dream industrial REIT

Q3 | 2020

Table of Contents

Management’s discussion and analysis

(All dollar amounts in our tables are presented in thousands of Canadian dollars, except for per square foot amounts, per Unit amounts, or unless otherwise stated.)

SECTION I

KEY PERFORMANCE INDICATORS

Performance is measured by these and other key indicators:

				As at
		September 30, 2020	December 31, 2019	September 30, 2019
Total portfolio[(1)]				
Number of assets[(2)]		**172**	130	130
Investment properties	**$**	**3,051,597**	$ 2,428,664	$ 2,329,107
Gross leasable area (“GLA”) (in millions of sq. ft.)		**26.6**	21.9	21.8
Occupancy rate – in-place and committed (period-end)		**95.1%**	95.8%	96.2%
Occupancy rate – in-place (period-end)		**94.1%**	94.9%	95.8%
Average in-place and committed base rent per sq. ft. (period-end)				
Canadian portfolio	**$**	**7.43**	$ 7.43	$ 7.39
U.S. portfolio (US$)	**$**	**4.00**	$ 3.87	$ 3.85
European portfolio (€)	**€**	**4.89**	—	—
Estimated market rent to in-place and committed base rent spread (%) (period-end)				
Canadian portfolio		**9.2%**	8.2%	5.3%
U.S. portfolio		**7.0%**	11.4%	11.9%
European portfolio		**7.0%**	—	—
Weighted average lease term (“WALT”) (years)		**4.1**	4.1	4.1

		Three months ended September 30,		Nine months ended September 30,	
		2020	2019	**2020**	2019
Operating results					
Net income (loss)	**$**	**73,662**	$ (2,966)	**$ 118,623**	$ 72,790
Funds from operations (“FFO”)[(3)]		**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)[(3)(4)]		**35,286**	35,787	**92,631**	93,231
Per Unit amounts					
Distribution rate	**$**	**0.17**	$ 0.17	**$ 0.52**	$ 0.52
FFO – diluted[(3)(5)]	**$**	**0.18**	$ 0.19	**$ 0.52**	$ 0.60
Financing[(6)]					
Level of debt (net debt-to-assets ratio)[(3)]					
End of period		**29.6%**	31.4%	**29.6%**	31.4%
Beginning of period		**28.1%**	37.4%	**23.7%**	43.5%

			As at
	September 30, 2020	December 31, 2019	September 30, 2019
Financing[6]			
Level of debt (net debt-to-assets ratio)[3]	**29.6%**	23.7%	31.4%
Net debt-to-adjusted EBITDAFV (years)[3]	**5.8**	4.3	5.4
Interest coverage ratio (times)[3]	**4.2**	3.8	3.8
Weighted average face interest rate on debt (period-end)[7]	**3.43%**	3.59%	3.69%
Weighted average remaining term to maturity on debt (years)	**5.1**	5.5	4.9
Unencumbered assets[3][8]	**$ 1,283,409**	$ 96,251	$ 345,324
Available liquidity[3]	**271,634**	591,537	280,097
Capital			
Total number of Units (in thousands)[9]	**171,229**	153,354	139,373
Net asset value ("NAV") per Unit[3]	**$ 12.10**	$ 11.76	$ 11.09

(1) Total portfolio excludes assets held for sale as at September 30, 2019.

(2) Number of assets has been restated to conform to current period presentation. An asset has been redefined as a building, or a cluster of buildings in close proximity to one another attracting similar tenants.

(3) FFO, comparative properties NOI (constant currency basis), diluted FFO per Unit, level of debt (net debt-to-assets ratio), net debt-to-adjusted EBITDAFV, interest coverage ratio, unencumbered assets, available liquidity and NAV per Unit are non-GAAP measures. See "Non-GAAP Measures and Other Disclosures" for a description of these non-GAAP measures.

(4) Comparative properties NOI (constant currency basis) for the three months ended September 30, 2020 and September 30, 2019 excludes properties acquired after July 1, 2019 and properties 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 disposed of prior to the current quarter.

(5) A description of the determination of diluted amounts per Unit can be found in the section "Non-GAAP Measures and Other Disclosures" under the heading "Weighted average number of Units".

(6) Financing metrics include income (loss) from discontinued operations as applicable.

(7) Weighted average face interest rate on debt is calculated as the weighted average face interest rate of all interest bearing debt.

(8) Unencumbered assets excludes assets held for sale as at September 30, 2019.

(9) Total number of Units includes 18.6 million LP B Units which are classified as a liability under IFRS.

BUSINESS UPDATE

Despite the market disruption this year, Dream Industrial REIT's portfolio remains resilient. Leasing momentum within our portfolio accelerated significantly in the third quarter, and we are poised to close on over $600 million of acquisitions this year in Toronto, Kitchener, Montréal and our core European markets. Our focus on portfolio high-grading as well as the strength of our strategic platforms and local relationships continue to drive strong results.

Operations update

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 of leases 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:

Selected operational statistics

(unaudited)	Q2 2020	Q3 2020	October 2020
Cash collected from tenants	94.4%	95.2%	96.7%
CECRA cash collected from government	2.4%	2.0%	—%
Sub-total of cash collected from tenants and government[1]	**96.8%**	**97.2%**	**96.7%**
Deferrals granted (with defined repayment schedule)	3.5%	0.0%	—%
Cash collected on deferrals granted	(2.4%)	0.0%	—%
Sub-total of deferrals granted (net of cash collected)[1]	**1.1%**	**0.0%**	**—%**
CECRA (the Trust's portion)	1.2%	1.0%	—%
Sub-total of cash collected, adjusted for CECRA and deferrals granted[1]	**99.1%**	**98.2%**	**96.7%**
Remaining to be collected	0.9%	1.8%	3.3%
Total[1]	**100.0%**	**100.0%**	**100.0%**

(1) Includes applicable taxes.

Acquisitions, development and finance update

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 targeted 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 well-located, functional logistics space to the Trust's portfolio.

The Trust continues to employ a focused portfolio strategy in each of its geographic markets. It is targeting mid-to-large-bay properties located in close proximity to population centres and major transportation corridors in its core markets, which include the Greater Toronto Area and Greater Montréal Area in Canada, the Midwestern U.S., and strong markets in the Netherlands and Germany. These markets offer strong barriers to entry, favourable rental rate growth outlook, solid transport infrastructure, and increased user demand relative to supply of quality industrial product. The Trust is looking to grow in these markets by acquiring properties that are functional, well suited for e-commerce use, and improve the quality of its portfolio.

Development pipeline – 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 the fourth quarter of 2020 or the first quarter of 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.

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 ("DBRS Morningstar"). 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%.

Impact of COVID-19

The duration and full scope of the economic impact of COVID-19 are unknown at this time. We will continue to assess the impact of COVID-19 while monitoring the various government assistance programs as more information becomes available. We are well-positioned to perform well operationally and financially with a diversified, high-quality and resilient portfolio, as well as a strong balance sheet with ample liquidity. The COVID-19 pandemic and the measures taken to control it have affected the Trust's risk exposure and led to elevated uncertainties in the estimates used in preparing the condensed consolidated financial statements. Refer to Section VI for a discussion of the risks associated with COVID-19.

BASIS OF PRESENTATION

Our discussion and analysis of the financial position and results of operations of Dream Industrial Real Estate Investment Trust ("Dream Industrial REIT" or the "Trust") should be read in conjunction with the audited consolidated financial statements of Dream Industrial REIT and the accompanying notes for the year ended December 31, 2019 and the unaudited condensed consolidated financial statements of Dream Industrial REIT and the accompanying notes for the three and nine months ended September 30, 2020. Such consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The Canadian dollar is the functional and reporting currency for purposes of preparing the condensed consolidated financial statements.

This management's discussion and analysis ("MD&A") is dated as at November 3, 2020.

For simplicity, throughout this discussion, we may make reference to the following:

- "REIT Units", meaning units of the Trust, excluding Special Trust Units;
- "LP B Units" and "subsidiary redeemable units", meaning the Class B limited partnership units of Dream Industrial LP; and
- "Units", meaning REIT Units and LP B Units.

When we use terms such as "we", "us" and "our", we are referring to Dream Industrial REIT and its subsidiaries.

Estimated market rents disclosed throughout the MD&A are management's estimates at a point in time and are subject to change based on future market conditions.

On June 30, 2019, the Trust classified all of the investment properties in the Eastern Canada region as assets held for sale. Subsequently, on July 31, 2019, the Trust completed the sale of the Eastern Canada portfolio. Given that the entire Eastern Canada region was included in assets held for sale and subsequently disposed of, the associated results of operations were presented separately as income (loss) from discontinued operations. Certain key performance indicators disclosed throughout the MD&A exclude the Eastern Canada region in the current period.

FORWARD-LOOKING DISCLAIMER

Certain information herein contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation, including but not limited to statements relating to the Trust's 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 total acquisitions in 2020; the effect of acquisitions on our leverage levels; the anticipated timing of closing of acquisitions; the expected going-in cap rate of acquisitions; our acquisition pipeline; the pro forma composition of our portfolio after the completion of the acquisitions and potential development opportunities; our development and redevelopment plans, including timing of construction, timing of completion of our developments and anticipated development yields; anticipated density and GLA that our excess land can accommodate; 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 and other debt; expected debt and liquidity levels and unencumbered asset pool; the Trust's expectations of the extent of rent deferrals and repayment from tenants; the Trust's ability to perform well operationally and financially through the COVID-19 pandemic; the amount by which market rents exceed in-place rents; the Trust's beliefs, plans, estimates, projections and intentions; and similar statements concerning anticipated future events, future growth, future leasing activity, including those associated with the ability to lease vacant space and rental rates on future leases, results of operations, performance, business prospects and opportunities, acquisitions or divestitures, tenant base, rent collection, future maintenance and development plans, capital investments, financing, income taxes, litigation and the real estate industry in general – in each case they are not historical facts. Forward-looking statements generally can be identified by words such as "outlook", "objective", "strategy", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "could", "likely", "plan", "project", "budget", "continue", or similar expressions suggesting future outcomes or events. 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 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; the uncertainties around the timing and amount of future financings; uncertainties surrounding the COVID-19 pandemic; the financial condition of tenants and borrowers; leasing risks; interest rate and currency rate fluctuations; regulatory risks; environmental risks; our ability to sell investment properties at a price that reflects fair value; our ability to source and complete accretive acquisitions.

Although the forward-looking statements contained in this MD&A are based on what we believe are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited to, general economic conditions; the impact of the COVID-19 pandemic on the Trust; local real estate conditions; timely leasing of vacant space and re-leasing of occupied space upon expiry; dependence on tenants' financial condition; the uncertainties of acquisition activity; the ability to integrate acquisitions; interest rates; availability of equity and debt financing; our continued compliance with the real estate investment trust ("REIT") exemption under the specified investment flow-through trust ("SIFT") legislation; and other risks and factors described from time to time in the documents filed by the Trust with securities regulators.

All forward-looking information is as of November 3, 2020. 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 applicable law. Additional information about these assumptions, risks and uncertainties is contained in our filings with securities regulators. Certain filings are also available on our website at www.dreamindustrialreit.ca.

BACKGROUND

Dream Industrial REIT is an unincorporated, open-ended real estate investment trust. To date, the Trust owns and operates a portfolio comprising 172 assets (266 industrial buildings) totalling 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. The Trust's goal is to grow and upgrade the quality of its portfolio which primarily consists of distribution and urban logistics properties. Our REIT Units are listed on the Toronto Stock Exchange ("TSX") under the trading symbol DIR.UN.

OUR STRATEGY

Dream Industrial REIT owns and operates a diversified portfolio of distribution, urban logistics and light industrial properties across key markets in Canada, the U.S. and Europe. We are committed to:

- owning and operating a high-quality portfolio of industrial assets in markets with strong operating fundamentals;
- investing in our key markets in industrial assets offering long-term cash flow and net asset value growth prospects;
- maximizing the value of our industrial assets through innovative asset management strategies;
- providing compelling total returns to our unitholders, anchored by sustainable cash distributions; and
- integrating sustainability at the corporate and property levels.

Value enhancing growth

With a global acquisition platform, we have local, on-the-ground teams with a strong track record of sourcing attractive industrial assets across Canada, the U.S. and Europe. We have strong established relationships in all our local markets which allows us to source high-quality and accretive acquisitions with long-term cash flow and net asset value growth potential.

Continuous portfolio optimization

We regularly evaluate and benchmark each individual asset in our portfolio, assessing historical and future performance as well as value growth potential. We identify opportunities to recycle assets within our portfolio and reinvest the proceeds into higher quality assets that are less management and capital intensive. When evaluating potential acquisitions, we consider a variety of criteria, including expected cash flow returns; replacement cost of the asset; its location, functionality and appeal to future tenants; sustainability attributes of the asset and how the asset complements our existing portfolio; and per Unit accretion.

Active asset management

Through creative asset management strategies, initiating and executing on development projects enables us to unlock organic net operating income and net asset value growth. We actively manage our assets to optimize performance, maintain value and attract and retain tenants. We have local teams across our portfolio with over 80 real estate professionals highly experienced in leasing, operations and portfolio management operating out of nine regional offices in our key markets. We strive to ensure that our assets are the most attractive, efficient and cost-effective premises for our tenants.

Conservative financial policy

We operate our business in a disciplined manner with a focus on maintaining a strong balance sheet and liquidity position. We seek to maintain a conservative leverage, naturally hedge foreign currency investments, and build up a high-quality unencumbered asset pool, while reducing borrowing costs and preserving liquidity.

Focus on environmental, social and governance

We focus on promoting the highest standards of corporate governance, social responsibility and ethical behaviour throughout our organization. Our sustainability practices are primarily focused on: i) energy efficiency throughout our portfolio by integrating sustainable building technology; ii) increasing tenant engagement; and iii) incorporating energy management initiatives into our capital expenditure planning. Our social initiatives encompass three key areas: i) committed to the development of employees through continuous learning and promotion of healthy workplaces and lifestyles; ii) actively committed to the community and local charitable organizations; and iii) committed to tenant satisfaction and engagement. We continuously apply sound and effective corporate governance practices in the day-to-day decisions and actions of our business. Our governance highlights include: i) a diverse and experienced board with a majority of independent trustees; and ii) strong governance and transparency in all aspects of our business.

Focused portfolio strategy

In Canada, our strategy is to acquire mid-to-large-bay properties primarily in the Greater Toronto Area and the Greater Montréal Area where we expect to benefit from increased user demand relative to supply of quality industrial product, and where in-place rental rates are generally below market rental rates and the outlook for rental rate growth is robust. The Trust is also targeting to increase scale in our existing sub-markets and add to our large urban logistics clusters.

In the U.S., our strategy is to acquire larger bay distribution properties in major markets within the Midwestern U.S., capitalizing on strong e-commerce demand for distribution assets, steady contractual rent growth and attractive going-in capitalization rates.

In Europe, our goal is to acquire mid-to-large-bay properties in major markets in the Netherlands and Germany. Across these markets there is growing demand for urban logistics space, increased user demand relative to supply of quality industrial product, attractive going-in capitalization rates and upside potential from growth in market rents.

SECTION II

OUR ASSETS

Dream Industrial REIT owns and operates a portfolio of 172 assets (266 industrial buildings) totalling approximately 26.6 million square feet of gross leasable area in key markets across Canada, the U.S. and Europe as at September 30, 2020.

Assets (also known as investment properties) comprise a building, or a cluster of buildings in close proximity to one another attracting similar tenants. Many of our buildings form parts of larger clusters and business parks. As part of our asset management strategy, we approach these clusters as a single asset for the purposes of capital allocation, leasing and property management initiatives.

The table below summarizes the groupings of buildings into property clusters by region as at September 30, 2020 and December 31, 2019:

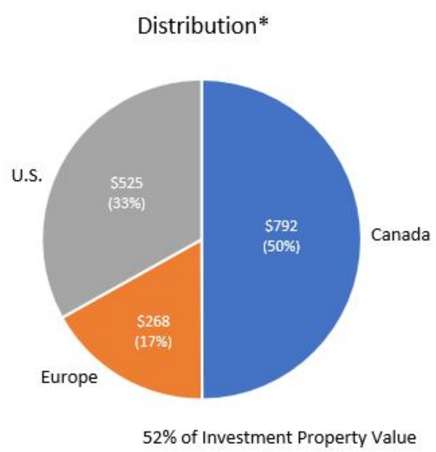
	September 30, 2020			December 31, 2019		
	Number of buildings	**Number of assets**	**Owned GLA (thousands of sq. ft.)**	Number of buildings	Number of assets	Owned GLA (thousands of sq. ft.)
Western Canada	**81**	**43**	**5,079**	81	43	5,081
Ontario	**79**	**47**	**6,758**	61	42	5,420
Québec	**40**	**29**	**4,278**	38	27	4,121
Canadian portfolio	**200**	**119**	**16,115**	180	112	14,622
U.S. portfolio	**29**	**18**	**7,276**	29	18	7,275
European portfolio	**37**	**35**	**3,176**	—	—	—
Total portfolio	**266**	**172**	**26,567**	209	130	21,897

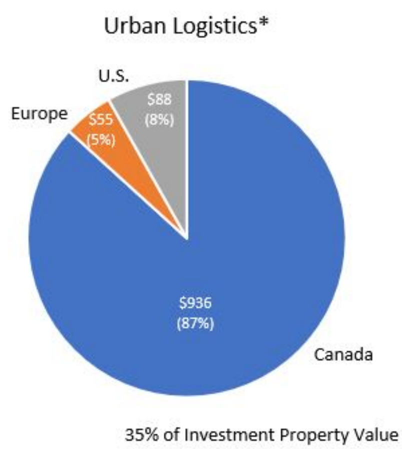
Our assets by building type

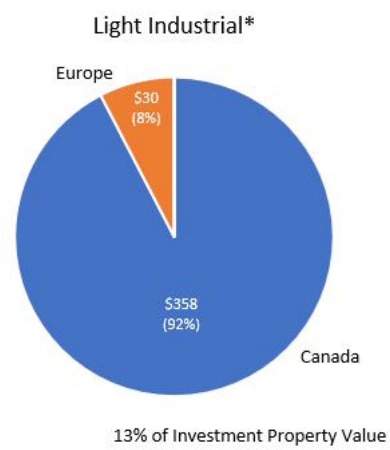
Across our regions, our portfolio consists of distribution, urban logistics and light industrial buildings.

- Distribution buildings are highly functional large-bay buildings located in close proximity to major transportation corridors. Most tenants at these buildings have e-commerce operations or are in the third-party logistics industry.
- Urban logistics buildings are small-to-mid-bay properties located close to major population centres and are ideally suited to meet last mile distribution needs. They are typically multi-let with shorter lease terms and lower average tenant size.
- Light industrial buildings have a large footprint and are typically single-tenant. Tenants have typically invested significant capital at these properties and have signed long-term leases or have taken occupancy for a long period of time.

As at September 30, 2020, our investment property value by building type allocated by region is as follows:







* All dollar amounts in these charts are presented in millions.

Key property statistics by building type are summarized in the table below:

	September 30, 2020		
	Distribution	Urban logistics	Light industrial
Number of assets	78	73	21
Owned GLA (thousands of square feet)	15,598	8,716	2,253
Site area (in acres)	910	572	138

Development opportunities

The Trust has a significant urban land position including excess land which is well suited for redevelopment opportunities. 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 U.S. 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.

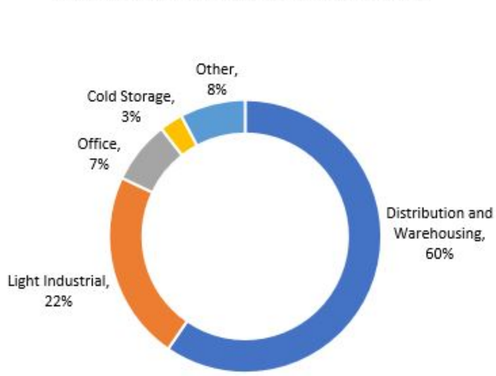
Tenant base profile

As at September 30, 2020, the Trust has over 1,100 tenants.

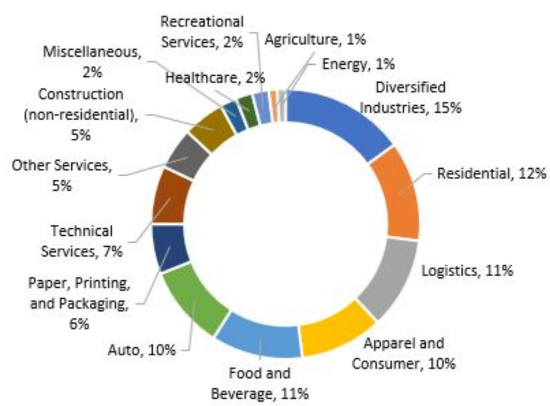
Our portfolio comprises primarily functional distribution and warehousing space occupied by tenants from various industries, with no one industry accounting for more than 15% of annualized gross rent.

