

DREAM INDUSTRIAL REIT ANNOUNCES SOLID SECOND QUARTER FINANCIAL RESULTS

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, AUGUST 5, 2014, DREAM INDUSTRIAL REIT (DIR.UN-TSX) today announced its financial results for the three and six months ended June 30, 2014.

HIGHLIGHTS

- **Adjusted Funds From Operations (“AFFO”) per unit increased by 6.4% from Q2 2013 and 1.0% from Q1 2014 – AFFO for the three months ended June 30, 2014 was 19.9 cents compared to 18.7 cents for the three months ended June 30, 2013 and 19.7 cents for the three months ended March 31, 2014.**
- **Strong leasing pipeline maintained – Over 700,000 square feet of new leasing and renewals commenced in the quarter at rates 11% higher than rates on expiries. Commitments have been obtained for 1.0 million square feet of new leasing and renewals commencing in the remainder of 2014 compared to 1.2 million square feet of expiries.**
- **Occupancy of 95.6% at June 30, 2014 compared to 96.3% at March 31, 2014 and 95.7% at December 31, 2013. Occupancy at June 30, 2014 includes 245,000 square feet of commitments on vacant space.**
- **AFFO payout ratio decreases to 88.6% – The AFFO payout ratio was 88.6% year-to-date compared to 96.6% in the same period in the prior year, reflecting the growth in cash flow from the portfolio.**
- **Stable capital structure – Leverage remained stable at 52.4% with interest coverage of 3.0 times and a weighted average term to maturity on debt of 4.1 years.**
- **Continued opportunities for rent growth – Estimated market rents exceed in-place rents by approximately 5.1%.**

SELECTED FINANCIAL INFORMATION

(unaudited) (\$'000's except unit and per unit amounts)	Three Months Ended			Six Months Ended	
	June 30, 2014	March 31, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Investment properties revenue	\$ 40,428	\$ 40,914	\$ 34,703	\$ 81,342	\$ 63,953
Net operating income (“NOI”) ⁽¹⁾	27,534	27,215	24,754	54,749	44,646
Funds from operations (“FFO”) ⁽¹⁾	17,262	17,044	15,572	34,306	27,565
Adjusted funds from operations (“AFFO”) ⁽¹⁾	14,205	14,006	12,530	28,211	21,805
Investment properties value	1,544,433	1,532,065	1,532,034	1,544,433	1,532,034
Debt	843,553	836,061	845,652	843,553	845,652
Per unit data (basic)					
AFFO – basic and diluted	\$ 0.199	\$ 0.197	\$ 0.187	\$ 0.395	\$ 0.356
FFO – basic	0.242	0.239	0.233	0.481	0.450
FFO – diluted	0.236	0.234	0.229	0.470	0.445
Distributions	0.175	0.175	0.175	0.350	0.344
FFO payout ratio (%)	72.3%	73.2%	75.1%	72.8%	76.4%
AFFO payout ratio (%)	87.9%	88.8%	93.6%	88.6%	96.6%
Units (period-end)					
REIT Units	55,181,466	55,063,083	54,289,786	55,181,466	54,289,786
LP Class B Units, Series 1	16,282,096	16,282,096	16,282,096	16,282,096	16,282,096
Total number of units	71,463,562	71,345,179	70,571,882	71,463,562	70,571,882
Portfolio gross leasable area (square feet)	15,613,687	15,599,084	15,659,340	15,613,687	15,659,340
Occupied and committed space	95.6%	96.3%	95.8%	95.6%	95.8%
Average occupancy for the period	94.7%	94.9%	95.4%		

See footnotes on page 3.

“We are pleased with our solid financial results and leasing pipeline which reflect strong Canadian industrial fundamentals,” said Randy Cameron, President and Chief Executive Officer. “Over one-third of our expiries for the year occurred in this quarter, and with continued progress on leasing, we expect positive absorption for the balance of the year.”

FINANCIAL HIGHLIGHTS

- **AFFO Growth** – AFFO for the quarter was \$14.2 million or 19.9 cents on a per unit basis. AFFO per unit for the quarter was 6.4% higher than the same period in the prior year and 1.0% higher compared to the first quarter of 2014.
- **Increase in FFO per unit** – FFO for the quarter was \$17.3 million or 24.2 cents per unit. FFO per unit for the quarter increased 3.9% compared to the same period in the prior year and was 1.3% higher than the first quarter of 2014.
- **Total NOI of \$27.5 million for the quarter** – Total NOI has grown 11.2% compared to the same period last year, primarily as a result of acquisitions completed in the second quarter of 2013. Comparative property NOI compared to the first quarter of 2014 increased by 0.4%, as a result of an increase in the average rent per square foot in the portfolio to \$7.04 from \$6.96 at March 31, 2014, partially offset by a decrease in average occupancy to 94.7% from 94.9% in the first quarter.

