266 industrial properties comprising approximately 26.6 million square feet of gross leasable area in key markets across North America and a growing presence in strong European industrial markets. Dream Industrial REIT'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 <http://dreamindustrialreit.ca/>.

## FOOTNOTES

- (1) FFO, diluted FFO per Unit, comparative properties NOI (constant currency basis), level of debt (net debt-to-assets ratio), available liquidity, 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) Comparative properties NOI (constant currency basis) for three months ended September 30, 2020 and September 30, 2019 excludes properties acquired after July 1, 2019 and properties held for sale or disposed of prior to the current quarter. Comparative properties NOI (constant currency basis) for the nine months ended September 30, 2020 and September 30, 2019 excludes properties acquired after January 1, 2019 and properties held for sale or disposed of prior to the current quarter.
- (3) 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, 2020, in the section "Non-GAAP measures and other disclosures", under the heading "Weighted average number of Units".
- (4) Number of assets has been restated to conform to current period presentation. An asset has been redefined to include a building or a cluster of buildings in close proximity to one another attracting similar tenants.
- (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 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, diluted FFO per Unit, comparative properties NOI (constant currency basis), level of debt (net debt-to-assets ratio), available liquidity, 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" section in Dream Industrial REIT's MD&A for the three and nine months ended September 30, 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; the Trust's expectations relating to the benefits to be realized from demand drivers for industrial space; our ability to accretively acquire high-quality assets while maintaining a conservatively financed balance sheet; our ability to deliver attractive overall returns to our unitholders over the long-term; our total acquisitions in 2020; the effect of acquisitions on our leverage levels; the anticipated timing of closing of the acquisitions referred to in this press release; the expected going-in cap rate of the acquisitions; our acquisition pipeline; our FFO per Unit in future periods; the pro forma composition of our portfolio after the completion of the acquisitions and potential development opportunities; our development and redevelopment plans, including the timing of construction, timing of completion of our developments and anticipated yields; the Trust's ability to access debt markets more efficiently in order to continue to execute on its strategy to grow and upgrade the quality of the portfolio; expected interest rates and costs of debt; the intended use of proceeds of the term loan; expected debt and liquidity levels and unencumbered asset pool; and the Trust's expectations of the extent of rent deferrals and repayment from tenants. 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; employment levels; mortgage and interest rates and regulations; the uncertainties around the timing and amount of future financings; uncertainties surrounding the COVID-19 pandemic; the financial condition of tenants; leasing risks, including those associated with the ability to lease vacant space; rental rates on future leasing; 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 <http://dreamindustrialreit.ca/>.

For further information, please contact:

#### **Dream Industrial REIT**

**Brian Pauls**

Chief Executive Officer  
(416) 365-2365  
[bpauls@dream.ca](mailto:bpauls@dream.ca)

**Lenis Quan**

Chief Financial Officer  
(416) 365-2353  
[lquan@dream.ca](mailto:lquan@dream.ca)

**Alexander Sannikov**

Chief Operating Officer  
(416) 365-4106  
[asannikov@dream.ca](mailto:asannikov@dream.ca)