The following charts show the industries in which our tenants operate, and their use of space based on annualized gross rental revenue as at September 30, 2020:

Use of Space by Annualized Gross Rent

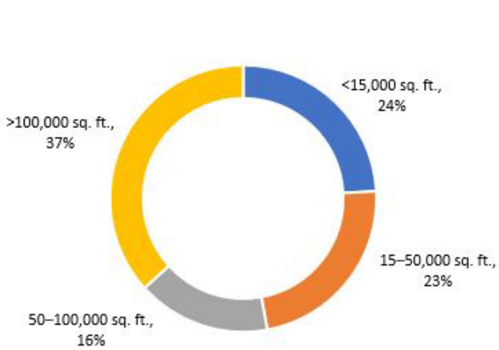


Industry Exposure by Annualized Gross Rent

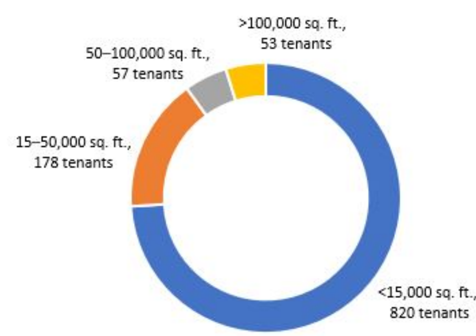


The following charts show the tenant size breakdown by annualized gross rental revenue and the tenant size breakdown by number of tenants as at September 30, 2020:

Tenant Size Breakdown by Annualized Gross Rent



Tenant Size Breakdown by Number of Tenants



Approximately 76% of our annualized gross rental revenue is derived from over 280 tenants each occupying over 15,000 square feet with an average size of approximately 70,000 square feet. The remaining annualized gross rental revenue is derived from over 800 smaller tenants primarily located in the urban logistics assets.

The following table outlines the contributions of our top ten tenants to our annualized gross rental revenue as at September 30, 2020:

Rank	Tenant	Use of space	Gross rental revenue	Owned GLA (thousands of sq. ft.)	WALT (years)
1.	Nissan North America Inc.	Distribution and warehousing	3.1%	1,189	4.2
2.	Spectra Premium Industries Inc.	Distribution and warehousing, light industrial	2.0%	656	4.6
3.	TC Transcontinental	Distribution and warehousing, light industrial	1.8%	523	4.5
4.	Gienow Windows & Doors Inc.	Light industrial	1.5%	371	8.6
5.	ODW Logistics	Distribution and warehousing	1.4%	343	3.3
6.	Accel Inc.	Distribution and warehousing	1.3%	417	5.8
7.	United Agri Products Canada Inc.	Distribution and warehousing	1.2%	275	3.0
8.	Molson Breweries Properties	Distribution and warehousing	1.1%	225	2.3
9.	West Marine Products Inc.	Distribution and warehousing	1.0%	472	2.3
10.	Montapacking Breda B.V.	Distribution and warehousing	0.9%	279	9.3
	Total		15.3%	4,750	4.7

OUR OPERATIONS

The following key performance indicators related to our operations influence the cash generated from operating activities. The key performance indicators exclude assets held for sale at the end of each period as applicable.

Total portfolio in-place and committed occupancy

Our in-place and committed occupancy includes lease commitments totalling approximately 269,000 square feet for space that is being readied for occupancy but for which rental revenue is not yet recognized. During the current quarter, our leasing team remained focused on working with existing and prospective tenants and secured an additional 97,000 square feet of lease commitments relative to the prior quarter.

The following table details our total portfolio in-place and committed occupancy by region:

	Total portfolio(1)		
(percentage)	**September 30, 2020**	June 30, 2020	September 30, 2019
Western Canada	**93.7**	94.6	96.0
Ontario	**96.9**	96.2	97.1
Québec	**98.0**	98.8	99.1
Canadian portfolio	**96.2**	96.4	97.3
U.S. portfolio	**92.2**	94.0	94.2
European portfolio	**96.0**	95.6	—
Total	**95.1**	95.6	96.2

(1) Excludes assets held for sale as at September 30, 2019.

Overall in-place and committed occupancy in our Canadian portfolio decreased by 20 basis points ("bps") and 110 bps compared to June 30, 2020 and September 30, 2019, respectively, predominantly driven by the Western Canada and Québec regions, while the Ontario region saw improvement, with in-place and committed occupancy increasing by 70 bps on a quarter-over-quarter basis.

In-place and committed occupancy in Western Canada decreased by 90 bps compared to the prior quarter, mainly due to 17,000 square feet of negative leasing absorption and 26,000 square feet of lease terminations. Since the quarter-end, the Trust has secured an additional 15,600 square feet of lease commitments on currently vacant space representing 0.3% of the Trust's GLA in Western Canada. On a year-over-year basis, in-place and committed occupancy decreased by 230 bps mainly due to net negative leasing absorption and terminations.

In-place and committed occupancy in Ontario increased by 70 bps during the quarter, mainly driven by a lease commitment secured on a 98,000 square foot single-tenant vacancy in the GTA taking occupancy in May 2021. On a year-over-year basis, in-place and committed occupancy decreased by 20 bps, reflecting our strategy to pursue upside from marking rents to market levels over preserving occupancy. We estimate that the market rents on these vacancies exceed prior rents by over 25%. During the current quarter, our leasing team secured an additional 13,800 square feet of lease commitments on currently vacant space relative to the prior quarter. Subsequent to quarter-end, we secured new lease commitments totalling over 55,000 square feet at rents exceeding the expiring rents by over 40%. The lease commitments secured after quarter-end represent 0.8% of the Trust's GLA in Ontario.

In-place and committed occupancy in Québec decreased by 80 bps during the quarter, mainly due to an expiry of a 34,000 square foot unit. The Trust is currently in negotiations with a prospective tenant for this space and expects to finalize the lease commitment in the fourth quarter. During the current quarter, the Trust secured an additional 14,500 square feet of lease commitments on currently vacant space relative to the prior quarter. On a year-over-year basis, occupancy decreased by 110 bps primarily due to net negative leasing absorption.

In-place and committed occupancy in the U.S. decreased by 180 bps compared to the prior quarter and decreased by 200 bps on a year-over-year basis, mainly due to an expiry of an 81,000 square foot unit and a lease termination of 52,000 square feet, both located in Columbus, Ohio. While there is some near-term impact on our occupancy, we view this as an opportunity to bring expiring rents to market levels and to improve our tenant base. We estimate that the market rents on these vacancies exceed prior rents by over 10%. Notably, during the quarter, in Chicago, Illinois, we signed a five-year renewal with a tenant occupying 213,000 square feet at a spread over the expiring rent of over 30% along with 2.75% annual contractual rental rate growth over the five-year term.

In-place and committed occupancy in Europe increased by 40 bps during the quarter, mainly driven by lease commitments secured on vacant space totalling 13,800 square feet. On a year-to-date basis, the Trust has acquired 35 properties (37 investment property buildings) located in the Netherlands and Germany totalling approximately 3.2 million square feet with a WALT of 5.5 years.

Total portfolio occupancy continuity

The following tables detail the change in in-place and committed occupancy across our Canadian, U.S. and European portfolios for the three and nine months ended September 30, 2020:

	Three months ended September 30, 2020							
	Canadian portfolio		U.S. portfolio		European portfolio		Total portfolio	
	Thousands of sq. ft.	Percentage of owned GLA	Thousands of sq. ft.	Percentage of owned GLA	Thousands of sq. ft.	Percentage of owned GLA	Thousands of sq. ft.	Percentage of owned GLA
Occupancy (in-place and committed) at beginning of period	15,345	96.4%	6,841	94.0%	2,487	95.6%	24,673	95.6%
Vacancy committed for future occupancy	(160)	(1.0%)	(12)	(0.2%)	—	—%	(172)	(0.6%)
Occupancy (in-place) at beginning of period	15,185	95.4%	6,829	93.8%	2,487	95.6%	24,501	95.0%
Occupancy related to acquired properties and remeasurements	180	—	—	—	547	—	727	—
Occupancy (in-place) at beginning of period – adjusted	15,365	95.3%	6,829	93.8%	3,034	95.6%	25,228	95.0%
Natural expiries and relocations	(808)	(5.0%)	(228)	(3.1%)	(17)	(0.6%)	(1,053)	(4.0%)
Early terminations	(44)	(0.3%)	(52)	(0.7%)	—	—%	(96)	(0.4%)
New leases	132	0.9%	107	1.5%	14	0.4%	253	1.0%
Renewals and relocations	586	3.6%	52	0.7%	18	0.6%	656	2.5%
Occupancy (in-place) at end of period	15,231	94.5%	6,708	92.2%	3,049	96.0%	24,988	94.1%
Vacancy committed for future occupancy	269	1.7%	—	—%	—	—%	269	1.0%
Occupancy (in-place and committed) at end of period	15,500	96.2%	6,708	92.2%	3,049	96.0%	25,257	95.1%

	Nine months ended September 30, 2020							
	Canadian portfolio		U.S. portfolio		European portfolio		Total portfolio	
	Thousands of sq. ft.	Percentage of owned GLA	Thousands of sq. ft.	Percentage of owned GLA	Thousands of sq. ft.	Percentage of owned GLA	Thousands of sq. ft.	Percentage of owned GLA
Occupancy (in-place and committed) at beginning of period	14,137	96.7%	6,830	93.9%	—	—	20,967	95.8%
Vacancy committed for future occupancy	(183)	(1.3%)	(11)	(0.2%)	—	—	(194)	(0.9%)
Occupancy (in-place) at beginning of period	13,954	95.4%	6,819	93.7%	—	—	20,773	94.9%
Occupancy related to acquired properties and remeasurements	1,480	—	—	—	3,037	—	4,517	—
Occupancy (in-place) at beginning of period – adjusted	15,434	95.8%	6,819	93.7%	3,037	95.7%	25,290	95.2%
Natural expiries and relocations	(2,315)	(14.4%)	(612)	(8.4%)	(71)	(2.3%)	(2,998)	(11.3%)
Early terminations	(160)	(1.0%)	(52)	(0.7%)	—	—%	(212)	(0.8%)
New leases	492	3.1%	129	1.8%	64	2.0%	685	2.6%
Renewals and relocations	1,780	11.0%	424	5.8%	19	0.6%	2,223	8.4%
Occupancy (in-place) at end of period	15,231	94.5%	6,708	92.2%	3,049	96.0%	24,988	94.1%
Vacancy committed for future occupancy	269	1.7%	—	—%	—	—%	269	1.0%
Occupancy (in-place and committed) at end of period	15,500	96.2%	6,708	92.2%	3,049	96.0%	25,257	95.1%

The overall tenant retention ratio across our portfolio for the three and nine months ended September 30, 2020 was 62.3% and 74.1%, respectively. Tenant retention ratio is calculated as the ratio of total square feet of renewed and relocated space over natural expiries and relocations.

Quarterly leasing highlights

Since the end of the second quarter, we have signed over 1 million square feet of leases, including over 300,000 square feet of new leases at an average rental spread of 30% above prior or expiring rents and over 800,000 square feet of renewals at an average rental spread of 12% above expiring or prior rents.

The table below summarizes the more notable leases transacted during the quarter and subsequent to quarter-end:

Region, location	Lease type	Lease start date	GLA (thousands of square feet)	New lease, renewal and relocation spreads	Lease term (years)	Contractual annual rent growth
Ontario – GTA	New	May 2021	98	51.3%	5	3.3%
Ontario – GTA	Renewal	January 2021	79	59.3%	10	3.5%
Ontario – Cambridge	New	February 2021	44	42.9%	5	3.0%
Ontario – Mississauga(1)	New	August 2020 and December 2020	53	49.4%	3	2.2%
Québec – Montréal	Renewal	June 2021	40	25.4%	5	1.7%
Québec – Montréal	Renewal	November 2021	51	9.5%	5	2.5%
Western – Calgary	Renewal	December 2021	67	0.0%	7	0.8%
U.S. – Chicago, Illinois	Renewal	April 2021	213	30.1%	5	2.8%

(1) Consisting of three lease deals.

New lease, renewal and relocation spreads

The following table details the new lease, renewal and relocation spreads for deals transacted since July 1, 2020 to November 3, 2020 across our total portfolio taking occupancy in 2020 and beyond:

	Thousands of sq. ft.	Rental rate spread(1)
Western Canada	340	(2.5%)
Ontario	398	42.0%
Québec	205	11.0%
Canadian portfolio	943	15.8%
U.S. portfolio	226	29.1%
European portfolio	14	0.0%

(1) Rental rate spread (%) is calculated as the ratio of rental rate spread (per sq. ft.) divided by the weighted average prior and expiring rate (per sq. ft.). Rental rate spread (per sq. ft.) is calculated as the difference between the weighted average new, renewal and relocation rate and the weighted average prior and expiring rate. Rental rate spread excludes deals on leased space that has been vacant for over a year or vacant upon acquisition.

Quarter-to-date leasing activity was led by the Ontario region with rental spreads 42.0% higher on 398,000 square feet of transacted deals, addressing a significant portion of our 2020 transitory vacancies.

In the Western Canada region, we remain focused on driving occupancy higher, building contractual rent growth in leases, and investing capital prudently as rental spreads continue to be negative at 2.5% on 340,000 square feet of transacted deals.

In the U.S. region, rental spreads were positive at 29.1% on 226,000 square feet of transacted deals. The lease rollovers in our U.S. portfolio were in Columbus, Ohio, and Chicago, Illinois, and we are seeing strong rental rate spreads in these particular markets.

The following table details the new lease, renewal and relocation spreads for deals transacted since January 1, 2020 to November 3, 2020 across our total portfolio taking occupancy in 2020 and beyond:

	Thousands of sq. ft.	Rental rate spread(1)
Western Canada	784	(4.2%)
Ontario	990	20.5%
Québec	592	12.0%
Canadian portfolio	2,366	8.6%
U.S. portfolio	326	21.4%
European portfolio	234	23.2%

(1) Rental rate spread (%) is calculated as the ratio of rental rate spread (per sq. ft.) divided by the weighted average prior and expiring rate (per sq. ft.). Rental rate spread (per sq. ft.) is calculated as the difference between the weighted average new, renewal and relocation rate and the weighted average prior and expiring rate. Rental rate spread excludes deals on leased space that has been vacant for over a year or vacant upon acquisition.

Year-to-date, our leasing team completed over 2.9 million square feet of leasing activity. Rental spreads were positive across all regions except for Western Canada, overall reflecting continued demand for industrial space.

Total portfolio rental rates

Average in-place and committed base rent is contractual base rent and excludes recoveries and recoverable tenant inducements.

The following table details the average in-place and committed base rent by region for our total portfolio:

	Average in-place and committed base rent (per sq. ft.)		
Total portfolio(1)	**September 30, 2020**	June 30, 2020	September 30, 2019
Western Canada	$ **8.77**	$ 8.75	$ 8.88
Ontario	**6.99**	6.85	6.73
Québec	**6.60**	6.60	6.44
Canadian portfolio	$ **7.43**	$ 7.38	$ 7.39
U.S. portfolio (US$)	$ **4.00**	$ 3.95	$ 3.85
European portfolio (€)	€ **4.89**	€ 5.16	—

(1) Excludes assets held for sale as at September 30, 2019.

As at September 30, 2020, the average in-place and committed base rent for our Canadian portfolio was $7.43 per square foot compared to $7.38 per square foot as at June 30, 2020 and $7.39 per square foot as at September 30, 2019. The overall increase on a quarter-over-quarter basis and year-over-year basis was primarily driven by lease rollovers in the Ontario and Québec regions where we are capturing strong positive rental rate spreads. In the Western Canada region, on a quarter-over-quarter basis, rental rate spreads were relatively flat and on a year-over-year basis, rental rate spreads were negative. In Western Canada, we remain focused on driving occupancy higher, building contractual rent growth in leases, and investing capital prudently.

As at September 30, 2020, the average in-place and committed base rent for our U.S. portfolio was US$4.00 per square foot compared to US$3.95 per square foot as at June 30, 2020 and US$3.85 per square foot as at September 30, 2019. The overall increase is due to strong rental spreads on lease rollovers in Cincinnati and Columbus, Ohio, and Chicago, Illinois.

As at September 30, 2020, the average in-place and committed base rent for our European portfolio was €4.89 per square foot compared to €5.16 per square foot as at June 30, 2020. The decrease is due to lower average in-place and committed base rents from the acquisition of two properties in the Netherlands and Germany during the quarter. We see this as an opportunity to bring in-place base rents to market levels when leases roll over. On a year-to-date basis, the Trust has acquired 35 properties (37 investment property buildings) located in the Netherlands and Germany totalling approximately 3.2 million square feet.

The following table compares the average in-place and committed base rent per square foot with our estimated market rent per square foot by region for our total portfolio as at September 30, 2020:

						September 30, 2020
Total portfolio		Average in-place and committed base rent (per sq. ft.)		Estimated market rent[1] (per sq. ft.)	Estimated market rent/average in-place and committed base rent	WALT (years)
Western Canada	$	8.77	$	8.59	(2.1%)	3.5
Ontario		6.99		8.51	21.7%	4.7
Québec		6.60		6.91	4.7%	3.2
Canadian portfolio	$	7.43	$	8.11	9.2%	3.9
U.S. portfolio (US$)	$	4.00	$	4.28	7.0%	3.8
European portfolio (€)	€	4.89	€	5.23	7.0%	5.5
Total portfolio WALT (years)						4.1

(1) Estimate only; based on current market rents with no allowance for increases in future years. Subject to changes in market conditions in respective regions.

Estimated market rent represents management's best estimate of the base rent that would be achieved in a new arm's length lease in the event that a unit becomes vacant after a reasonable marketing period, with an inducement and lease term appropriate for the particular space. Market rent by property is reviewed regularly by our leasing and portfolio management teams. Market rents may differ by property or by unit and depend upon a number of factors. Some of the factors considered include the condition of the space, the location within the building, the amount of office build-out for the units, the lease term and a normal level of tenant inducements. Market rental rates are also compared against independent external appraisal information that is gathered on a quarterly basis as well as other external market data. The current estimated market rents are at a point in time and are subject to change based on future market conditions.

As a result of when leases are executed, there is typically a lag between estimated market rents and average in-place and committed base rent.

As at September 30, 2020, our Canadian, U.S. and European portfolios' estimated market rents were 9.2%, 7.0% and 7.0% higher, respectively, than the average in-place and committed base rents, presenting an opportunity for us to improve the earnings potential as leases roll over.

Lease maturity profile, net of lease commitments

The following table details our total portfolio lease maturity profile by region, net of renewals and new leases completed as at September 30, 2020:

Total portfolio (in thousands of sq. ft.)	Vacancy, net of commitments	Remainder of 2020	2021	2022	2023	2024	2025+	Total
Western Canada	318	85	844	745	1,066	614	1,407	5,079
Ontario	212	111	719	753	901	525	3,537	6,758
Québec	85	30	532	917	819	568	1,327	4,278
Canadian portfolio	615	226	2,095	2,415	2,786	1,707	6,271	16,115
U.S. portfolio	568	18	280	859	2,003	717	2,831	7,276
European portfolio	127	15	156	411	484	95	1,888	3,176
Total GLA	1,310	259	2,531	3,685	5,273	2,519	10,990	26,567
Percentage of total GLA	4.9%	1.0%	9.5%	13.9%	19.8%	9.5%	41.4%	100.0%

Lease expiry profile for remainder of 2020

The following table details our total portfolio lease maturity profile for the remainder of 2020 by region, net of renewals and net of committed new leases on vacant space:

Total portfolio (in thousands of sq. ft.)	Western Canada	Ontario	Québec	Canadian portfolio	U.S. portfolio	European portfolio	Total
2020 expiries (as at September 30, 2020)	(189)	(183)	(45)	(417)	(18)	(37)	(472)
Expiries committed for renewals	104	72	15	191	—	22	213
Expiries, net of renewals	(85)	(111)	(30)	(226)	(18)	(15)	(259)
Commitment as a % of expiries	55.0%	39.3%	33.3%	45.8%	—	59.5%	45.1%
Current vacancies	(412)	(269)	(102)	(783)	(568)	(127)	(1,478)
Current vacancies committed for future occupancy	94	57	17	168	—	—	168
Current vacancies, net of commitments for future occupancy	(318)	(212)	(85)	(615)	(568)	(127)	(1,310)

Net rental income from continuing operations

Net rental income is defined by the Trust as total investment properties revenue less investment properties operating expenses from continuing operations.

For a detailed discussion about investment properties revenue and operating expenses from continuing operations for the three and nine months ended September 30, 2020 and September 30, 2019, refer to the section "Our Results of Operations".

	Three months ended September 30,				Nine months ended September 30,			
	2020		2019		**2020**		2019	
	Amount	**%**	Amount	%	**Amount**	**%**	Amount	%
Western Canada	**$ 10,065**	**24%**	$ 11,086	31%	**$ 30,684**	**25%**	$ 32,824	32%
Ontario	**11,410**	**27%**	9,430	26%	**33,689**	**27%**	27,480	27%
Québec	**6,899**	**16%**	6,825	19%	**20,651**	**17%**	18,815	18%
Canadian portfolio	**28,374**	**67%**	27,341	76%	**85,024**	**69%**	79,119	77%
U.S. portfolio	**9,006**	**21%**	8,617	24%	**27,575**	**22%**	23,650	23%
European portfolio	**4,875**	**12%**	—	—%	**11,795**	**9%**	—	—%
Properties sold(1)	**(3)**	**(0%)**	(40)	(0%)	**(23)**	**(0%)**	33	0%
Net rental income from continuing operations	**$ 42,252**	**100%**	$ 35,918	100%	**$ 124,371**	**100%**	$ 102,802	100%

(1) Excludes discontinued operations.