OPERATIONAL HIGHLIGHTS

- **Leasing Profile** – Leasing activity during the second quarter included 276,000 square feet of new leases, 426,000 square feet of renewals and a net increase in committed space for future occupancy of 87,000 square feet, compared to 736,000 square feet of expiries and 162,000 square feet of early terminations. Early terminations included a 121,000 square foot tenant at a multi-tenant property in Toronto, Ontario, that encountered financial difficulty and defaulted during the quarter. Replacement tenants for 100% of this space took occupancy during the quarter at modestly higher rents, resulting in only fifteen days of total downtime. At period-end, the Trust had 937,000 square feet of vacant space, of which 245,000 square feet is committed for future occupancy. The average remaining lease term at June 30, 2014 is 4.5 years.
- **Portfolio occupancy at 95.6%** – Overall occupancy (including committed space) was 95.6% compared to 96.3% at end of the first quarter of 2014.
- **Growth in rents per square foot** – In-place rents increased to \$7.04 per square foot at June 30, 2014, compared to \$6.96 at March 31, 2014, primarily as a result of positive leasing spreads. The average rate on all new and renewal leases commencing in the quarter was \$7.01 per square foot compared to \$6.33 on all expiries and terminations. Renewals were completed at \$6.97 per square foot which is \$0.20 above expiring rates for these spaces.
- **Estimated market rents 5.1% above average in-place rents** – At quarter-end, estimated market rents were approximately 5.1% above the Trust’s current average in-place rental rate of \$7.04 per square foot (March 31, 2014 – \$6.96). The 5.1% difference between in-place and market rent provides the Trust with opportunities for rental rate growth.

	GLA (million sq. ft.)	Occupancy (%)	Average lease term (years)	Average in-place rent (per sq. ft.)	Estimated market rent (per sq. ft.)
Western Canada	4.2	97.6	4.3	\$ 8.82	\$ 9.79
Ontario	4.9	97.7	4.2	6.15	6.21
Quebec	3.7	93.1	6.0	6.01	6.18
Eastern Canada	2.8	92.1	3.5	7.20	7.38
Total	15.6	95.6	4.5	\$ 7.04	\$ 7.40

CAPITAL STRUCTURE

The Trust's capital structure remained stable during the quarter, with leverage at a stable 52.4% and interest coverage of 3.0 times.

Key performance indicators ⁽²⁾	June 30, 2014	March 31, 2014
Level of debt (debt-to-total assets) ⁽³⁾	52.4%	52.4%
Interest coverage ratio ⁽⁴⁾	3.0 times	2.9 times
Weighted average face interest rate on all debt	4.16%	4.17%
Debt – weighted average term to maturity (years)	4.1	4.2

See footnotes on page 3

The Trust also signed an agreement to increase the demand revolving credit facility from \$50 million to \$75 million with amended terms to extend the maturity date from October 2014 to June 2016 and to reduce the interest rate by fifteen basis points.

During the quarter, the Trust completed the acquisition of our partner's 50% interest in a 26,000 square foot property in Edmonton for \$2.4 million, the only property in which we had a co-ownership interest

RETIREMENT OF CEO

Mr. Randy Cameron advised the Board of Trustees that he will be retiring as President and Chief Executive Officer of Dream Industrial REIT. "We appreciate Randy's contribution to our business since he joined us in 1998. He has been responsible for creating Dream Industrial's very strong management team. We had hoped that he would have continued as the CEO for longer, but due to family reasons, Randy has decided to retire at the end of October" said Michael Cooper, Chair of the Executive Committee.

CONFERENCE CALL

Senior management will host a conference call to discuss the results tomorrow, August 6, 2014 at 2:00 p.m. (ET). To access the conference call, please dial 1-866-229-4144 in Canada and the United States or 416-216-4169 elsewhere and use passcode 9411 711#. 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 90 days.

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 and on www.sedar.com.

Dream Industrial REIT is an unincorporated, open-ended real estate investment trust. Dream Industrial REIT owns a portfolio of 205 primarily light industrial properties comprising approximately 15.6 million square feet of gross leasable area in key industrial markets across Canada. Its objective is to build upon and grow its portfolio and to provide stable, sustainable and growing cash distributions to its unitholders. For more information, please visit www.dreamindustrialreit.ca.

FOOTNOTE

(1) NOI, FFO and AFFO – are key measures of performance used by real estate operating companies; however, they are not defined by International Financial Reporting Standards ("IFRS"), do not have standard meanings and may not be comparable with other industries or income trusts.

(2) The key performance indicators include the results of operations for the three months ended June 30, 2014 and March 31, 2014.

(3) Level of debt is determined as total debt before deferred financing costs and mark-to-market adjustments, divided by total assets.

(4) The interest coverage ratio for the three months ended June 30, 2014 and March 31, 2014 is calculated as net rental income plus interest and fee income, less general and administrative expenses, plus deferred unit compensation expense, all divided by interest expense on debt, excluding deferred financing and mark-to-market adjustments.

Forward looking information

This press release may contain forward-looking information within the meaning of applicable securities legislation. 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 functions. 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. 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.

- 30 -

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