Net rental income from continuing operations for the three and nine months ended September 30, 2020 increased by $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 was mainly driven by the impact of acquired investment properties throughout 2019 and 2020, partially offset by COVID-19 related adjustments and provisions and a decrease in comparative properties NOI.

For the three and nine months ended September 30, 2020, the Trust has recorded COVID-19 related adjustments and provisions totalling $0.8 million and $2.1 million, respectively, which are included in net rental income. These amounts represent an estimate of potential credit losses on our trade receivables for all uncollected rent as at September 30, 2020, along with the 25% of recurring gross contractual rent that the Trust has forgiven in relation to the CECRA program.

Comparative properties NOI and comparative properties NOI (constant currency basis)

Quarter-over-quarter comparison

Comparative properties NOI on a quarter-over-quarter basis is a non-GAAP measure used by management in evaluating the performance of properties fully owned by the Trust in the current and prior quarter. When the Trust compares comparative properties NOI on a quarter-over-quarter basis, the Trust excludes investment properties acquired after April 1, 2020 and properties disposed of prior to September 30, 2020. The Trust also excludes the 35 European properties acquired during the first quarter of 2020 as this is a new geographic region for the Trust in 2020. The results of the Trust's European operations have been separately shown in the below table under the line "NOI from acquired properties – Europe". Comparative properties NOI also excludes straight-line rent, amortization of lease incentives, lease termination fees and other rental income, and COVID-19 related adjustments and provisions. This measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

Comparative properties NOI (constant currency basis) on a quarter-over-quarter basis is a non-GAAP measure used by management in evaluating the performance of properties owned by the Trust in the current and prior quarter on a constant currency basis. It is calculated by taking comparative properties NOI as defined above and excluding the impact of foreign currency translation by converting the comparative properties NOI denominated in foreign currency in the respective periods at the current period average exchange rates.

The table below details the comparative properties NOI (constant currency basis) and comparative properties NOI by region, as well as other items to assist in understanding the impact each component has on net rental income from continuing operations for the three months ended September 30, 2020 and June 30, 2020.

	Three months ended				Change in weighted average occupancy %	Change in in-place base rent %	Owned GLA (thousands of sq. ft.)
	September 30, 2020	June 30, 2020	Change in $	Change in %			
Western Canada	**$ 10,695**	$ 10,776	$ (81)	(0.8%)	(1.0%)	1.9%	5,079
Ontario	**11,495**	11,606	(111)	(1.0%)	(0.8%)	1.3%	6,642
Québec	**7,153**	7,275	(122)	(1.7%)	(1.2%)	1.3%	4,201
Canadian portfolio	**29,343**	29,657	(314)	(1.1%)	(1.0%)	1.5%	15,922
U.S. portfolio (constant currency basis)	**8,754**	9,012	(258)	(2.9%)	(1.6%)	1.3%	7,276
Comparative properties NOI (constant currency basis)	**38,097**	38,669	(572)	(1.5%)	(1.2%)	1.5%	23,198
Impact of foreign currency translation	**—**	370	(370)				
Comparative properties NOI	**38,097**	39,039	(942)	(2.4%)	(1.2%)	1.5%	23,198
NOI from acquired properties – Canada	**61**	—	61				
NOI from acquired properties – Europe	**4,878**	4,629	249				
Straight-line rent	**224**	372	(148)				
Amortization of lease incentives	**(457)**	(425)	(32)				
Lease termination fees and other rental income	**291**	43	248				
COVID-19 related adjustments and provisions(1)	**(839)**	(1,277)	438				
NOI from sold properties	**(3)**	(3)	0				
Net rental income from continuing operations	**$ 42,252**	$ 42,378	$ (126)	(0.3%)			

(1) For the three months ended September 30, 2020, COVID-19 related adjustments and provisions include $705 related to the CECRA program and $134 related to expected credit losses during the COVID-19 period.

For the three months ended September 30, 2020, comparative properties NOI (constant currency basis) decreased by $0.6 million, or 1.5%, primarily due to lower average occupancy across all regions, partially offset by higher rental rates across all regions.

In Western Canada, comparative properties NOI was impacted by 26,000 square feet of lease terminations during the quarter. Included in lease termination fees and other rental income were lease termination fees totalling $50 thousand attributed to these early terminations.

In Québec, comparative properties NOI decreased on a quarter-over-quarter basis mainly due to an expiry of a tenant lease of 34,000 square feet. We are currently in negotiations with a prospective tenant for this space and expect to finalize the lease commitment in the fourth quarter.

In Ontario, strong rental rate growth was partially offset by the timing of lease-up of transitory vacancy, including a new lease for 44,000 square feet commencing in February 2021 at rents over 42% above prior net rents for a five-year term at 3% annual contractual rent growth. These factors mainly contributed to Ontario's comparative properties NOI decline on a quarter-over-quarter basis.

In the U.S., comparative properties NOI (constant currency basis) decreased on a quarter-over-quarter basis mainly due to an expiry of a tenant lease of 81,000 square feet and a 52,000 square foot lease termination in Columbus, Ohio. While there is some near-term impact, we view this as an opportunity to bring expiring rents to market levels and to improve our tenant profile.

Year-over-year comparison

Comparative properties NOI on a year-over-year basis for the three- and nine-month periods is a non-GAAP measure used by management in evaluating the performance of properties fully owned by the Trust in the current and prior year comparative periods. When the Trust compares comparative properties NOI on a year-over-year basis for the three- and nine-month periods, the Trust excludes investment properties acquired after July 1, 2019 and January 1, 2019, respectively, and properties disposed of prior to September 30, 2020. Comparative properties NOI on a year-over-year basis for the three- and nine-month periods also excludes straight-line rent, amortization of lease incentives, expected credit loss, lease termination fees and other rental income, and COVID-19 related adjustments and provisions. These measures are not defined by IFRS, do not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

Given that the entire Eastern Canada region was classified as assets held for sale at the end of June 30, 2019 and subsequently sold on July 31, 2019, the associated results of operations for the three and nine months ended September 30, 2020 and September 30, 2019 have been presented separately as income from discontinued operations and excluded from comparative properties NOI in the current and prior year comparative periods.

Comparative properties NOI (constant currency basis) on a year-over-year basis for the three- and nine-month periods is a non-GAAP measure used by management in evaluating the performance of properties owned by the Trust in the current and comparative periods on a constant currency basis. It is calculated by taking comparative properties NOI as defined above and excluding the impact of foreign currency translation by converting the comparative properties NOI denominated in foreign currency in the respective periods at the respective current period average exchange rates.

The tables below detail the comparative properties NOI (constant currency basis) and comparative properties NOI by region and other items to assist in understanding the impact each component has on net rental income from continuing operations for the three and nine months ended September 30, 2020 and September 30, 2019.

	Three months ended				Change in weighted average occupancy %	Change in in-place base rent %	Owned GLA (thousands of sq. ft.)
	September 30, 2020	September 30, 2019	Change in $	Change in %			
Western Canada	**$ 10,532**	$ 11,378	$ (846)	(7.4%)	(2.8%)	(2.5%)	5,028
Ontario	**9,444**	9,472	(28)	(0.3%)	(2.4%)	5.2%	5,321
Québec	**6,556**	6,500	56	0.9%	(1.4%)	3.3%	3,888
Canadian portfolio	**26,532**	27,350	(818)	(3.0%)	(2.3%)	1.5%	14,237
U.S. portfolio (constant currency basis)	**8,754**	8,437	317	3.8%	(2.1%)	4.4%	7,276
Comparative properties NOI (constant currency basis)	**35,286**	35,787	(501)	(1.4%)	(2.2%)	2.2%	21,513
Impact of foreign currency translation	**—**	(62)	62				
Comparative properties NOI	**35,286**	35,725	(439)	(1.2%)	(2.2%)	2.2%	21,513
NOI from acquired properties – Canada	**2,872**	478	2,394				
NOI from acquired properties – Europe	**4,878**	—	4,878				
Straight-line rent	**224**	135	89				
Amortization of lease incentives	**(457)**	(336)	(121)				
Expected credit loss	**—**	(99)	99				
Lease termination fees and other rental income	**291**	55	236				
COVID-19 related adjustments and provisions(1)	**(839)**	—	(839)				
NOI from sold properties	**(3)**	(40)	37				
Net rental income from continuing operations	**$ 42,252**	$ 35,918	$ 6,334	17.6%			

(1) For the three months ended September 30, 2020, COVID-19 related adjustments and provisions include $705 related to the CECRA program and $134 related to expected credit losses during the COVID-19 period.

For the three months ended September 30, 2020, comparative properties NOI (constant currency basis) decreased by $0.5 million, or 1.4%, compared to the prior year comparative quarter. Within the Canadian portfolio, comparative properties NOI (constant currency basis) decreased primarily due to lower average occupancy across all regions and lower rental rates in Western Canada, partially offset by higher rental rates in Ontario and Québec. Within Ontario and Québec, rental spreads over prior or expiring rents on occupied space were at 37.0% and 10.7%, respectively. The overall increase in U.S. comparative properties NOI (constant currency basis) was primarily due to higher rental rates partially offset by lower average occupancy.

During the quarter, our leasing teams addressed a significant portion of the 2020 transitory vacancies. On approximately 200,000 square feet of the new leasing activity identified in the section "Our Operations" under the heading "Quarterly leasing highlights", the incremental quarterly net rental income impact would have been an additional $0.5 million (or an additional $2.3 million on an annualized basis). The majority of these transacted leases will take occupancy in late 2020 or during the first half of 2021.

	Nine months ended						
	September 30, 2020	September 30, 2019	Change in $	Change in %	Change in weighted average occupancy %	Change in in-place base rent %	Owned GLA (thousands of sq. ft.)
Western Canada	**$ 31,655**	$ 33,506	$ (1,851)	(5.5%)	(1.3%)	(2.5%)	5,028
Ontario	**26,485**	26,485	0	0.0%	(3.4%)	5.8%	5,021
Québec	**19,822**	18,820	1,002	5.3%	0.3%	2.8%	3,888
Canadian portfolio	**77,962**	78,811	(849)	(1.1%)	(1.6%)	1.6%	13,937
U.S. portfolio (constant currency basis)	**14,669**	14,420	249	1.7%	0.0%	2.2%	3,488
Comparative properties NOI (constant currency basis)	**92,631**	93,231	(600)	(0.6%)	(1.3%)	1.6%	17,425
Impact of foreign currency translation	**—**	(263)	263				
Comparative properties NOI	**92,631**	92,968	(337)	(0.4%)	(1.3%)	1.6%	17,425
NOI from acquired properties – Canada	**9,572**	1,425	8,147				
NOI from acquired properties – U.S.	**12,258**	8,726	3,532				
NOI from acquired properties – Europe	**11,801**	—	11,801				
Straight-line rent	**1,411**	886	525				
Amortization of lease incentives	**(1,209)**	(1,061)	(148)				
Expected credit loss	**(312)**	(241)	(71)				
Lease termination fees and other rental income	**358**	75	283				
COVID-19 related adjustments and provisions[(1)]	**(2,116)**	—	(2,116)				
NOI from sold properties	**(23)**	24	(47)				
Net rental income from continuing operations	**$ 124,371**	$ 102,802	$ 21,569	21.0%			

(1) For the nine months ended September 30, 2020, COVID-19 related adjustments and provisions include $1,345 related to the CECRA program, and $771 related to expected credit losses during the COVID-19 period.

For the nine months ended September 30, 2020, comparative properties NOI (constant currency basis) decreased by $0.6 million, or 0.6%, primarily due to the same reasons discussed above in the quarter-over-prior year comparative quarter section, with the exception of the Québec region which had higher weighted average occupancy over the comparative period.

OUR RESULTS OF OPERATIONS

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Investment properties revenue	**$ 59,013**	$ 49,511	**$ 174,623**	$ 144,347
Investment properties operating expenses	**(16,761)**	(13,593)	**(50,252)**	(41,545)
Net rental income	**42,252**	35,918	**124,371**	102,802
Other income				
Interest, fee income and other	**(17)**	543	**913**	951
	(17)	543	**913**	951
Other expenses				
General and administrative	**(4,153)**	(3,059)	**(12,380)**	(8,857)
Interest:				
Debt(1)	**(8,328)**	(8,549)	**(25,837)**	(26,270)
Subsidiary redeemable units	**(3,246)**	(3,344)	**(9,804)**	(10,032)
Debt settlement costs	**—**	—	**(4,324)**	—
	(15,727)	(14,952)	**(52,345)**	(45,159)
Fair value adjustments and net loss on transactions and other activities				
Fair value adjustments to investment properties	**66,314**	7,037	**28,224**	90,720
Fair value adjustments to financial instruments	**(11,428)**	(28,191)	**25,574**	(75,131)
Net loss on transactions and other activities	**(2,163)**	(508)	**(1,196)**	(1,142)
	52,723	(21,662)	**52,602**	14,447
Income (loss) before income taxes and discontinued operations	**79,231**	(153)	**125,541**	73,041
Current and deferred income taxes expense, net	**(5,569)**	(503)	**(6,899)**	(3,054)
Income (loss) from continuing operations, net of taxes	**73,662**	(656)	**118,642**	69,987
Income (loss) from discontinued operations, net of taxes	**—**	(2,310)	**(19)**	2,803
Net income (loss)	**$ 73,662**	$ (2,966)	**$ 118,623**	$ 72,790
Other comprehensive income (loss)				
Items that will be reclassified subsequently to net income (loss):				
Unrealized gain (loss) on foreign currency translation, net of taxes	**$ 1,160**	$ 4,680	**$ 29,097**	$ (5,426)
Unrealized loss on effective interest rate hedge, net of taxes	**—**	—	**—**	(35)
Share of other comprehensive income (loss) from equity accounted investment	**(194)**	—	**193**	—
	966	4,680	**29,290**	(5,461)
Comprehensive income	**$ 74,628**	$ 1,714	**$ 147,913**	$ 67,329

(1) For the three and nine months ended September 30, 2020, the mark-to-market amortization netted against interest expense was $72 and $274, respectively. For the three and nine months ended September 30, 2019, the mark-to-market amortization was $158 and $487, respectively.

Investment properties revenue

Investment properties revenue includes base rent from investment properties, recovery of operating costs, property taxes and capital expenditures from tenants, the impact of straight-line rent adjustments, lease termination fees and other adjustments, as well as fees earned from property management.

Investment properties revenue for the three and nine months ended September 30, 2020 increased by $9.5 million, or 19.2%, compared to the prior year comparative quarter and increased by $30.3 million, or 21.0%, compared to the prior year comparative period. The increase in the respective periods was mainly due to the impact of acquired properties in 2020 and 2019.

Investment properties operating expenses

Investment properties operating expenses comprise operating costs and property taxes as well as certain expenses that are not recoverable from tenants. Operating expenses fluctuate with changes in occupancy levels, expenses that are seasonal in nature, and the level of repairs and maintenance incurred during the period.

Investment properties operating expenses for the three and nine months ended September 30, 2020 increased by $3.2 million, or 23.3%, compared to the prior year comparative quarter and increased by $8.7 million, or 21.0%, compared to the prior year comparative period. The increase in the respective periods were mainly due to the impact of acquired properties in 2020 and 2019 and COVID-19 related adjustments and provisions.

General and administrative expenses

The following table summarizes our general and administrative ("G&A") expenses for the three and nine months ended September 30, 2020 and September 30, 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Asset management fee	**$ (1,532)**	$ (1,241)	**$ (4,457)**	$ (3,525)
Professional fees and general corporate expenses[1]	**(2,153)**	(1,437)	**(6,256)**	(3,642)
Deferred compensation expenses	**(468)**	(381)	**(1,667)**	(1,690)
Total	**$ (4,153)**	$ (3,059)	**$ (12,380)**	$ (8,857)

(1) General corporate expenses include corporate management and overhead related costs, public reporting costs, and Board of Trustees' fees and expenses.

G&A expenses for the three and nine months ended September 30, 2020 increased by $1.1 million, or 35.8%, compared to the prior year comparative quarter and increased by $3.5 million, or 39.8%, compared to the prior year comparative period. Asset management fees increased due to the acquisitions completed in 2020 and 2019. Professional fees and general corporate expenses increased due to higher overhead costs as a result of our expansion into the U.S. and European markets. Deferred compensation expenses increased slightly compared to the prior year comparative quarter due to more deferred trust units vested during the quarter. On a year-to-date basis, deferred compensation expenses remained relatively stable as the increase in deferred trust units vested was offset by the revaluation of vested deferred trust units during the current quarter.

Interest expense on debt

Interest expense on debt for the three and nine months ended September 30, 2020 decreased by $0.2 million, or 2.6%, compared to the prior year comparative quarter and decreased by $0.4 million, or 1.6%, compared to the prior year comparative period.

Interest expense decreased primarily due to lower outstanding debt after the prepayment of Canadian mortgages in the first quarter of 2020 and repayment of borrowings on the secured credit facility during the prior year, partially offset by the new mortgage placed on the U.S. Midwest portfolio in December 2019 and drawings during the current quarter on the unsecured credit facility to fund acquisitions.

Fair value adjustments to investment properties

Refer to the section "Investment Properties" under the heading "Fair value adjustments to investment properties" for a discussion of fair value changes to investment properties for the three and nine months ended September 30, 2020 and September 30, 2019.

Fair value adjustments to financial instruments

The fair value adjustments to subsidiary redeemable units and deferred trust units are dependent on the change in the Trust's unit price and the adjustments may vary significantly year-over-year.

The fair value adjustments on the interest rate swaps and cross-currency interest rate swap are valued by qualified independent valuation professionals based on the present value of the estimated future cash flows determined using observable yield curves, and the adjustments may vary significantly year-over-year.

The following table summarizes our fair value adjustments to financial instruments for the three and nine months ended September 30, 2020 and September 30, 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Unrealized remeasurement of carrying value of subsidiary redeemable units	**$ (11,687)**	$ (26,529)	**$ 33,950**	$ (68,828)
Unrealized remeasurement of carrying value of deferred trust units	**(710)**	(1,194)	**791**	(3,050)
Unrealized remeasurement of interest rate swaps	**306**	(468)	**(6,415)**	(3,253)
Unrealized remeasurement of cross-currency interest rate swap	**(257)**	—	**(257)**	—
Total unrealized fair value adjustments to financial instruments	**$ (12,348)**	$ (28,191)	**$ 28,069**	$ (75,131)
Realized remeasurement of cross-currency interest rate swap	**920**	—	**920**	—
Realized remeasurement of foreign currency swaps	**—**	—	**(3,415)**	—
Total	**$ (11,428)**	$ (28,191)	**$ 25,574**	$ (75,131)

Net loss on transactions and other activities

The following table summarizes our net loss on transactions and other activities for the three and nine months ended September 30, 2020 and September 30, 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Internal leasing costs	**$ (796)**	$ (569)	**$ (2,295)**	$ (1,725)
Foreign exchange gain (loss)[1]	**(1,362)**	69	**1,113**	647
Depreciation and amortization	**(5)**	(8)	**(14)**	(35)
Costs on sale of investment properties	**—**	—	**—**	(29)
Total	**$ (2,163)**	$ (508)	**$ (1,196)**	$ (1,142)

(1) The foreign exchange gain (loss) relates to (i) capital transactions denominated in foreign currency with foreign wholly owned subsidiaries; and (ii) debt denominated in a foreign currency which forms part of an economically effective hedge that does not qualify for hedge accounting. Accordingly, the impact of such foreign exchange adjustments were added back in the determination of FFO (a non-GAAP measure).

Current and deferred income taxes expense, net

Net current and deferred income taxes expense for the three and nine months ended September 30, 2020 increased by $5.1 million and $3.8 million, respectively, compared to the prior year comparative quarter and prior year comparative period. The increases in the respective periods were primarily driven by fair value gains on our U.S. investment properties during the third quarter of 2020. Substantially all of the current and deferred income taxes expense for the three and nine months ended September 30, 2020 and September 30, 2019 are deferred income taxes.

Income (loss) from discontinued operations, net of taxes

Given that the entire Eastern Canada region was included in assets held for sale at June 30, 2019 and subsequently disposed of on July 31, 2019, the associated results of operations for the three and nine months ended September 30, 2020 and September 30, 2019 have been presented separately as income (loss) from discontinued operations.

No income was recorded in discontinued operations for the three months ended September 30, 2020. The activity for the nine months ended September 30, 2020 represents post-close adjustments and additional costs on sale of investment properties.

Other comprehensive income (loss)

Other comprehensive income (loss) for the three and nine months ended September 30, 2020 was a gain of $1.0 million and $29.3 million, respectively, primarily due to the impact of the U.S. dollar and euro relative to the Canadian dollar on our net investments in the U.S. and Europe.

Funds from operations (“FFO”)

FFO (including diluted FFO per Unit) is a non-GAAP measure used by management in evaluating the Trust’s operating performance. FFO per Unit is calculated as FFO divided by the weighted average number of Units. FFO and weighted average number of Units are further defined in the section “Non-GAAP Measures and Other Disclosures”.

FFO and diluted FFO per Unit for the three and nine months ended September 30, 2020 and September 30, 2019 are shown in the table below:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
FFO	**$ 30,159**	$ 26,659	**$ 87,711**	$ 79,227
Weighted average number of Units (in thousands)	**171,625**	139,873	**168,844**	131,649
FFO per Unit – diluted	**$ 0.18**	$ 0.19	**$ 0.52**	$ 0.60

Diluted FFO per Unit for the three and nine months ended September 30, 2020 was $0.18 and $0.52, respectively, compared to $0.19 and $0.60, 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).

Related party transactions

From time to time, Dream Industrial REIT and its subsidiaries enter into transactions with related parties that are generally conducted on a cost recovery basis or under normal commercial terms.

Agreements with Dream Asset Management Corporation ("DAM")

The following table summarizes our fees paid to or received from DAM, including both continuing and discontinued operations, for the three and nine months ended September 30, 2020 and September 30, 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Incurred under the Asset Management Agreement:				
Asset management fee (included in general and administrative expenses)	**$ (1,532)**	$ (1,299)	**$ (4,457)**	$ (3,940)
Acquisition fee (included in investment properties)	**(430)**	(205)	**(3,178)**	(2,448)
Expense reimbursements related to financing arrangements	**(198)**	(103)	**(714)**	(270)
Total costs incurred under the Asset Management Agreement	**$ (2,160)**	$ (1,607)	**$ (8,349)**	$ (6,658)
Total costs reimbursed under the Shared Services and Cost Sharing Agreement	**$ (200)**	$ (176)	**$ (993)**	$ (509)
Total property management fees earned under the Property Management Agreement	**$ —**	$ —	**$ —**	$ 7

The Asset Management Agreement ("AMA") with DAM provides for an incentive fee payable in an amount equal to 15% of the Trust's adjusted funds from operations ("AFFO") per Unit as defined in the AMA, which includes gains on the disposition of any properties in the year in excess of the hurdle amount, which was initially set at $0.80 per Unit and increases annually by 50% of the increase in the consumer price index (the "Hurdle Amount").

The AMA has an initial term ending October 3, 2022 and is automatically renewed for further five-year terms unless and until terminated in accordance with its terms. The AMA may be terminated by DAM at any time after the initial term. Other than in respect of termination resulting from certain events of insolvency of DAM, on termination of the AMA, all accrued fees under the AMA, including the incentive fee, are payable to DAM. In such circumstances or if the Trust is acquired, the incentive fee is calculated as if all the Trust's properties were sold on the applicable date.

Disposition gains in the AFFO calculation used for determining the incentive fee are based on the fair value of the Trust's investment properties, at the applicable date, relative to their historic purchase price. As at September 30, 2020, the historic purchase price for the Trust's investment portfolio was $2.5 billion (December 31, 2019 – $2.0 billion).

For the most recently completed fiscal year ended October 3, 2019 for the AMA, the Hurdle Amount for the purpose of calculating the incentive fee was $0.86 per Unit. As at September 30, 2020 and December 31, 2019, no incentive fees have been paid or payable by the Trust to DAM.

The amount of the incentive fee payable by the Trust on any date will be contingent upon various factors, including, but not limited to, changes in the Trust's AFFO as defined in the AMA, movements in the fair value of investment properties, acquisitions and dispositions, future foreign exchange rates, and changes in the total number of outstanding Units of the Trust.

On February 1, 2019, the Property Management Agreement for Dream Industrial Management LP to manage one property on behalf of a subsidiary of DAM was terminated as the property is no longer owned by DAM.

Agreements with Dream Impact Trust

The following table summarizes our fees received from Dream Impact Trust (formerly known as Dream Hard Asset Alternatives Trust) for the three and nine months ended September 30, 2020 and September 30, 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Total revenue under lease agreements and the Property Management Agreement	**$ —**	$ 34	**$ —**	$ 111

Agreements with Dream Office Real Estate Investment Trust ("Dream Office REIT")

The following table summarizes the costs reimbursed to Dream Office REIT for the three and nine months ended September 30, 2020 and September 30, 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Total costs reimbursed under the Services Agreement	**$ (1,303)**	$ (995)	**$ (3,836)**	$ (3,041)

As discussed in “Our Equity”, subsidiaries of Dream Office REIT are the holders of 100% of the outstanding LP B Units. Generally, each subsidiary redeemable unit entitles the holder to a distribution equal to distributions declared on our REIT Units. In our condensed consolidated financial statements, distributions paid and payable on LP B Units are included as interest expense.

The following table summarizes our interest paid and payable to subsidiaries of Dream Office REIT on its subsidiary redeemable units for the three and nine months ended September 30, 2020 and September 30, 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Interest paid and payable to Dream Office REIT on subsidiary redeemable units	**$ (3,246)**	$ (3,344)	**$ (9,804)**	$ (10,032)

Agreements with PAULS Corp

The following table summarizes our fees paid and costs reimbursed to an affiliate of PAULS Corp for the three and nine months ended September 30, 2020 and September 30, 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Property management	**$ (196)**	$ (168)	**$ (613)**	$ (531)
Portfolio management	**(222)**	(122)	**(702)**	(280)
Leasing costs	**—**	(20)	**(47)**	(41)
Financing costs	**—**	(16)	**(10)**	(30)
Total costs incurred under the Property Management Agreement	**$ (418)**	$ (326)	**$ (1,372)**	$ (882)

SECTION III

INVESTMENT PROPERTIES

Investment properties continuity

Changes in the value of our investment properties by region for the three and nine months ended September 30, 2020 are summarized in the following tables:

	Three months ended					
	July 1, 2020	Property acquisitions	Building improvements, lease incentives and initial direct leasing costs	Fair value adjustments(1)	Amortization of lease incentives, foreign currency translation(2) and other adjustments	September 30, 2020
Western Canada	$ 613,328	$ —	$ 719	$ (582)	$ (277)	$ 613,188
Ontario	971,050	24,743	1,837	27,147	142	1,024,919
Québec	423,378	8,932	1,082	14,697	(222)	447,867
Canadian portfolio	2,007,756	33,675	3,638	41,262	(357)	2,085,974
U.S. portfolio	602,329	—	179	22,934	(12,618)	612,824
European portfolio	287,324	56,961	148	2,118	6,248	352,799
Total investment properties	$ 2,897,409	$ 90,636	$ 3,965	$ 66,314	$ (6,727)	$ 3,051,597

(1) During the three months ended September 30, 2020, the Trust wrote off acquisition related costs totalling $4,652 included in fair value adjustments on investment properties located in Ontario, Québec and Europe regions.

(2) Included in the U.S. and European portfolios are foreign currency translation adjustments totalling $(12,744) and $6,250, respectively.

					Nine months ended	
	January 1, 2020	Property acquisitions	Building improvements, lease incentives and initial direct leasing costs	Fair value adjustments[1]	Amortization of lease incentives, foreign currency translation[2] and other adjustments	September 30, 2020
Western Canada	$ 621,946	$ —	$ 4,107	$ (12,277)	$ (588)	$ 613,188
Ontario	817,061	178,408	4,444	24,427	579	1,024,919
Québec	414,085	18,424	2,075	13,683	(400)	447,867
Canadian portfolio	1,853,092	196,832	10,626	25,833	(409)	2,085,974
U.S. portfolio	575,572	—	813	20,234	16,205	612,824
European portfolio	—	346,681	643	(17,843)	23,318	352,799
Total investment properties	$ 2,428,664	$ 543,513	$ 12,082	$ 28,224	$ 39,114	$ 3,051,597

(1) During the nine months ended September 30, 2020, the Trust wrote off acquisition related costs totalling $30,152 included in fair value adjustments on investment properties located in Ontario, Québec and Europe regions.

(2) Included in the U.S. and European portfolios are foreign currency translation adjustments totalling $15,588 and $23,324, respectively.

Acquisitions

The following acquisitions were completed during the nine months ended September 30, 2020:

	Acquired GLA (thousands of sq. ft.)	Occupancy at acquisition (%)	WALT at acquisition (years)	Purchase price[1]	Date acquired
840 Trillium Drive, Kitchener, Ontario	39	100.0	10.2	$ 5,700	January 13, 2020
Berkshire portfolio, Kitchener, Ontario[2]	577	100.0	2.0	62,500	January 17, 2020
1995 Markham Road, Scarborough, Ontario	228	100.0	6.6	33,100	January 22, 2020
2–20 Exportweg, Waddinxveen, Netherlands[3]	169	100.0	14.8	27,355	January 22, 2020
12–16 Het Sterrenbeeld, Den Bosch, Netherlands[3]	95	100.0	6.5	10,700	January 28, 2020
7–9 Robert-Bosch-Straße, Dietzenbach, Germany[3]	160	74.5	10.7	14,950	January 31, 2020
10 Heibloemweg, Helmond, Netherlands[3]	117	100.0	9.0	13,598	February 5, 2020
Dutch portfolio, Netherlands[3][4]	2,062	96.4	4.2	201,576	February 19, 2020 and March 17, 2020
700–840 McCaffrey Road, Montréal, Québec	80	100.0	3.2	9,100	February 24, 2020
100 East Beaver Creek, Richmond Hill, Ontario	110	100.0	6.9	24,000	February 28, 2020
220 Water Street, Whitby, Ontario	211	100.0	2.9	17,600	March 2, 2020
311 Pinebush Road, Cambridge, Ontario	57	100.0	20.0	4,905	March 23, 2020
1750 Berlier Street, Laval, Québec	77	100.0	7.4	8,600	August 25, 2020
1 Christoph-Seydel-Straße, Radeberg, Germany[3]	274	97.9	3.9	25,088	September 1, 2020
6701 Financial Drive, Mississauga, Ontario	116	89.6	0.8	23,900	September 17, 2020
4 Zoete Inval, Breda, Netherlands[3]	300	93.1	9.3	28,396	September 28, 2020
Total	4,672	96.7	5.3	$ 511,068	

(1) Excludes transaction costs of $30,152.

(2) Berkshire portfolio consists of 12 investment properties.

(3) Acquisitions in the Netherlands and Germany were settled in euros and translated into Canadian dollars as at the respective transaction dates.

(4) The Dutch portfolio consists of 31 investment properties. 29 properties were acquired on February 19, 2020 and two properties were acquired on March 17, 2020. The purchase price excludes an assumed ground lease liability totalling $2,293.

For the year ended December 31, 2019, the Trust acquired 32 investment properties for gross proceeds net of adjustments and before transaction costs totalling $370.5 million.

Dispositions

For the nine months ended September 30, 2020, no dispositions were completed by the Trust. For the year ended December 31, 2019, the Trust disposed of 41 investment properties for gross proceeds net of adjustments and before transaction costs totalling $272.6 million.

Building improvements

Building improvements represent investments made in our investment properties to ensure optimal building performance, to improve the experience of our tenants, as well as to reduce operating costs. In order to retain desirable rentable space and to generate adequate revenue over the long term, we must maintain or, in some cases, improve each property's condition to meet market demand.

Recoverable capital expenditures are recovered from tenants in accordance with their leases over the useful life of the building improvements. Recoverable amounts include an imputed interest charge and management fee.

Non-recoverable capital expenditures are not recovered from tenants and are costs incurred to repair or maintain the property's structural condition and bring properties up to the Trust's operating standards.

Value-add capital expenditures are not recovered from tenants and include upgrades completed on certain properties that are expected to increase the Trust's ability to attract tenants and obtain higher rental rates.

The following table summarizes building improvements incurred for the three and nine months ended September 30, 2020 and September 30, 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Recoverable capital expenditures	**$ 2,255**	$ 2,384	**$ 3,621**	$ 5,944
Non-recoverable capital expenditures	**83**	9	**463**	429
Value-add capital expenditures	**153**	409	**478**	1,352
Building improvements – continuing operations(1)	**2,491**	2,802	**4,562**	7,725
Add: Building improvements – Eastern Canada(2)	**—**	—	**—**	933
Total building improvements	**$ 2,491**	$ 2,802	**$ 4,562**	$ 8,658

(1) Excludes Eastern Canada portfolio in the comparative period.

(2) Includes activity prior to the Eastern Canada portfolio being reclassified to assets held for sale.

Lease incentives and initial direct leasing costs

Lease incentives include costs incurred to make leasehold improvements to tenant spaces, landlord works and cash allowances. Initial direct leasing costs include leasing fees and related costs and broker commissions incurred in negotiating and arranging tenant leases. Lease incentives and initial direct leasing costs are dependent upon asset type, lease terminations and expiries, the mix of new leasing activity compared to renewals, portfolio growth and general market conditions. Short-term leases generally have lower costs than long-term leases.

Lease incentives and initial direct leasing costs shown in the table below include costs attributable to leases that commenced in the respective periods. Due to the timing of the signing of lease agreements, certain costs, such as lease commissions, may be incurred in advance of lease commencement.

The following table summarizes leasing costs incurred for the three and nine months ended September 30, 2020 and September 30, 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Lease incentives and initial direct leasing costs – continuing operations(1)	**$ 1,474**	$ 2,545	**$ 7,520**	$ 8,479
Add: Lease incentives and initial direct leasing costs – Eastern Canada(2)	**—**	—	**—**	2,388
Total lease incentives and initial direct leasing costs	**$ 1,474**	$ 2,545	**$ 7,520**	$ 10,867

(1) Excludes Eastern Canada portfolio in the comparative period.

(2) Includes activity prior to the Eastern Canada portfolio being reclassified to assets held for sale.

Significant assumptions used in the valuation of investment properties

The fair value of the investment properties as at September 30, 2020 and December 31, 2019 represents the Trust's best estimate based on internally and externally available information as at the end of the reporting period.

The Trust values its investment properties using both the direct cap rate method and the discounted cash flow method. The results of both methods are evaluated by considering the range of values calculated under both methods on a property by property basis.

The duration and full scope of the economic impact of COVID-19 are unknown at this time. Key valuation assumptions that could be impacted over the long term include: market rents, leasing costs, vacancy rates, discount rates and cap rates. The Trust will continue to monitor the effect of the economic environment on the valuation of its investment properties. If there are any changes in the critical and key assumptions used in valuing the investment properties, or in regional, national or international economic conditions, or new developments in the COVID-19 pandemic, the fair value of investment properties may change materially.

The significant valuation metrics used in the cap rate method are stabilized cap rates. The following table summarizes stabilized cap rates by region as at September 30, 2020 and December 31, 2019:

	Total portfolio(1)			
	September 30, 2020		December 31, 2019	
Stabilized cap rates	**Range (%)**	**Weighted average (%)(2)**	Range (%)	Weighted average (%)(2)
Western Canada	**6.00–7.50**	**6.61**	5.75–7.50	6.60
Ontario	**4.25–7.30**	**5.08**	4.50–7.50	5.23
Québec	**5.25–6.50**	**5.89**	5.50–6.50	6.13
Canadian portfolio	**4.25–7.50**	**5.71**	4.50–7.50	5.90
U.S. portfolio	**5.20–6.75**	**5.92**	5.75–6.75	6.12
European portfolio	**4.90–9.50**	**6.65**	—	—
Total portfolio	**4.25–9.50**	**5.85**	4.50–7.50	5.95

(1) Excludes investment properties acquired during the quarter as applicable.

(2) Weighted average percentage based on investment property fair value.

The significant valuation metrics used in the discounted cash flow method as at September 30, 2020 and December 31, 2019 are set out in the table below:

	Total portfolio(1)			
	September 30, 2020		December 31, 2019	
	Range (%)	**Weighted average (%)(2)**	Range (%)	Weighted average (%)(2)
Discount rate	**5.38–8.75**	**6.79**	5.38–8.75	6.92
Terminal cap rate	**5.00–9.25**	**6.28**	5.00–8.00	6.28

(1) Excludes investment properties acquired during the quarter as applicable.

(2) Weighted average percentage based on investment property fair value.

Other valuation metrics

The COVID-19 pandemic has created significant uncertainty in the general economy including the real estate market. During uncertain times, the underlying unobservable valuation assumptions used in underwriting the fair value of investment properties such as discount rates and terminal cap rates may vary greatly between different market participants based on their investment objectives and risk tolerance levels.

During the three months ended September 30, 2020, numerous sales of industrial properties have transacted in certain of the key markets in which the Trust currently holds investment properties. Accordingly, the Trust's valuation team obtained externally available information from these transactions such as cap rates, market rents compared to in-place rents, availability of excess land, and transacted value per square foot and compared these to our portfolio as applicable on a property by property basis to corroborate our internal values as determined using the direct cap rate and discounted cash flow methods.

The Trust believes other inputted valuation metrics, such as implied weighted average cap rate by region, may enable users to better understand how specific operating metrics as disclosed elsewhere in the MD&A, such as in-place rents versus market rents and in-place versus in-place and committed occupancy levels in the respective regions, may impact our values. Implied weighted average cap rate is determined using the annualized three months ended September 30, 2020 net rental income by property, excluding the net rental income of properties acquired during the quarter and net rental income of sold properties. Net rental income used in calculating the implied average cap rate also excludes the impact of lease termination fees and other rental income, estimated credit loss, COVID-19 related adjustments and provisions, and amortization of lease incentives.

Another inputted valuation metric, the Trust's value per square foot by region, may enable users to compare the transacted value per square foot in similar markets during the period.

The following table summarizes the implied weighted average cap rate and value per square foot by region as at September 30, 2020 and December 31, 2019:

	Total portfolio[1]					
	September 30, 2020			December 31, 2019		
	Implied cap rate (%)		**Value per square foot**	Implied cap rate (%)		Value per square foot
Western Canada	**6.93**	**$**	**121**	7.19	$	122
Ontario	**4.69**		**151**	4.65		150
Québec	**6.41**		**105**	6.71		100
Canadian portfolio	**5.73**	**$**	**129**	5.97	$	126
U.S. portfolio (value per square foot in US$)	**5.84**		**63**	6.15		61
European portfolio (value per square foot in €)	**6.27**	**€**	**73**	—	€	—
Total portfolio (value per square foot in $)	**5.80**	**$**	**115**	6.02	$	111

(1) Excludes investment properties acquired during the quarter as applicable.

Fair value adjustments to investment properties

For the three months ended September 30, 2020, the Trust recorded a fair value gain of $66.3 million, mainly driven by fair value gains in the Ontario, Québec, U.S. and European regions of $27.2 million, $14.7 million, $22.9 million and $2.1 million, respectively, while the Western Canada region remained relatively stable. The fair value gains experienced in the Ontario, Québec, U.S. and European regions were primarily driven by cap rate compression and higher market rents. Partially offsetting the fair value gains was the write-off of acquisition related costs totalling $4.7 million across Ontario, Québec and Europe.

For the nine months ended September 30, 2020, the Trust recorded a fair value gain of $28.2 million, driven by fair value gains in the Ontario, Québec and U.S. regions of $24.4 million, $13.7 million and $20.2 million, respectively, offset by fair value losses of $12.3 million in Western Canada and $17.8 million in Europe. The fair value gains in the Ontario, Québec and U.S. regions were primarily driven by cap rate compression and higher market rents. The fair value loss in Western Canada was mainly due to increased downtime, lower rental rates in our leasing assumptions and an increase in capitalization rates on certain properties. The fair value loss in Europe was primarily due to the write-off of acquisition related costs.

Foreign currency translation

For the three months ended September 30, 2020, the foreign currency translation impact on our U.S. and European portfolios was a decrease of $12.7 million and an increase of $6.2 million, respectively, due to a weaker U.S. dollar and a stronger euro relative to the Canadian dollar.

For the nine months ended September 30, 2020, the foreign currency translation impact on our U.S. and European portfolios was an increase of $15.6 million and $23.3 million, respectively, due to a stronger U.S. dollar and euro relative to the Canadian dollar.

OUR FINANCING

Debt summary

The key performance indicators in the management of our debt are as follows:

		As at				
		September 30, 2020		December 31, 2019		September 30, 2019
Financing metrics[1]						
Total debt	**$**	**923,165**	$	1,014,568	$	861,695
Weighted average face interest rate on debt (period-end)[2]		**3.43%**		3.59%		3.69%
Weighted average remaining term to maturity on debt (years)		**5.1**		5.5		4.9
Interest coverage ratio (times)[3]		**4.2**		3.8		3.8
Level of debt (net debt-to-assets ratio)[3]		**29.6%**		23.7%		31.4%
Net debt-to-adjusted EBITDAFV (years)[3]		**5.8**		4.3		5.4
Unencumbered assets[3][4]	**$**	**1,283,409**	$	96,251	$	345,324
Available liquidity[3]	**$**	**271,634**	$	591,537	$	280,097

(1) Financing metrics include income (loss) from discontinued operations as applicable.

(2) Weighted average face interest rate on debt is calculated as the weighted average face interest rate of all interest bearing debt as at period-end.

(3) Interest coverage ratio, level of debt (net debt-to-assets ratio), net debt-to-adjusted EBITDAFV, unencumbered assets and available liquidity are non-GAAP measures. The descriptions and calculations of these measures are included under the heading "Non-GAAP Measures and Other Disclosures".

(4) Unencumbered assets excludes assets held for sale as at September 30, 2019.

We have used the proceeds from our February 2020 equity offering to reduce debt in North America as part of our overall strategy to reduce our cost of borrowing. In addition to our improved financing metrics, our unencumbered asset pool has grown significantly in 2020.

Liquidity and capital resources

Dream Industrial REIT's primary sources of capital are cash generated from (utilized in) operating activities, draws on the unsecured revolving credit facility, mortgage financing and refinancing, and equity and debt issues. Our primary uses of capital include the payment of distributions, costs of attracting and retaining tenants, recurring property maintenance, major property improvements, debt principal repayments, interest payments and property acquisitions. We expect to meet all of our ongoing obligations with current cash and cash equivalents, cash generated from operations, draws on the unsecured revolving credit facility, conventional mortgage refinancings and, as growth requires and when appropriate, new equity or debt issues.

In our condensed consolidated financial statements, our current liabilities exceed our current assets by $149.9 million. We are able to use our revolving credit facility on short notice, which eliminates the need to hold a significant amount of cash and cash equivalents on hand. Working capital balances fluctuate significantly from period to period depending on the timing of receipts and payments. Amounts payable outstanding at the end of any reporting period depend primarily on the timing of leasing costs and capital expenditures incurred, as well as the impact of transaction costs incurred on any acquisitions or dispositions completed during the reporting period.

Scheduled principal repayments that are due within one year total $22.2 million, and debt maturities that are due within one year total $111.3 million. The debt maturities are typically refinanced with mortgages of terms between five and ten years or repaid with our unsecured revolving credit facility. With our balanced debt maturity schedule, undrawn revolving credit facility of $250.8 million, cash and cash equivalents of $20.8 million and unencumbered assets pool of $1.3 billion, we have sufficient liquidity and capital resources as at September 30, 2020.

Financing activities

Mortgages

During the three months ended September 30, 2020, the Trust repaid a $17.1 million mortgage with a face interest rate of 2.71%. The mortgage was secured by four investment properties located in the GTA, with an aggregate fair value of approximately $60 million.

As part of our previously announced strategy to reduce the Trust's overall cost of debt, the Trust early discharged mortgages totalling $159.5 million, comprising primarily 15 Canadian mortgages totalling $149.1 million with a weighted average face interest rate of 3.74% during the first quarter of 2020. The Trust incurred debt settlement costs totalling $3.9 million in relation to the early discharge of mortgages. The Trust used the net proceeds from the February 2020 equity offering to discharge the mortgages early and to cover the associated debt settlement costs.

Unsecured revolving credit facility

On June 12, 2020, the Trust entered into an agreement for a new US$250 million unsecured revolving credit facility (the "Unsecured Facility"), which replaced the existing $150 million secured revolving credit facility. In addition to being able to borrow on the Unsecured Facility in Canadian and U.S. dollars, the Trust can borrow in euros. The Unsecured Facility bears interest based on the Canadian Bankers' Acceptance ("BA") rate or Canadian prime rate on Canadian dollar draws, or U.S. LIBOR rate or U.S. base rate on U.S. dollar draws, or euro LIBOR rate on euro draws. The Unsecured Facility matures on January 14, 2022.

Refer to Note 6 of the condensed consolidated financial statements for details on our unsecured revolving credit facility.

With the BBB investment grade credit rating issued by DBRS Morningstar, the Trust's cost of borrowing on the Unsecured Facility will reduce by 25 bps on future draws.

Cross-currency interest rate swap

As part of our overall debt strategy to reduce our cost of borrowing and to reduce our foreign currency exposure on our foreign investments, the Trust has drawn US$61.4 million on its Unsecured Facility and concurrently entered into a cross-currency interest rate swap to exchange the U.S. dollars drawn on our Unsecured Facility and the associated U.S. interest (interest at 1.85%) for euros totalling €52.5 million and associated euro interest (interest at 1.10%). The arrangement is economically equivalent to holding euro-denominated debt. The euros received from the cross-currency swap arrangement were used to fund acquisitions during the quarter.

The Trust draws on its revolving credit facility in U.S. dollars and concurrently swaps the U.S. dollar proceeds for euro proceeds utilizing cross-currency interest rate swaps which reduces the effective interest rate and is economically equivalent to euro-denominated debt.

Foreign currency swaps

On April 30, 2020, the Trust settled three foreign currency swap agreements for net cash payment of $3.4 million. The swap agreements were short-term forward contracts to sell euros for Canadian or U.S. dollars.

Subsequent events

On October 22, 2020, the Trust was assigned an Issuer Rating of BBB with Stable Trend by DBRS Morningstar. 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%.

Composition and continuity of total debt

Refer to Note 6 of the condensed consolidated financial statements for the nine months ended September 30, 2020 and year ended December 31, 2019 for details on the composition and continuity of our debt.

Debt maturity profile

Our current total debt profile is balanced with maturities well-distributed over the next ten years. The Trust manages its maturity schedule by limiting maturity exposure in any given year and mitigating interest rate risk. When rates are favourable, the Trust fixes interest rates and extends loan terms.

The following is our total debt as at September 30, 2020:

	Debt balance due at maturity	Scheduled principal repayments on debt maturing in future periods	Amount	Weighted average face rate on balance due at maturity
Remainder of 2020	$ —	$ 5,599	$ 5,599	—%
2021	111,308	21,341	132,649	3.90%
2022	126,545	18,404	144,949	2.28%
2023	98,077	15,841	113,918	3.59%
2024	62,838	14,627	77,465	3.68%
2025–2030	404,992	50,440	455,432	3.56%
Total	$ 803,760	$ 126,252	$ 930,012	3.42%
Unamortized financing costs			(7,064)	
Unamortized fair value adjustments			217	
Total debt			$ 923,165	

Commitments and contingencies

We are contingently liable with respect to guarantees that are issued in the normal course of business and with respect to litigation and claims that may arise from time to time. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on our condensed consolidated financial statements.

The Trust participates in a joint venture with other related parties that own a development site in Las Vegas, Nevada. Under the operating agreement, the Trust has committed to make capital contributions of US$10.7 million for the development of the project, in addition to the purchase price of the land. Since inception of the joint venture to September 30, 2020, the Trust has funded US$0.7 million in development costs.

OUR EQUITY

Total equity

Our discussion of equity includes LP B Units, which are economically equivalent to REIT Units. However, pursuant to IFRS, the LP B Units are classified as a liability in our condensed consolidated financial statements.

						As at
	September 30, 2020		December 31, 2019		September 30, 2019	
	Number of Units	**Amount**	Number of Units	Amount	Number of Units	Amount
REIT Units and unitholders' equity	**152,677,411**	**$ 1,605,708**	134,801,881	$ 1,372,564	120,821,529	$ 1,192,070
Retained earnings	**—**	**226,737**	—	187,443	—	103,018
Accumulated other comprehensive income (loss)	**—**	**28,855**	—	(435)	—	5,486
Total equity per condensed consolidated financial statements	**152,677,411**	**1,861,300**	134,801,881	1,559,572	120,821,529	1,300,574
Add: LP B Units	**18,551,855**	**209,821**	18,551,855	243,771	18,551,855	245,441
Total equity (including LP B Units)(1)	**171,229,266**	**$ 2,071,121**	153,353,736	$ 1,803,343	139,373,384	$ 1,546,015
NAV per Unit(1)		**$ 12.10**		$ 11.76		$ 11.09

(1) Total equity (including LP B Units) and NAV per Unit are non-GAAP measures defined in the section "Non-GAAP Measures and Other Disclosures".

NAV per Unit for the quarter ended September 30, 2020 increased to $12.10 from $11.76 at December 31, 2019 and $11.09 at September 30, 2019, largely reflecting an increase in investment property values across our portfolio as private market demand for industrial assets remains robust.

Our Declaration of Trust authorizes the issuance of an unlimited number of two classes of units: REIT Units and Special Trust Units.

The Special Trust Units may only be issued to holders of LP B Units, are not transferable separately from the LP B Units and are used to provide voting rights with respect to Dream Industrial REIT to persons holding LP B Units. The LP B Units are held by wholly owned subsidiaries of Dream Office REIT. Both the REIT Units and the Special Trust Units entitle the holder to one vote for each Unit at all meetings of the unitholders. The LP B Units are exchangeable on a one-for-one basis for REIT Units at the option of the holder. The LP B Units and corresponding Special Trust Units together have economic and voting rights equivalent in all material respects to REIT Units.

Pursuant to the Distribution Reinvestment and Unit Purchase Plan ("DRIP") and the distribution reinvestment provisions of the amended and restated limited partnership agreement governing Dream Industrial LP, the following table summarizes the number of REIT Units issued and cost of issuing the REIT Units to the subsidiaries of Dream Office REIT for the three and nine months ended September 30, 2020 and September 30, 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
REIT Units issued to Dream Office REIT	**—**	392,333	**385,535**	1,229,119
Total cost of REIT Units issued to Dream Office REIT	**$ —**	$ 4,816	**$ 4,950**	$ 14,229

The table below summarizes Dream Office REIT's ownership of the Trust as at September 30, 2020 and December 31, 2019:

		As at
	September 30, 2020	December 31, 2019
Number of REIT Units held by Dream Office REIT	**8,052,455**	8,792,170
Number of LP B Units held by Dream Office REIT	**18,551,855**	18,551,855
Total number of Units held by Dream Office REIT	**26,604,310**	27,344,025
Dream Office REIT's percentage ownership of the Trust	**15.5%**	17.8%

As at November 3, 2020, the number of Units held by Dream Office REIT was 26,604,310.

Continuity of equity

The following table summarizes the changes in our outstanding equity:

	REIT Units	LP B Units	Total Units
Total Units outstanding on January 1, 2020	134,801,881	18,551,855	153,353,736
Units issued pursuant to public offering	16,859,000	—	16,859,000
Units issued pursuant to DRIP	931,334	—	931,334
Units issued pursuant to Deferred Unit Incentive Plan ("DUIP") and Unit Purchase Plan	85,196	—	85,196
Total Units outstanding on September 30, 2020	152,677,411	18,551,855	171,229,266
Percentage of all Units	89.2%	10.8%	100.0%
Units issued pursuant to DUIP	1,450	—	1,450
Total Units outstanding on November 3, 2020[(1)]	152,678,861	18,551,855	171,230,716
Percentage of all Units	89.2%	10.8%	100.0%

(1) The date of this report.

Public offerings and private placement of REIT Units

The following table summarizes the public offering of REIT Units issued during the nine months ended September 30, 2020. Total costs related to the offering were charged directly to unitholders' equity.

Date of public offering	Number of REIT Units	Unit price	Gross proceeds	Issue costs
February 12, 2020[(1)]	16,859,000	$ 13.65	$ 230,125	$ 9,892

(1) Includes 2,199,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

The following table summarizes the public offerings of REIT Units issued for the year ended December 31, 2019:

Date of public offering	Number of REIT Units	Unit price	Gross proceeds	Issue costs
February 13, 2019[(1)]	13,800,000	$ 10.45	$ 144,210	$ 6,408
April 25, 2019[(2)]	12,477,500	11.55	144,115	6,405
December 11, 2019[(3)]	12,834,000	13.45	172,617	7,565
Total	39,111,500		$ 460,942	$ 20,378

(1) Includes 1,800,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

(2) Includes 1,627,500 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

(3) Includes 1,674,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

On December 19, 2019, the Trust completed a private placement to sell an aggregate of 325,000 REIT Units to Michael J. Cooper, Trustee, and Brian Pauls, Chief Executive Officer and Trustee, at a price of $13.45 per REIT Unit, for gross proceeds of $4.4 million.

Short form base shelf prospectus

On October 15, 2019, the Trust filed and obtained a receipt for a final short form base shelf prospectus dated October 11, 2019, which is valid for a 25-month period, during which time the Trust may, from time to time, offer and issue REIT Units, subscription receipts and debt securities, or any combination thereof, having an aggregate offering price of up to $2 billion. As at September 30, 2020, $402.7 million of REIT Units have been issued under the current base shelf prospectus. The issuance is pursuant to the current base shelf prospectus as supplemented by the prospectus supplement.

Normal course issuer bid

The Trust commenced a normal course issuer bid ("NCIB") on March 31, 2020, which will remain in effect until the earlier of March 30, 2021 or the date on which the Trust has purchased the maximum number of REIT Units permitted under the NCIB. Under the NCIB, the Trust has the ability to purchase for cancellation up to a maximum of 14,204,702 of its REIT Units (representing 10% of Dream Industrial REIT's public float of 142,047,020 REIT Units) through the facilities of the TSX. The actual number of REIT Units that may be purchased and the timing of any such purchases will be determined by the Trust subject to a maximum daily purchase limitation of 128,414 REIT Units, which equals 25% of the average daily trading volume ("ADTV") during the last six calendar months preceding the commencement of the NCIB (being 513,657 REIT Units per day), other than purchases pursuant to applicable block purchase exceptions.

In connection with the NCIB, the Trust has established an automatic securities purchase plan (the “ASP Plan”) with its designated broker to facilitate the purchase of REIT Units under the NCIB at times when the Trust would ordinarily not be permitted to purchase REIT Units due to regulatory restrictions or self-imposed blackout periods. Purchases will be made by the Trust’s broker based upon the parameters prescribed by the TSX and the terms of the parties’ written agreement. Outside of such restricted or blackout periods, the REIT Units may also be purchased in accordance with management’s discretion. The ASP Plan has been pre-cleared by the TSX and will terminate on March 30, 2021.

For the three and nine months ended September 30, 2020, the Trust did not purchase any REIT Units for cancellation.

Distribution Reinvestment and Unit Purchase Plan (“DRIP”) participation rate

The DRIP allows holders of REIT Units or subsidiary redeemable units, other than unitholders who are resident of or present in the U.S., to elect to have all cash distributions from the Trust reinvested in additional units. Unitholders under the DRIP are eligible to receive a bonus distribution of units equal to 3% of the cash distribution reinvested.

In response to the market disruption caused by the COVID-19 pandemic, the Trust suspended its DRIP effective as of the distribution payable on April 15, 2020 to unitholders of record as at March 31, 2020 (the “March 2020 Distribution”). The DRIP will remain suspended until further notice and commencing with the March 2020 Distribution, distributions of the Trust will be paid only in cash. Upon reinstatement of the DRIP, plan participants enrolled in the DRIP at the time of its suspension who remain enrolled at the time of its reinstatement will automatically resume participation in the DRIP.

Distribution policy

Dream Industrial REIT’s Declaration of Trust provides the Board of Trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust.

We currently pay monthly distributions of $0.05833 per REIT Unit, or $0.70 per REIT Unit on an annual basis. Similar to other non-GAAP measures such as total equity (including LP B Units), our discussion of distributions includes LP B Units, which are economically equivalent to REIT Units. However, pursuant to IFRS, the LP B Units are classified as a liability in our condensed consolidated financial statements.

The following table summarizes the total distributions and DRIP participation rate for the three and nine months ended September 30, 2020 and September 30, 2019:

	Three months ended September 30, 2020		Three months ended September 30, 2019	
	Amount	**% of total**	Amount	% of total
Distributions reinvested less 3% bonus distribution (DRIP participation rate)[1]	**$ —**	**—%**	$ 10,037	41.2%
Distributions paid in cash	**29,962**	**100.0%**	14,305	58.8%
Total distributions excluding 3% bonus distribution	**29,962**	**100.0%**	24,342	100.0%
3% bonus distribution	**—**		300	
Total distributions[1]	**$ 29,962**		$ 24,642	

(1) Total distributions, DRIP participation rate and distributions paid in cash are non-GAAP measures. See “Non-GAAP Measures and Other Disclosures” for a description.

	Nine months ended September 30, 2020		Nine months ended September 30, 2019	
	Amount	**% of total**	Amount	% of total
Distributions reinvested less 3% bonus distribution (DRIP participation rate)[1]	**$ 7,857**	**8.8%**	$ 27,672	39.8%
Distributions paid in cash	**80,977**	**91.2%**	41,929	60.2%
Total distributions excluding 3% bonus distribution	**88,834**	**100.0%**	69,601	100.0%
3% bonus distribution	**299**		824	
Total distributions[1]	**$ 89,133**		$ 70,425	

(1) Total distributions, DRIP participation rate and distributions paid in cash are non-GAAP measures. See “Non-GAAP Measures and Other Disclosures” for a description.

Cash flows from operating activities, net of cash interest paid on debt and total distributions (a non-GAAP measure)

In any given period, actual cash flows generated from (utilized in) operating activities, net of cash interest paid on debt, may differ from total distributions (a non-GAAP measure), primarily due to fluctuations in non-cash working capital and the impact of leasing costs, which fluctuate with lease maturities, renewal terms, the type of asset being leased, and when tenants fulfill the terms of their respective lease agreements. These seasonal fluctuations or the unpredictability of when leasing costs are incurred are funded with our cash and cash equivalents on hand and, if necessary, with our existing demand revolving credit facility. As a result of these factors, the Trust anticipates that future cash flows generated from (utilized in) operating activities, net of cash interest paid on debt, may be less than total distributions (a non-GAAP measure). With a conservative balance sheet, significant liquidity and a plan to improve and grow our portfolio, the Trust does not anticipate suspending the cash distributions in the foreseeable future.

To the extent that cash generated from (utilized in) operating activities, net of cash interest paid on debt, may be less than the total distributions (a non-GAAP measure), the Trust will fund the shortfalls with cash and cash equivalents on hand and with the amounts available on the revolving credit facility. The use of the revolving credit facility may involve risks compared with using cash and cash equivalents on hand as a source of funding, such as the risk that interest rates may rise in the future, which may make it more expensive for the Trust to borrow under the revolving credit facility, and the risk associated with increasing the overall indebtedness of the Trust. In the event that shortfalls exist, the Trust does not anticipate that cash distributions will be suspended in the foreseeable future but does expect that there could be timing differences between the execution of our acquisition strategy and asset recycling opportunities and the redeployment of capital raised from equity offerings. Accordingly, to the extent there are shortfalls, distributions may be considered an economic return of capital. The Trust determines the distribution rate by, among other considerations, its assessment of cash flows generated from (utilized in) operating activities, net of cash interest paid on debt. Dream Industrial REIT's Declaration of Trust provides the Board of Trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust.

In any given period, the Trust anticipates that net income (loss) will continue to vary from total distributions (a non-GAAP measure), as net income (loss) includes non-cash items such as fair value adjustments to investment properties and financial instruments. Accordingly, the Trust does not use net income (loss) as a proxy for determining distributions.

The following table summarizes net income (loss), cash flows generated from (utilized in) operating activities, net of cash interest paid on debt (included in the condensed consolidated financial statements), and total distributions (a non-GAAP measure) for the three and nine months ended September 30, 2020 and September 30, 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Net income (loss)	**$ 73,662**	$ (2,966)	**$ 118,623**	$ 72,790
Cash generated from operating activities, net of cash interest paid on debt	**29,228**	20,646	**76,794**	59,879
Total distributions[1]	**29,962**	24,642	**89,133**	70,425

(1) Total distributions is a non-GAAP measure. See "Non-GAAP Measures and Other Disclosures" under the heading "Total distributions".

As required by National Policy 41-201, "Income Trusts and Other Indirect Offerings", the following table outlines the differences between net income (loss) and total distributions (a non-GAAP measure), as well as the differences between cash generated from (utilized in) operating activities, net of cash interest paid on debt, and total distributions (a non-GAAP measure), in accordance with the guidelines.

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Excess (shortfall) of net income (loss) over total distributions[1]	**$ 43,700**	$ (27,608)	**$ 29,490**	$ 2,365
Shortfall of cash generated from operating activities, net of cash interest paid on debt, over total distributions[1]	**(734)**	(3,996)	**(12,339)**	(10,546)

(1) Total distributions is a non-GAAP measure. See "Non-GAAP Measures and Other Disclosures" under the heading "Total distributions".

For the three months ended September 30, 2019, total distributions (a non-GAAP measure) exceeded net loss by $27.6 million primarily due to the impact of non-cash items such as a $28.2 million fair value loss recorded on financial instruments during the period.

For the three and nine months ended September 30, 2020, total distributions (a non-GAAP measure) exceeded cash flows generated from operating activities, net of cash interest paid on debt, by $0.7 million and $12.3 million, respectively, due to timing differences between the realization of working capital, investment in lease incentives and initial direct leasing costs, and the redeployment of capital raised from equity offerings. The Trust expects the shortfall between cash flows generated from operating activities, net of cash interest paid on debt, over total distributions (a non-GAAP measure) to improve over time as the Trust continues to execute on its strategy to source high-quality assets with long-term cash flow growth potential and to reduce its cost of borrowing. For the three and nine months ended September 30, 2019, total distributions (a non-GAAP measure) exceeded cash flows generated from operating activities, net of cash interest paid on debt, by $4.0 and $10.5 million, respectively, due to the same reasons noted above.

Of the total distributions (a non-GAAP measure) declared for the three and nine months ended September 30, 2020, $nil and $9.8 million were reinvested through the DRIP (including 3% bonus distributions). As noted earlier in this section, the Trust has suspended its DRIP effective with the March 2020 Distribution in light of the market disruption caused by COVID-19. Over time, reinvestments pursuant to the DRIP will increase the number of Units outstanding, which may result in upward pressure on the total amount of cash distributions. Our Declaration of Trust provides our Board of Trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust, which allows for any unforeseen expenditures and the variability in cash distributions as a result of additional Units issued pursuant to the Trust's DRIP.

SECTION IV

QUARTERLY INFORMATION

The following tables show quarterly information since October 1, 2018:

Key portfolio, leasing, financing and capital information

	2020			2019				2018
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Portfolio(1)								
Number of assets(2)	**172**	169	169	130	130	130	139	127
GLA (in millions of sq. ft.)	**26.6**	25.8	25.8	21.9	21.8	21.6	23.7	20.2
Leasing(1)								
Occupancy rate – in-place and committed (period-end)	**95.1%**	95.6%	96.1%	95.8%	96.2%	96.9%	96.5%	97.1%
Occupancy rate – in-place (period-end)	**94.1%**	95.0%	95.8%	94.9%	95.8%	96.3%	95.3%	95.7%
Tenant retention ratio	**62.3%**	71.8%	89.5%	85.3%	46.5%	82.0%	72.6%	74.7%
Average in-place and committed base rent per sq. ft. (period-end)								
Canadian portfolio	**$ 7.43**	$ 7.38	$ 7.33	$ 7.43	$ 7.39	$ 7.29	$ 7.26	$ 7.26
U.S. portfolio (US$)	**$ 4.00**	$ 3.95	$ 3.93	$ 3.87	$ 3.85	$ 3.81	$ 3.81	$ 3.93
European portfolio (€)	**€ 4.89**	€ 5.16	€ 5.10	—	—	—	—	—
Financing(3)								
Level of debt (net debt-to-assets ratio)(4)	**29.6%**	28.1%	28.2%	23.7%	31.4%	37.4%	42.4%	43.5%
Net debt-to-adjusted EBITDAFV (years)(4)	**5.8**	5.4	5.3	4.3	5.4	6.4	7.1	7.2
Interest coverage ratio (times)(4)	**4.2**	4.1	3.9	3.8	3.8	3.7	3.4	3.3
Weighted average face interest rate on debt (period-end)(5)	**3.43%**	3.57%	3.57%	3.59%	3.69%	3.69%	3.72%	3.65%
Weighted average remaining term to maturity on debt (years)	**5.1**	5.6	5.9	5.5	4.9	4.4	4.4	4.4
Unencumbered assets (in millions)(4)(6)	**$ 1,283.4**	$ 1,107.4	$ 842.5	$ 96.3	$ 345.3	$ 381.1	$ 318.3	$ 190.7
Available liquidity(4)	**$ 271.6**	$ 395.4	$ 215.8	$ 591.5	$ 280.1	$ 95.4	$ 77.2	$ 103.2
Capital								
Total number of Units (in millions)(7)	**171.2**	171.2	171.2	153.4	139.4	138.5	125.3	110.6
NAV per Unit(4)	**$ 12.10**	$ 11.75	$ 11.84	$ 11.76	$ 11.09	$ 11.04	$ 10.61	$ 10.54

(1) Total portfolio and leasing metrics exclude assets held for sale at the end of each period as applicable.

(2) Number of assets has been restated to conform to current period presentation. An asset has been redefined as a building, or a cluster of buildings in close proximity to one another attracting similar tenants.

(3) Financing metrics include assets and liabilities classified as held for sale at the end of each period and income (loss) from discontinued operations as applicable.

(4) Level of debt (net debt-to-assets ratio), net debt-to-adjusted EBITDAFV, interest coverage ratio, unencumbered assets, available liquidity and NAV per Unit are non-GAAP measures. See "Non-GAAP Measures and Other Disclosures" for a description.

(5) Weighted average face interest rate on debt is calculated as the weighted average face interest rate of all interest bearing debt.

(6) Unencumbered asset excludes assets held for sale at the end of each period as applicable.

(7) Total number of Units includes 18.6 million LP B Units, which are classified as a liability under IFRS.

Results of operations

Given that the entire Eastern Canada region was classified as assets held for sale at the end of June 30, 2019 and subsequently sold on July 31, 2019, the associated results of operations were presented separately as income (loss) from discontinued operations in the condensed consolidated statements of comprehensive income for the three and nine months ended September 30, 2020 and September 30, 2019. The trailing quarters presented below were also restated to conform to current period presentation.

			2020				2019	2018
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Investment properties revenue	**$ 59,013**	$ 59,060	$ 56,550	$ 50,984	$ 49,511	$ 49,796	$ 45,040	$ 41,942
Investment properties operating expenses	**(16,761)**	(16,682)	(16,809)	(14,760)	(13,593)	(14,611)	(13,341)	(11,799)
Net rental income	**42,252**	42,378	39,741	36,224	35,918	35,185	31,699	30,143
Other income	**(17)**	65	865	959	543	198	210	50
Other expenses	**(15,727)**	(16,484)	(20,134)	(15,605)	(14,952)	(15,625)	(14,582)	(13,810)
Fair value adjustments and net gain (loss) on transactions and other activities	**52,723**	(22,741)	22,620	90,612	(21,662)	64,720	(28,611)	46,754
Income (loss) before income taxes and discontinued operations	**79,231**	3,218	43,092	112,190	(153)	84,478	(11,284)	63,137
Current and deferred income taxes expense, net	**(5,569)**	(274)	(1,056)	(5,404)	(503)	(1,977)	(574)	(743)
Income (loss) from continuing operations, net of taxes	**73,662**	2,944	42,036	106,786	(656)	82,501	(11,858)	62,394
Income (loss) from discontinued operations, net of taxes	**—**	—	(19)	(144)	(2,310)	1,516	3,597	4,061
Net income (loss)	**$ 73,662**	$ 2,944	$ 42,017	$ 106,642	$ (2,966)	$ 84,017	$ (8,261)	$ 66,455
Other comprehensive income (loss)								
Unrealized gain (loss) on foreign currency translation, net of taxes	**1,160**	(15,762)	43,699	(5,812)	4,680	(8,397)	(1,708)	7,703
Unrealized gain (loss) on effective interest rate hedge, net of taxes	**—**	—	—	—	—	—	(36)	6
Share of other comprehensive income (loss) from equity accounted investment	**(194)**	(362)	749	(109)	—	—	—	—
	966	(16,124)	44,448	(5,921)	4,680	(8,397)	(1,744)	7,709
Comprehensive income (loss)	**$ 74,628**	$ (13,180)	$ 86,465	$ 100,721	$ 1,714	$ 75,620	$ (10,005)	$ 74,164

Our results of operations may vary significantly from period to period as a result of fair value adjustments to investment properties, fair value adjustments to financial instruments, and net gains or losses on transactions and other activities. Operating activity from our U.S. and European portfolios and fair value adjustments to investment properties may impact the deferred income taxes in any given period. Furthermore, the growth in our net rental income from period to period reflects our strategy to grow and upgrade the quality of our portfolio by investing in the Trust's target markets.

Funds from operations

	2020			2019				2018
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net income (loss)	**$ 73,662**	$ 2,944	$ 42,017	$ 106,642	$ (2,966)	$ 84,017	$ (8,261)	$ 66,455
Add (deduct):								
Amortization of lease incentives(1)	**457**	425	327	400	361	388	492	374
Interest expense on subsidiary redeemable units	**3,246**	3,247	3,311	3,344	3,344	3,344	3,344	3,344
Fair value adjustments to investment properties(1)	**(66,314)**	1,551	36,539	(89,768)	(6,587)	(61,405)	(20,337)	(38,794)
Fair value adjustments to financial instruments	**11,428**	20,270	(57,272)	(4,314)	28,191	(1,505)	48,445	(8,876)
Costs on sale of investment properties(1)	**—**	—	2	557	2,220	419	—	—
Fair value adjustments of deferred trust units included in G&A expenses	**(41)**	(67)	(43)	99	104	75	95	26
Internal leasing costs(1)	**796**	702	797	596	608	747	737	820
Other transaction costs	**—**	—	—	226	—	—	—	—
Foreign exchange (gain) loss	**1,362**	213	(2,688)	2,219	(69)	(440)	(138)	—
Deferred income taxes expense	**5,563**	273	1,055	5,436	489	1,977	574	711
FFO(2) before the undernoted adjustment	**$ 30,159**	$ 29,558	$ 24,045	$ 25,437	$ 25,695	$ 27,617	$ 24,951	$ 24,060
Debt settlement costs(1)	**—**	—	3,949	372	964	—	—	—
FFO(2)	**$ 30,159**	$ 29,558	$ 27,994	$ 25,809	$ 26,659	$ 27,617	$ 24,951	$ 24,060
FFO per Unit – diluted(2)(3)	**$ 0.18**	$ 0.17	$ 0.17	$ 0.18	$ 0.19	$ 0.20	$ 0.21	$ 0.22

(1) Includes amounts from both continuing and discontinued operations as applicable in the respective periods.

(2) FFO and diluted FFO per Unit are non-GAAP measures. See "Non-GAAP Measures and Other Disclosures" for a description of these measures.

(3) The LP B Units are included in the calculation of diluted FFO per Unit.

NON-GAAP MEASURES AND OTHER DISCLOSURES

The following non-GAAP measures are important measures used by management in evaluating the Trust's underlying operating performance and debt management. These non-GAAP measures are not defined by IFRS, do not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

Funds from operations ("FFO")

Management believes FFO (including diluted FFO per Unit) is an important measure of our operating performance. This non-GAAP measurement is a commonly used measure of performance of real estate operations; however, it does not represent net income (loss) or cash flows generated from (utilized in) operating activities, as defined by IFRS, is not necessarily indicative of cash available to fund the Trust's needs and may not be comparable with similar measures presented by other income trusts.

In February 2019, REALPAC issued a white paper on Funds from Operations and Adjusted Funds from Operations for IFRS. The Trust has reviewed the REALPAC FFO white paper guidelines and our determination of FFO is substantially aligned with the REALPAC FFO white paper guidelines with the exception of the add-back of debt settlement costs arising from capital management activities and disposals of investment properties. These debt settlement costs are primarily funded from either net proceeds from equity offerings or net proceeds from dispositions, and not from cash flows from operating activities. Thus, the Trust is of the view that debt settlement costs incurred as a result of capital management or investing activities should be excluded from the determination of FFO. Debt settlement costs incurred as a result of operating activities are included in the determination of FFO.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", FFO has been reconciled to net income (loss) in the table below for the three and nine months ended September 30, 2020 and September 30, 2019.

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Net income (loss) for the period	**$ 73,662**	$ (2,966)	**$ 118,623**	$ 72,790
Add (deduct):				
Amortization of lease incentives(1)	**457**	361	**1,209**	1,241
Interest expense on subsidiary redeemable units	**3,246**	3,344	**9,804**	10,032
Fair value adjustments to investment properties(1)	**(66,314)**	(6,587)	**(28,224)**	(88,329)
Fair value adjustments to financial instruments	**11,428**	28,191	**(25,574)**	75,131
Costs on sale of investment properties(1)	**—**	2,220	**2**	2,639
Fair value adjustments of deferred trust units included in G&A expenses	**(41)**	104	**(151)**	274
Internal leasing costs(1)	**796**	608	**2,295**	2,092
Foreign exchange (gain) loss	**1,362**	(69)	**(1,113)**	(647)
Deferred income taxes expense	**5,563**	489	**6,891**	3,040
FFO for the period before the undernoted adjustment	**30,159**	25,695	**83,762**	78,263
Debt settlement costs(1)	**—**	964	**3,949**	964
FFO for the period	**$ 30,159**	$ 26,659	**$ 87,711**	$ 79,227

(1) Includes amounts from both continuing and discontinued operations as applicable in the respective periods.

Weighted average number of Units

The basic weighted average number of Units includes the weighted average of all REIT Units, LP B Units, and vested but unissued deferred trust units and income deferred trust units.

The diluted weighted average number of Units outstanding used in the FFO per Unit calculation includes the basic weighted average number of Units, unvested deferred trust units and associated income deferred trust units. As at September 30, 2020, there were 410,109 unvested deferred trust units and associated income deferred trust units (September 30, 2019 – 385,613).

	Three months ended September 30,		Nine months ended September 30,	
Weighted average Units outstanding	**2020**	2019	**2020**	2019
Basic (in thousands)	**171,225**	139,481	**168,459**	131,261
Diluted (in thousands)	**171,625**	139,873	**168,844**	131,649

Comparative properties net operating income ("NOI") and comparative properties NOI (constant currency basis)

Comparative properties NOI is a non-GAAP measure used by management in evaluating the performance of properties owned by the Trust in the current and comparative periods presented. This non-GAAP measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

When the Trust compares comparative properties NOI on a quarter-over-quarter basis, the Trust excludes investment properties acquired after April 1, 2020, assets held for sale, and assets disposed of in the current and prior periods. The Trust also excludes the 35 European properties acquired during the first quarter of 2020 as this is a new geographic region for the Trust in 2020. On a quarter-over-prior year quarter basis, the Trust excludes investment properties acquired after July 1, 2019. On a year-over-year basis, the Trust excludes investment properties acquired after January 1, 2019. Comparative properties NOI also excludes straight-line rent, amortization of lease incentives, expected credit loss, lease termination fees and other rental income, and COVID-19 related adjustments and provisions.

Given that the entire Eastern Canada region was classified as assets held for sale at the end of June 30, 2019 and subsequently sold on July 31, 2019, the associated results of operations were presented separately as income (loss) from discontinued operations and excluded from comparative properties NOI in the current and prior periods.

Comparative properties NOI (constant currency basis) is a non-GAAP measure used by management in evaluating the performance of properties owned by the Trust in the current and comparative periods on a constant currency basis. It is calculated by taking comparative properties NOI as defined above and excluding the impact of foreign currency translation by converting the comparative properties NOI denominated in foreign currency in the respective periods at the respective current period average exchange rates.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, comparative properties NOI and comparative properties NOI (constant currency basis) have been reconciled to net rental income under the heading “Comparative properties NOI and comparative properties NOI (constant currency basis)”.

Unencumbered assets

Unencumbered assets represent the value of investment properties, excluding properties held for sale, that have not been pledged as collateral for the financing of the Trust’s revolving credit facility or mortgages. This non-GAAP measure is used by management in assessing the borrowing capacity available to the Trust. However, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the table below reconciles investment properties included in the condensed consolidated financial statements to unencumbered assets as at September 30, 2020, December 31, 2019 and September 30, 2019:

Amounts included in condensed consolidated financial statements	**September 30, 2020**	December 31, 2019	September 30, 2019
Investment properties	**$ 3,051,597**	$ 2,428,664	$ 2,329,107
Less: Pledged as collateral	**1,768,188**	2,332,413	1,983,783
Unencumbered assets	**$ 1,283,409**	$ 96,251	$ 345,324

Net asset value (“NAV”) per Unit

NAV per Unit is calculated as the total equity (including LP B Units) divided by the total number of REIT Units and LP B Units. This non-GAAP measure is an important measure reflecting management’s view of the intrinsic value of the Trust. However, NAV per Unit is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts. The calculation of NAV per Unit is included under the heading “Total equity”.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the table within the section “Our Equity” under the heading “Total equity” reconciles NAV per Unit to total equity (as per condensed consolidated financial statements).

Total equity (including LP B Units or subsidiary redeemable units)

One of the components used to determine the Trust’s NAV per Unit is total equity (including LP B Units). Total equity (including LP B Units) is calculated as the sum of equity per condensed consolidated financial statements and the subsidiary redeemable units. Management believes it is important to include the subsidiary redeemable units for the purpose of determining the Trust’s capital management. Management does not consider the subsidiary redeemable units to be debt or borrowings of the Trust, but rather a component of the Trust’s equity. However, total equity (including LP B Units) is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the table within the section “Our Equity” under the heading “Total equity” reconciles total equity (including LP B Units) to total equity (as per condensed consolidated financial statements).

Total distributions

Total distributions is calculated as the sum of the distributions on REIT Units and interest on subsidiary redeemable units. Management believes it is important to include interest on subsidiary redeemable units for the purpose of determining the Trust’s total distributions to all of its unitholders. Management does not consider the interest on subsidiary redeemable units to be an interest expense of the Trust, but rather a component of the Trust’s total distributions. However, total distributions is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, the table below reconciles total distributions to amounts included in the condensed consolidated financial statements for the three and nine months ended September 30, 2020 and September 30, 2019.

	Three months ended September 30,		Nine months ended September 30,	
Amounts included in condensed consolidated financial statements	**2020**	2019	**2020**	2019
Distributions on REIT Units	**$ 26,716**	$ 21,298	**$ 79,329**	$ 60,393
Interest on subsidiary redeemable units	**3,246**	3,344	**9,804**	10,032
Total distributions	**$ 29,962**	$ 24,642	**$ 89,133**	$ 70,425

Distribution Reinvestment and Unit Purchase Plan ("DRIP") participation rate

The DRIP participation rate is the ratio of total distributions reinvested less bonus distribution over total distributions. Management believes it is an important measure in evaluating the impact the DRIP will have on the Trust's ability to sustain current distribution levels during the current and future periods. Over time, reinvestments pursuant to the DRIP will increase the number of Units outstanding, which may result in upward pressure on the total amount of cash distributions.

The calculation of the DRIP participation rate has been included under the heading "Distribution policy". DRIP participation rate is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", total distributions reinvested and total distributions paid in cash have been reconciled to amounts included in the condensed consolidated financial statements for the three and nine months ended September 30, 2020 and September 30, 2019.

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Distributions reinvested as included in condensed consolidated financial statements	**$ —**	$ 10,281	**$ 11,881**	$ 27,785
Less: Distributions reinvested pertaining to prior period	**—**	(3,391)	**(3,725)**	(2,736)
Add: Distributions reinvested on October 15	**—**	3,447	**—**	3,447
Less: 3% bonus distribution	**—**	(300)	**(299)**	(824)
Distributions reinvested less 3% bonus distribution (DRIP participation rate)	**$ —**	$ 10,037	**$ 7,857**	$ 27,672

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Distributions paid in cash as included in condensed consolidated financial statements	**$ 29,961**	$ 14,310	**$ 76,256**	$ 40,946
Less: Distributions paid in cash pertaining to prior period	**(9,987)**	(4,736)	**(5,267)**	(3,748)
Add: Distributions paid in cash on October 15	**9,988**	4,731	**9,988**	4,731
Distributions paid in cash	**$ 29,962**	$ 14,305	**$ 80,977**	$ 41,929

Available liquidity

Available liquidity is defined as the sum of cash and cash equivalents and undrawn revolving credit facility at period-end. Management believes that available liquidity, a non-GAAP measurement, is an important measure in determining our resources available to meet all of our ongoing obligations. This non-GAAP measure does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the table below reconciles available liquidity to cash and cash equivalents included as per the condensed consolidated financial statements as at September 30, 2020, December 31, 2019 and September 30, 2019:

Amounts per condensed consolidated financial statements	**September 30, 2020**	December 31, 2019	September 30, 2019
Cash and cash equivalents	**$ 20,830**	$ 441,537	$ 130,097
Undrawn revolving credit facility	**250,804**	150,000	150,000
Available liquidity	**$ 271,634**	$ 591,537	$ 280,097

Level of debt (net debt-to-assets ratio)

Management believes that level of debt (net debt-to-assets ratio) is an important non-GAAP measure in the management of our debt levels. This non-GAAP measure does not have a standard meaning and may not be comparable with similar measures presented by other income trusts. Net debt-to-assets ratio as shown below is determined as total debt (including debt related to assets held for sale) at the principal amount outstanding (total debt plus unamortized financing costs, less unamortized fair value adjustments), less cash and cash equivalents, all divided by total assets (net of cash and cash equivalents).

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the following table calculates the level of debt (net debt-to-assets ratio) as at September 30, 2020, June 30, 2020, December 31, 2019, September 30, 2019, June 30, 2019 and December 31, 2018.

Amounts per condensed consolidated financial statements	**September 30, 2020**	June 30, 2020	December 31, 2019	September 30, 2019	June 30, 2019	December 31, 2018
Non-current debt	**$ 790,536**	$ 781,312	$ 952,917	$ 821,753	$ 764,856	$ 860,789
Current debt	**132,629**	88,589	61,651	39,942	154,590	76,941
Debt	**923,165**	869,901	1,014,568	861,695	919,446	937,730
Debt related to assets held for sale	**—**	—	—	—	36,367	—
Total debt	**923,165**	869,901	1,014,568	861,695	955,813	937,730
Add (deduct):						
Unamortized financing costs	**7,064**	7,583	8,073	5,959	6,003	5,804
Unamortized fair value adjustments	**(217)**	(289)	(949)	(1,106)	(1,313)	(1,641)
Total debt at principal amount outstanding	**930,012**	877,195	1,021,692	866,548	960,503	941,893
Less: Cash and cash equivalents	**(20,830)**	(54,737)	(441,537)	(130,097)	(7,837)	(4,968)
Net debt	**$ 909,182**	$ 822,458	$ 580,155	$ 736,451	$ 952,666	$ 936,925
Total assets	**3,096,136**	2,978,407	2,892,891	2,478,685	2,556,058	2,160,575
Less: Cash and cash equivalents	**(20,830)**	(54,737)	(441,537)	(130,097)	(7,837)	(4,968)
Total assets (net of cash and cash equivalents)	**$ 3,075,306**	$ 2,923,670	$ 2,451,354	$ 2,348,588	$ 2,548,221	$ 2,155,607
Net debt-to-assets ratio	**29.6%**	28.1%	23.7%	31.4%	37.4%	43.5%

Net debt-to-adjusted EBITDAFV

Management believes that net debt-to-adjusted EBITDAFV, a non-GAAP measurement, is an important measure in determining the time it takes the Trust, on a go forward basis, based on its normalized operating performance, to repay its debt. This non-GAAP measurement does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

Net debt-to-adjusted EBITDAFV as shown below is calculated as total debt (including debt related to assets held for sale) at the principal amount outstanding (total debt plus unamortized financing costs, less unamortized fair value adjustments), less cash and cash equivalents, all divided by adjusted EBITDAFV – annualized. Adjusted EBITDAFV – annualized is calculated as the quarterly EBITDAFV plus normalized NOI of properties acquired in the quarter less NOI of properties disposed of prior to the current quarter. EBITDAFV is defined below under the heading "Earnings before interest, taxes, depreciation, amortization and fair value adjustments ("EBITDAFV")".

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the following table calculates the annualized net debt-to-adjusted EBITDAFV for the three months ended September 30, 2020, December 31, 2019 and September 30, 2019:

Amounts included in condensed consolidated financial statements	**September 30, 2020**	December 31, 2019	September 30, 2019
Non-current debt	**$ 790,536**	$ 952,917	$ 821,753
Current debt	**132,629**	61,651	39,942
Total debt	**923,165**	1,014,568	861,695
Add (deduct):			
Unamortized financing costs	**7,064**	8,073	5,959
Unamortized fair value adjustments	**(217)**	(949)	(1,106)
Total debt at principal amount outstanding	**930,012**	1,021,692	866,548
Less: Cash and cash equivalents	**(20,830)**	(441,537)	(130,097)
Net debt	**$ 909,182**	$ 580,155	$ 736,451
EBITDAFV[(1)] – quarterly	**38,024**	33,796	35,030
Add:			
Normalized NOI of properties acquired in the quarter[(2)]	**1,005**	176	343
Net rental (income) loss from properties sold in prior periods[(3)]	**3**	34	(1,539)
Adjusted EBITDAFV – quarterly	**39,032**	34,006	33,834
Adjusted EBITDAFV – annualized	**$ 156,128**	$ 136,024	$ 135,336
Net debt-to-adjusted EBITDAFV (years)	**5.8**	4.3	5.4

(1) EBITDAFV for the three months ended September 30, 2020, December 31, 2019 and September 30, 2019 (a non-GAAP measure) has been reconciled to net income (loss) for the respective periods under the heading "Earnings before interest, taxes, depreciation, amortization and fair value adjustments ("EBITDAFV")".

(2) Represents the incremental NOI had the acquisitions in the respective periods occurred for the full quarter, determined using the average daily NOI times the number of days the Trust did not own the properties.

(3) Includes net rental loss from discontinued operations as applicable in the respective periods.

Interest coverage ratio

Management believes that interest coverage ratio, a non-GAAP measurement, is an important measure in determining our ability to cover interest expense on debt based on our operating performance. This non-GAAP measurement does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

Interest coverage ratio as shown below is calculated as the trailing 12-month EBITDAFV divided by the trailing 12-month interest expense on debt. Interest expense on subsidiary redeemable units is excluded from this ratio as it represents distributions on units; however, pursuant to IFRS, the distributions are presented as interest expense. The interest coverage ratio includes the results of continuing and discontinued operations.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the following table calculates the interest coverage ratio for the trailing 12-month periods ended September 30, 2020 and September 30, 2019, and for the year ended December 31, 2019.

	For the trailing 12-month period ended September 30, 2020[(1)]	For the year ended December 31, 2019[(2)]	For the trailing 12-month period ended September 30, 2019[(1)]
EBITDAFV	**$ 146,123**	$ 139,217	$ 138,045
Interest expense on debt[(3)]	**34,523**	36,173	36,256
Interest coverage ratio (times)	**4.2**	3.8	3.8

(1) Trailing 12-month EBITDAFV and trailing 12-month interest expense on debt (non-GAAP measures) are calculated below under the heading "Trailing 12-month EBITDAFV and trailing 12-month interest expense on debt".

(2) EBITDAFV for the year ended December 31, 2019 (a non-GAAP measure) has been reconciled to net income (loss) under the heading "Earnings before interest, taxes, depreciation, amortization and fair value adjustments ("EBITDAFV")".

(3) Includes interest expense on debt from continuing and discontinued operations.

Trailing 12-month EBITDAFV and trailing 12-month interest expense on debt

Management believes that the trailing 12-month EBITDAFV and trailing 12-month interest expense on debt, both of which are non-GAAP measures, are important in identifying longer-term trends in property operating performance and the cost of the Trust's debt. These non-GAAP measurements do not have standardized meanings and may not be comparable with similar measures presented by other income trusts.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the following tables calculate EBITDAFV and interest expense on debt for the trailing 12-month periods ended September 30, 2020 and September 30, 2019.

		Trailing 12-month period ended September 30, 2020
EBITDAFV for the nine months ended September 30, 2020[1]	$	112,327
Add: EBITDAFV for the year ended December 31, 2019[1]		139,217
Less: EBITDAFV for the nine months ended September 30, 2019[1]		(105,421)
Trailing 12-month EBITDAFV	$	146,123

(1) EBITDAFV for the nine months ended September 30, 2020 and September 30, 2019 and for the year ended December 31, 2019 (a non-GAAP measure) has been reconciled to net income (loss) for the respective periods under the heading "Earnings before interest, taxes, depreciation, amortization and fair value adjustments ("EBITDAFV")".

		Trailing 12-month period ended September 30, 2020
Interest expense on debt for the nine months ended September 30, 2020[1]	$	25,837
Add: Interest expense on debt for the year ended December 31, 2019[2]		36,173
Less: Interest expense on debt for the nine months ended September 30, 2019[1][2]		(27,487)
Trailing 12-month interest expense	$	34,523

(1) Per condensed consolidated financial statements.

(2) Includes interest expense on debt from continuing and discontinued operations.

		Trailing 12-month period ended September 30, 2019
EBITDAFV for the nine months ended September 30, 2019[1]	$	105,421
Add: EBITDAFV for the year ended December 31, 2018[1]		123,865
Less: EBITDAFV for the nine months ended September 30, 2018[1]		(91,241)
Trailing 12-month EBITDAFV	$	138,045

(1) EBITDAFV for the nine months ended September 30, 2020 and September 30, 2019 and for the year ended December 31, 2019 (a non-GAAP measure) has been reconciled to net income (loss) for the respective periods under the heading "Earnings before interest, taxes, depreciation, amortization and fair value adjustments ("EBITDAFV")".

		Trailing 12-month period ended September 30, 2019
Interest expense on debt for the nine months ended September 30, 2019[1]	$	27,487
Add: Interest expense on debt for the year ended December 31, 2018		37,070
Less: Interest expense on debt for the nine months ended September 30, 2018[1]		(28,301)
Trailing 12-month interest expense	$	36,256

(1) Includes interest expense on debt from continuing and discontinued operations per condensed consolidated financial statements.

Earnings before interest, taxes, depreciation, amortization and fair value adjustments ("EBITDAFV")

EBITDAFV is defined by the Trust as net income (loss) for the period adjusted for fair value adjustments to investment properties and financial instruments, net loss on transactions and other activities (includes depreciation and amortization), interest expense, debt settlement costs, other items included in investment properties revenue, and net current and deferred income taxes expense. The adjustments include activity from continuing and discontinued operations. This non-GAAP measurement is an important measure used by the Trust in evaluating property operating performance; however, it is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", EBITDAFV has been reconciled to net income (loss) in the table below:

	For the three months ended			For the nine months ended			For the year ended	
	September 30, 2020	December 31, 2019	September 30, 2019	**September 30, 2020**	September 30, 2019	September 30, 2018	December 31, 2019	December 31, 2018
Net income (loss) for the period	**$ 73,662**	$ 106,642	$ (2,966)	**$ 118,623**	$ 72,790	$ 91,073	$ 179,432	$ 157,528
Add (deduct):								
Fair value adjustments to investment properties[1]	**(66,314)**	(89,768)	(6,587)	**(28,224)**	(88,329)	(69,081)	(178,097)	(107,875)
Fair value adjustments to financial instruments	**11,428**	(4,314)	28,191	**(25,574)**	75,131	25,996	70,817	17,120
Net loss on transactions and other activities[1]	**2,163**	3,618	2,767	**1,198**	4,119	2,378	7,737	3,207
Interest expense on debt[1]	**8,328**	8,686	8,644	**25,837**	27,487	28,301	36,173	37,070
Interest expense on subsidiary redeemable units	**3,246**	3,344	3,344	**9,804**	10,032	10,032	13,376	13,376
Debt settlement costs[1]	**—**	372	964	**4,324**	964	1,932	1,336	1,932
Other items included in investment properties revenue[2]	**(58)**	(188)	170	**(560)**	173	117	(15)	271
Current and deferred income taxes expense, net[1]	**5,569**	5,404	503	**6,899**	3,054	493	8,458	1,236
EBITDAFV for the period	**$ 38,024**	$ 33,796	$ 35,030	**$ 112,327**	$ 105,421	$ 91,241	$ 139,217	$ 123,865

(1) Fair value adjustments to investment properties, net loss on transactions and other activities, interest expense on debt, debt settlement costs, and current and deferred income taxes expense, net, include continuing and discontinued operations.

(2) Includes lease termination fees and other items, straight-line rent and amortization of lease incentives from continuing and discontinued operations.

SECTION V

DISCLOSURE CONTROLS AND OUR PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

At September 30, 2020, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Trust, along with the assistance of senior management, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to Dream Industrial REIT is made known to the CEO and CFO in a timely manner and information required to be disclosed by Dream Industrial REIT is recorded, processed, summarized and reported within the time periods specified in securities legislation, and have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the condensed consolidated financial statements in accordance with IFRS.

During the nine months ended September 30, 2020, there have not been any changes that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

SECTION VI

RISKS AND OUR STRATEGY TO MANAGE

In addition to the specific risks discussed in this MD&A, we are exposed to various risks and uncertainties, many of which are beyond our control and could have an impact on our business, financial condition, operating results and prospects. Unitholders should consider these risks and uncertainties when assessing our outlook in terms of investment potential. For a further discussion of the risks and uncertainties identified by Dream Industrial REIT, please see below and refer to our 2019 Annual Report and our latest Annual Information Form filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The duration and full scope of the economic impact of COVID-19 are unknown and as a result it is not possible to estimate the full impact on our financial results and operations. Risks and uncertainties arising from this global pandemic could include, but are not limited to, the impact on our tenants, global economies and financial markets, and our information technology systems.

COVID-19 has led to the extended shutdown of certain businesses, which may in turn result in disruptions, delays or reductions to our tenants' supply chains. COVID-19 may also impact consumer demand for our tenants' products or services, which may negatively impact our tenants' businesses. While governments have eased COVID-19 restrictions and businesses have started to reopen, there are still restrictive measures in place. These factors may impact our tenants' ability to meet their payment obligations.

COVID-19 has slowed down global economies, increased volatility in financial markets and has resulted in a decline in the value of the Trust's unit price. The pandemic could impact debt and equity markets which could affect the Trust's ability to access capital.

COVID-19 has led to increased risks associated with cyber security. As such, this could impact our information technology systems and networks.

All of these factors may have a material adverse effect on our business, results of operations and our ability to make cash distributions to unitholders.

Elevated estimation uncertainty as a result of COVID-19

The pandemic has created significant uncertainty in the general economy including the real estate market. Such a pandemic could, if prolonged, adversely impact our business directly and/or indirectly. Management continues to assess the impact of COVID-19 and governments' responses to it on the Trust. Portions of our financial results incorporate estimates from management that are subject to increased uncertainty due to the market disruptions caused by the COVID-19 pandemic. Areas of increased estimation uncertainty in the Trust's condensed consolidated financial statements include the fair value of its investment properties and the recoverability of amounts receivable and equity accounted investments.

The amounts recorded in these condensed consolidated financial statements are based on the latest reliable information available to management at the time the condensed consolidated financial statements were prepared where that information reflects conditions at the date of the condensed consolidated financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Increase in credit risk as a result of COVID-19

Credit risk arises from the possibility that tenants in investment properties or counterparties to financial instruments may not fulfill their lease or contractual obligations. The Trust mitigates its credit risks from its tenants by attracting tenants of sound financial standing and by diversifying its mix of tenants.

COVID-19 and the measures to contain it have created significant uncertainty in the general economy. A deterioration in the economy may impact the ability of tenants to meet their obligations under their leases or contracts. The Trust continues to assess the effect of economic conditions on the creditworthiness of its tenants. As part of this assessment, the Trust reviews the risk profiles of its tenant base to assess which tenants are likely to continue meeting their obligations under their leases and which tenants are at a greater risk of default. We expect that certain tenants may require financial assistance and we continue to work with them while monitoring the various government assistance programs as more information becomes available.

SECTION VII

CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS IN APPLYING ACCOUNTING POLICIES

Preparing the condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent liabilities. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but that are inherently uncertain and unpredictable, the result of which is the basis of the carrying amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment in the future to the carrying amounts of the asset or liability affected. Dream Industrial REIT's critical accounting judgments, estimates and assumptions in applying accounting policies are described in Note 2 to the condensed consolidated financial statements for the three and nine months ended September 30, 2020 and September 30, 2019 and also in our annual consolidated financial statements for the year ended December 31, 2019.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Dream Industrial REIT's changes in accounting policies are described in Note 3 to the condensed consolidated financial statements for the three and nine months ended September 30, 2020 and September 30, 2019.

Additional information

Additional information relating to Dream Industrial REIT, including the latest Annual Information Form of Dream Industrial REIT, is available on SEDAR at www.sedar.com.

Condensed consolidated balance sheets

(unaudited)

(in thousands of Canadian dollars)	Note		**September 30, 2020**		December 31, 2019
Assets					
NON-CURRENT ASSETS					
Investment properties	4	**$**	**3,051,597**	$	2,428,664
Equity accounted investment			**9,181**		8,008
Other non-current assets			**536**		4,773
			3,061,314		2,441,445
CURRENT ASSETS					
Amounts receivable			**9,758**		7,410
Prepaid expenses and other assets			**4,234**		2,499
Cash and cash equivalents			**20,830**		441,537
			34,822		451,446
Total assets		**$**	**3,096,136**	$	2,892,891
Liabilities					
NON-CURRENT LIABILITIES					
Debt	6	**$**	**790,536**	$	952,917
Subsidiary redeemable units			**209,821**		243,771
Deferred Unit Incentive Plan			**9,978**		10,250
Deferred income tax liabilities, net			**16,560**		9,511
Other non-current liabilities			**23,198**		14,467
			1,050,093		1,230,916
CURRENT LIABILITIES					
Debt	6		**132,629**		61,651
Amounts payable and accrued liabilities			**52,114**		40,752
			184,743		102,403
Total liabilities			**1,234,836**		1,333,319
Equity					
Unitholders' equity			**1,605,708**		1,372,564
Retained earnings			**226,737**		187,443
Accumulated other comprehensive income (loss)			**28,855**		(435)
Total equity			**1,861,300**		1,559,572
Total liabilities and equity		**$**	**3,096,136**	$	2,892,891

See accompanying notes to the condensed consolidated financial statements.

On behalf of the Board of Trustees of Dream Industrial Real Estate Investment Trust:

"Vincenza Sera"	***"Sheldon Wiseman"***
Vincenza Sera	Sheldon Wiseman
Trustee	Trustee

Condensed consolidated statements of comprehensive income

(unaudited)

		Three months ended September 30,		Nine months ended September 30,	
(in thousands of Canadian dollars)	Note	**2020**	2019	**2020**	2019
Investment properties revenue	7	**$ 59,013**	$ 49,511	**$ 174,623**	$ 144,347
Investment properties operating expenses		**(16,761)**	(13,593)	**(50,252)**	(41,545)
Net rental income		**42,252**	35,918	**124,371**	102,802
Other income					
Interest, fee income and other		**(17)**	543	**913**	951
		(17)	543	**913**	951
Other expenses					
General and administrative		**(4,153)**	(3,059)	**(12,380)**	(8,857)
Interest:					
Debt		**(8,328)**	(8,549)	**(25,837)**	(26,270)
Subsidiary redeemable units		**(3,246)**	(3,344)	**(9,804)**	(10,032)
Debt settlement costs		**—**	—	**(4,324)**	—
		(15,727)	(14,952)	**(52,345)**	(45,159)
Fair value adjustments and net loss on transactions and other activities					
Fair value adjustments to investment properties	4	**66,314**	7,037	**28,224**	90,720
Fair value adjustments to financial instruments	8	**(11,428)**	(28,191)	**25,574**	(75,131)
Net loss on transactions and other activities	9	**(2,163)**	(508)	**(1,196)**	(1,142)
		52,723	(21,662)	**52,602**	14,447
Income (loss) before income taxes and discontinued operations		**79,231**	(153)	**125,541**	73,041
Current and deferred income taxes expense, net		**(5,569)**	(503)	**(6,899)**	(3,054)
Income (loss) from continuing operations, net of taxes		**73,662**	(656)	**118,642**	69,987
Income (loss) from discontinued operations, net of taxes		**—**	(2,310)	**(19)**	2,803
Net income (loss)		**$ 73,662**	$ (2,966)	**$ 118,623**	$ 72,790
Other comprehensive income (loss)					
Items that will be reclassified subsequently to net income (loss):					
Unrealized gain (loss) on foreign currency translation, net of taxes		**$ 1,160**	$ 4,680	**$ 29,097**	$ (5,426)
Unrealized loss on effective interest rate hedge, net of taxes		**—**	—	**—**	(35)
Share of other comprehensive income (loss) from equity accounted investment		**(194)**	—	**193**	—
		966	4,680	**29,290**	(5,461)
Comprehensive income		**$ 74,628**	$ 1,714	**$ 147,913**	$ 67,329

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of changes in equity

(unaudited)

(in thousands of Canadian dollars) Nine months ended September 30, 2020	Note	**Number of REIT Units**		**Unitholders' equity**		**Retained earnings**		**Accumulated other comprehensive income (loss)**		**Total equity**
								Attributable to unitholders of the Trust		
Balance at January 1, 2020		**134,801,881**	**$**	**1,372,564**	**$**	**187,443**	**$**	**(435)**	**$**	**1,559,572**
Net income		**—**		**—**		**118,623**		**—**		**118,623**
Distributions paid and payable	10	**—**		**—**		**(79,329)**		**—**		**(79,329)**
Public offering of REIT Units	11	**16,859,000**		**230,125**		**—**		**—**		**230,125**
Distribution Reinvestment Plan[1]		**931,334**		**11,881**		**—**		**—**		**11,881**
REIT Units issued for vested deferred trust units and Unit Purchase Plan		**85,196**		**1,041**		**—**		**—**		**1,041**
Issue costs and other		**—**		**(9,903)**		**—**		**—**		**(9,903)**
Other comprehensive income		**—**		**—**		**—**		**29,290**		**29,290**
Balance at September 30, 2020		**152,677,411**	**$**	**1,605,708**	**$**	**226,737**	**$**	**28,855**	**$**	**1,861,300**

(1) Includes REIT Units issued under the Distribution Reinvestment Plan for LP B Units.

(in thousands of Canadian dollars) Nine months ended September 30, 2019	Note	Number of REIT Units		Unitholders' equity		Retained earnings		Accumulated other comprehensive income		Total equity
								Attributable to unitholders of the Trust		
Balance at January 1, 2019		92,062,659	$	887,757	$	90,621	$	10,947	$	989,325
Net income		—		—		72,790		—		72,790
Distributions paid and payable	10	—		—		(60,393)		—		(60,393)
Public offering of REIT Units	11	26,277,500		288,325		—		—		288,325
Distribution Reinvestment Plan[1]		2,390,229		27,785		—		—		27,785
REIT Units issued for vested deferred trust units and Unit Purchase Plan		91,141		1,027		—		—		1,027
Issue costs and other		—		(12,824)		—		—		(12,824)
Other comprehensive loss		—		—		—		(5,461)		(5,461)
Balance at September 30, 2019		120,821,529	$	1,192,070	$	103,018	$	5,486	$	1,300,574

(1) Includes REIT Units issued under the Distribution Reinvestment Plan for LP B Units.

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of cash flows

(unaudited)

(in thousands of Canadian dollars)	Note	Three months ended September 30, **2020**	Three months ended September 30, 2019 (Note 3)	Nine months ended September 30, **2020**	Nine months ended September 30, 2019 (Note 3)
Generated from (utilized in) operating activities					
Net income (loss)		**$ 73,662**	$ (2,966)	**$ 118,623**	$ 72,790
Non-cash items:					
Fair value adjustments to investment properties	4	**(66,314)**	(6,587)	**(28,224)**	(88,329)
Unrealized fair value adjustments to financial instruments	8	**12,348**	28,191	**(28,069)**	75,131
Depreciation and amortization	12	**462**	369	**1,223**	1,275
Other adjustments	12	**10,415**	6,229	**15,840**	15,807
Change in non-cash working capital	12	**(317)**	(867)	**(2,041)**	(9,530)
Investment in lease incentives and initial direct leasing costs		**(1,486)**	(3,495)	**(6,642)**	(10,405)
Interest expense on debt		**8,328**	8,644	**25,837**	27,487
Debt settlement cost		**—**	964	**4,324**	964
		37,098	30,482	**100,871**	85,190
Generated from (utilized in) investing activities					
Investment in building improvements		**(2,759)**	(3,445)	**(4,434)**	(9,386)
Investment in property and equipment		**(14)**	(5)	**(14)**	(80)
Acquisitions and transaction costs of investment properties		**(89,000)**	(36,048)	**(522,074)**	(345,946)
Deposit on acquisition of investment properties		**—**	900	**—**	(300)
Investment in equity accounted investment		**(423)**	—	**(951)**	—
Net proceeds from disposal of investment properties		**—**	257,381	**—**	263,646
		(92,196)	218,783	**(527,473)**	(92,066)
Generated from (utilized in) financing activities					
Borrowings	6	**81,502**	43,858	**81,502**	232,180
Lump sum repayments	6	**(17,053)**	(139,283)	**(176,591)**	(289,424)
Principal repayments	6	**(5,525)**	(5,855)	**(17,173)**	(19,093)
Financing costs additions	6	**—**	(355)	**(1,014)**	(1,394)
Interest paid on debt		**(7,870)**	(9,836)	**(24,077)**	(25,311)
Interest paid on subsidiary redeemable units		**(3,246)**	—	**(6,493)**	—
Debt settlement costs paid		**—**	(910)	**(3,883)**	(910)
Distributions paid on REIT Units	10	**(26,715)**	(14,310)	**(69,763)**	(40,946)
Cash proceeds on issuance of REIT Units	11	**—**	6	**230,125**	288,334
Issue costs paid on REIT Units		**—**	(368)	**(10,519)**	(12,851)
Cash settlement of deferred trust units		**—**	—	**(114)**	—
		21,093	(127,053)	**2,000**	130,585
Increase (decrease) in cash and cash equivalents		**(34,005)**	122,212	**(424,602)**	123,709
Foreign exchange gain on cash held in foreign currency		**98**	48	**3,895**	1,420
Cash and cash equivalents, beginning of period		**54,737**	7,837	**441,537**	4,968
Cash and cash equivalents, end of period		**$ 20,830**	$ 130,097	**$ 20,830**	$ 130,097

See accompanying notes to the condensed consolidated financial statements.

Note 1

ORGANIZATION

Dream Industrial Real Estate Investment Trust ("Dream Industrial REIT" or the "Trust") is an open-ended investment trust created pursuant to a Declaration of Trust, as amended and restated, under the laws of the Province of Ontario. The condensed consolidated financial statements of Dream Industrial REIT include the accounts of Dream Industrial REIT and its subsidiaries. Dream Industrial REIT owns and operates industrial properties in key markets across North America and in Europe.

The principal office and centre of administration of the Trust is 30 Adelaide Street East, Suite 301, State Street Financial Centre, Toronto, Ontario, M5C 3H1. The Trust is listed on the Toronto Stock Exchange ("TSX") under the symbol "DIR.UN". Dream Industrial REIT's condensed consolidated financial statements for the three and nine months ended September 30, 2020 were authorized for issuance by the Board of Trustees on November 3, 2020, after which they may only be amended with the Board of Trustees' approval.

For simplicity, throughout the Notes, reference is made to the units of the Trust as follows:

- "REIT Units", meaning units of the Trust;
- "LP B Units" or "subsidiary redeemable units", meaning the Class B limited partnership units of Dream Industrial LP ("DILP"), a subsidiary of the Trust;
- "Special Trust Units", meaning units issued in connection with subsidiary redeemable units; and
- "Units", meaning REIT Units and subsidiary redeemable units, collectively.

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. The condensed consolidated financial statements should be read in conjunction with the Trust's annual consolidated financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS, as issued by the IASB.

Accounting policies

The condensed consolidated financial statements have been prepared using the same significant accounting policies and methods as those used in the Trust's annual consolidated financial statements for the year ended December 31, 2019, except as disclosed below.

Modification of financial assets arising from lease contracts

From time to time, the Trust may agree with tenants to modify the terms of lease agreements, including changes to the consideration under the lease. When the changes result in a reduction in amounts receivable relating to past lease periods, the Trust applies IFRS 9, "Financial Instruments", in determining whether to partially or fully derecognize those receivables. Other changes to the terms and conditions of the lease are treated as lease modifications in accordance with IFRS 16, "Leases", and the modified lease is accounted for as a new lease from the effective date of the modification, with any prepaid or accrued lease payments relating to the original lease included as part of the lease payments for the new lease.

Critical accounting judgments, estimates and assumptions in applying accounting policies

Preparing the condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future. Except as disclosed below, management has applied the same methodologies in making critical accounting judgments, estimates and assumptions as disclosed in the Trust's annual consolidated financial statements for the year ended December 31, 2019.

Elevated estimation uncertainty as a result of COVID-19

On March 11, 2020, the World Health Organization declared the novel coronavirus ("COVID-19") a global pandemic. The pandemic has created significant uncertainty in the general economy including the real estate market. Such a pandemic could, if prolonged, adversely impact our business directly and/or indirectly. Management continues to assess the impact of COVID-19 and governments' responses to it on the Trust. Portions of our financial results incorporate estimates from management that are subject to increased uncertainty due to the market disruptions caused by the COVID-19 pandemic. Areas of increased estimation uncertainty in the Trust's condensed consolidated financial statements include the fair value of its investment properties, and the recoverability of amounts receivable and equity accounted investment.

The amounts recorded in these condensed consolidated financial statements are based on the latest reliable information available to management at the time the condensed consolidated financial statements were prepared where that information reflects conditions at the date of the condensed consolidated financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Note 3

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Except as disclosed below, the condensed consolidated financial statements have been prepared using the same significant accounting policies and methods as those used in the Trust's annual consolidated financial statements for the year ended December 31, 2019. These changes were made in accordance with the applicable transitional provisions as described below.

Business combinations

Effective January 1, 2020, the Trust has applied the amendments to the requirements of IFRS 3, "Business Combinations" ("IFRS 3"), in relation to whether a transaction meets the definition of a business combination. The amendments provide the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. The Trust has applied the optional concentration test to its 2020 acquisitions.

Presentation of interest expense on debt in the condensed consolidated statement of cash flows

The Trust has amended its accounting policy for the presentation of interest expense on debt in the condensed consolidated statements of cash flows. Effective January 1, 2020, the Trust has elected to present interest expense on debt as a cash flow arising from financing activities where it was previously included in cash flows from operating activities. The Trust has made this change in order to better align with the presentation of cash flows related to debt transactions. As a result of this change in presentation, cash flows generated from (utilized in) operating activities for the three and nine months ended September 30, 2019 have increased by $9,836 and $25,311, respectively, with a corresponding reduction to cash flows generated from (utilized in) financing activities.

Note 4
INVESTMENT PROPERTIES

	Note		Nine months ended September 30, 2020		Year ended December 31, 2019
Balance at beginning of period		**$**	**2,428,664**	$	2,138,411
Additions:					
Acquisitions of investment properties	5		**543,513**		376,693
Building improvements			**4,562**		9,780
Lease incentives and initial direct leasing costs			**7,520**		14,418
Total additions to investment properties			**555,595**		400,891
Dispositions and reclassifications to assets held for sale:					
Dispositions of investment properties			**—**		(8,030)
Investment properties reclassified to assets held for sale			**—**		(260,120)
Total dispositions and reclassifications to assets held for sale			**—**		(268,150)
Changes included in net income:					
Fair value adjustments to investment properties			**28,224**		178,547
Change in straight-line rent			**1,411**		1,233
Amortization of lease incentives			**(1,209)**		(1,617)
Total changes included in net income			**28,426**		178,163
Changes included in other comprehensive income (loss):					
Foreign currency translation gain (loss)			**38,912**		(20,651)
Total changes included in other comprehensive income (loss)			**38,912**		(20,651)
Balance at end of period		**$**	**3,051,597**	$	2,428,664
Change in unrealized income included in net income					
Change in fair value of investment properties		**$**	**28,224**	$	181,214

Investment properties includes $11,885 (December 31, 2019 – $10,434) related to straight-line rent receivables.

The following table summarizes the total investment properties pledged as security for debt as at September 30, 2020 and December 31, 2019:

		September 30, 2020		December 31, 2019
Pledged as collateral for mortgages	**$**	**1,768,188**	$	2,062,146
Pledged as collateral for revolving credit facility		**—**		270,267
Not pledged against debt		**1,283,409**		96,251
Total investment properties	**$**	**3,051,597**	$	2,428,664

Valuations of externally appraised investment properties

For the nine months ended September 30, 2020, no investment properties were valued by qualified external valuation professionals (for the year ended December 31, 2019 – 59 investment properties with an aggregate fair value of $547,585, representing 23% of the total investment property values).

Fair value adjustments to investment properties

The fair value of the investment properties as at September 30, 2020 and December 31, 2019 represents the Trust's best estimate based on the internally and externally available information as at the end of the reporting period.

The duration and full scope of the economic impact of COVID-19 is unknown at this time. Key valuation assumptions that could be impacted over the long term include: market rents, leasing costs, vacancy rates, discount rates and cap rates. The Trust will continue to monitor the effect of the economic environment on the valuation of its investment properties. If there are any changes in the critical and key assumptions used in valuing the investment properties, or in regional, national or international economic conditions, or new developments in the COVID-19 pandemic, the fair value of investment properties may change materially.

Significant assumptions used in the valuation of investment properties

As at September 30, 2020, the Trust's investment properties were valued using the cap rate and discounted cash flow methods. The significant and unobservable Level 3 valuation metrics used in the methods as at September 30, 2020 and December 31, 2019 are set out in the table below:

	September 30, 2020[1]		December 31, 2019[1]	
	Range (%)	**Weighted average (%)[2]**	Range (%)	Weighted average (%)[2]
Cap rate method				
Stabilized cap rate	**4.25–9.50**	**5.85**	4.50–7.50	5.95
Discounted cash flow method				
Discount rate	**5.38–8.75**	**6.79**	5.38–8.75	6.92
Terminal cap rate	**5.00–9.25**	**6.28**	5.00–8.00	6.28

(1) Excludes investment properties acquired during the respective quarter as applicable.

(2) Weighted average based on investment property fair value.

Sensitivities on assumptions

The following sensitivity tables outline the potential impact on the fair value of investment properties, excluding the investment properties acquired during the current quarter, assuming a change in the weighted average stabilized cap rates, discount rates and terminal rates by a respective 25 basis points ("bps") as at September 30, 2020:

	Impact to change in weighted average stabilized cap rates	
Cap rate method	+25 bps	-25 bps
Increase (decrease) in value	$ (121,516)	$ 132,373

	Impact to change in weighted average discount rates		Impact to change in weighted average terminal cap rates	
Discounted cash flow method	+25 bps	-25 bps	+25 bps	-25 bps
Increase (decrease) in value	$ (58,943)	$ 60,370	$ (74,333)	$ 80,672

Note 5

INVESTMENT PROPERTY ACQUISITIONS

Detailed below are the investment property acquisitions completed for the nine months ended September 30, 2020.

		Purchase price[1]	Date acquired
840 Trillium Drive, Kitchener, Ontario	$	5,700	January 13, 2020
Berkshire portfolio, Kitchener, Ontario[2]		62,500	January 17, 2020
1995 Markham Road, Scarborough, Ontario		33,100	January 22, 2020
2–20 Exportweg, Waddinxveen, Netherlands[3]		27,355	January 22, 2020
12–16 Het Sterrenbeeld, Den Bosch, Netherlands[3]		10,700	January 28, 2020
7–9 Robert-Bosch-Straße, Dietzenbach, Germany[3]		14,950	January 31, 2020
10 Heibloemweg, Helmond, Netherlands[3]		13,598	February 5, 2020
Dutch portfolio, Netherlands[3][4]		201,576	February 19, 2020 and March 17, 2020
700–840 McCaffrey Road, Montréal, Québec		9,100	February 24, 2020
100 East Beaver Creek, Richmond Hill, Ontario		24,000	February 28, 2020
220 Water Street, Whitby, Ontario		17,600	March 2, 2020
311 Pinebush Road, Cambridge, Ontario		4,905	March 23, 2020
1750 Berlier Street, Laval, Québec		8,600	August 25, 2020
1 Christoph-Seydel-Strasse, Radeberg, Germany[3]		25,088	September 1, 2020
6701 Financial Drive, Mississauga, Ontario		23,900	September 17, 2020
4 Zoete Inval, Breda, Netherlands[3]		28,396	September 28, 2020
Total	$	511,068	

(1) Excludes transaction costs of $30,152.

(2) Berkshire portfolio consists of 12 investment properties.

(3) Acquisitions in the Netherlands and Germany were settled in euros and translated into Canadian dollars as at the respective transaction dates.

(4) The Dutch portfolio consists of 31 investment properties. 29 properties were acquired on February 19, 2020 and two properties were acquired on March 17, 2020. The purchase price excludes an assumed ground lease liability totalling $2,293.

For the year ended December 31, 2019, the Trust acquired 32 investment properties for gross proceeds net of adjustments and before transaction costs totalling $370,511.

Detailed below are the considerations paid for the acquired investment properties for the nine months ended September 30, 2020 and for the year ended December 31, 2019:

	Note		**Nine months ended September 30, 2020**		Year ended December 31, 2019
Cash paid		**$**	**491,735**	$	357,954
Deposits paid in prior period and released to seller on closing			**2,700**		1,322
Assumed non-cash working capital and capital expenditure obligations			**6,212**		5,851
Assumed mortgage	6		**10,421**		5,384
Total consideration paid before undernoted items			**511,068**		370,511
Transaction costs and land transfer taxes			**30,152**		6,182
Assumed ground lease liability			**2,293**		—
Total acquisitions of investment properties		**$**	**543,513**	$	376,693

Note 6
DEBT

	September 30, 2020	December 31, 2019
Mortgages	$ 841,316	$ 1,015,143
Revolving credit facility(1)	81,849	(575)
Total debt	923,165	1,014,568
Less: Current portion	(132,629)	(61,651)
Non-current debt	$ 790,536	$ 952,917

(1) Revolving credit facility balance consists of borrowings, net of unamortized financing costs.

Continuity of total debt

The following tables provide a continuity of total debt for the nine months ended September 30, 2020 and year ended December 31, 2019:

	Note	Mortgages	Revolving credit facility(1)	Total
				September 30, 2020
Total debt as at January 1, 2020		$ 1,015,143	$ (575)	$ 1,014,568
Cash items:				
Borrowings		—	81,502	81,502
Lump sum repayments		(176,591)	—	(176,591)
Principal repayments		(17,173)	—	(17,173)
Financing costs additions		—	(1,014)	(1,014)
Non-cash items:				
Debt classified as held for sale		—	—	—
Debt assumed on acquisition of investment property	5	10,421	—	10,421
Foreign exchange adjustments		8,869	1,169	10,038
Other adjustments(2)		647	767	1,414
Total debt as at September 30, 2020		$ 841,316	$ 81,849	$ 923,165

(1) Amounts drawn against the unsecured revolving credit facility during the period were denominated in both Canadian and U.S. dollars. U.S. dollar amounts have been converted at foreign exchange rates in accordance with the Trust's accounting policy.

(2) Other adjustments include amortization and write-off of financing costs of $1,688 and amortization of fair value adjustments on assumed debt of $(274).

	Note	Mortgages	Revolving credit facility(1)	Total
				December 31, 2019
Total debt as at January 1, 2019		$ 910,970	$ 26,760	$ 937,730
Cash items:				
Borrowings		228,648	174,794	403,442
Lump sum repayments		(56,681)	(201,379)	(258,060)
Principal repayments		(24,636)	—	(24,636)
Financing costs additions		(3,587)	(350)	(3,937)
Non-cash items:				
Debt classified as liabilities related to assets held for sale		(36,367)	—	(36,367)
Debt assumed on acquisition of investment property(2)	5	5,384	—	5,384
Foreign exchange adjustments		(9,065)	(791)	(9,856)
Other adjustments(3)		477	391	868
Total debt as at December 31, 2019		$ 1,015,143	$ (575)	$ 1,014,568

(1) Amounts drawn against the revolving credit facility during the year were denominated in both Canadian and U.S. dollars. U.S. dollar amounts have been converted at foreign exchange rates in accordance with the Trust's accounting policy.

(2) Debt assumed from Dream Impact Trust, a related party of the Trust.

(3) Other adjustments include amortization of financing costs of $1,512 and amortization of fair value adjustments on assumed debt of $(644).

Revolving credit facility

On June 12, 2020, the Trust entered into an agreement for a new US$250,000 unsecured revolving credit facility (the "Unsecured Facility"), which replaced the existing $150,000 secured revolving credit facility.

The following tables summarize certain details of the Trust's respective revolving credit facilities as at September 30, 2020 and December 31, 2019:

				September 30, 2020
	Maturity date	**Borrowing capacity**	**Principal outstanding**	**Amounts available to be drawn**
Unsecured Facility(1)(2)	**January 14, 2022**	**$ 333,475**	**$ 82,671**	**$ 250,804**

(1) Canadian BA rate plus 1.70% or Canadian prime rate plus 0.70% on Canadian dollar draws, or U.S. LIBOR rate plus 1.70% or U.S. base rate plus 0.70% on U.S. dollar draws, or euro LIBOR rate plus 1.70% on euro draws.

(2) The Unsecured Facility has the ability to be drawn in Canadian dollars, U.S. dollars and euros. As at September 30, 2020, principal balance outstanding includes Canadian dollar draws of $781 and U.S. dollar draws of US$61,391. The principal balance outstanding as at September 30, 2020 includes a $1,169 foreign exchange adjustment**.** All foreign currency denominated balances have been converted in accordance with the Trust's accounting policy.

				December 31, 2019
	Maturity date	Borrowing capacity	Principal outstanding	Amounts available to be drawn
Secured revolving credit facility(1)(2)	June 30, 2021	$ 150,000	$ —	$ 150,000

(1) Canadian BA rate plus 1.70% or Canadian prime rate plus 0.70% or U.S. LIBOR rate plus 1.70% or U.S. base rate plus 0.70%.

(2) The secured revolving credit facility had the ability to be drawn in Canadian and U.S. dollars.

Note 7
INVESTMENT PROPERTIES REVENUE

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Rental income	**$ 50,208**	$ 41,765	**$ 148,147**	$ 120,360
Recoveries revenue	**8,805**	7,746	**26,476**	23,987
Total	**$ 59,013**	$ 49,511	**$ 174,623**	$ 144,347

Note 8
FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Unrealized remeasurement of carrying value of subsidiary redeemable units	**$ (11,687)**	$ (26,529)	**$ 33,950**	$ (68,828)
Unrealized remeasurement of carrying value of deferred trust units	**(710)**	(1,194)	**791**	(3,050)
Unrealized remeasurement of interest rate swaps	**306**	(468)	**(6,415)**	(3,253)
Unrealized remeasurement of cross-currency interest rate swap	**(257)**	—	**(257)**	—
Total unrealized fair value adjustments to financial instruments	**$ (12,348)**	$ (28,191)	**$ 28,069**	$ (75,131)
Realized remeasurement of cross-currency interest rate swap	**920**	—	**920**	—
Realized remeasurement of foreign currency swaps(1)	**—**	—	**(3,415)**	—
Total fair value adjustments to financial instruments	**$ (11,428)**	$ (28,191)	**$ 25,574**	$ (75,131)

(1) On April 30, 2020, the Trust settled three foreign currency swap agreements for net cash payment of $3,415.

Note 9

NET LOSS ON TRANSACTIONS AND OTHER ACTIVITIES

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Internal leasing costs	**$ (796)**	$ (569)	**$ (2,295)**	$ (1,725)
Foreign exchange gain (loss)	**(1,362)**	69	**1,113**	647
Depreciation of property and equipment	**(5)**	(8)	**(14)**	(35)
Costs on sale of investment properties	**—**	—	**—**	(29)
Total	**$ (2,163)**	$ (508)	**$ (1,196)**	$ (1,142)

Note 10

DISTRIBUTIONS

Dream Industrial REIT's Declaration of Trust, as amended and restated, provides the Board of Trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust. Monthly distribution payments to unitholders are payable on or about the 15th day of the following month.

The Trust declared distributions of $0.525 for the nine months ended September 30, 2020 and September 30, 2019.

The following table summarizes distributions paid and payable for the nine months ended September 30, 2020 and September 30, 2019:

	Nine months ended September 30,	
	2020	2019
Paid in cash	**$ (69,763)**	$ (40,946)
Paid by way of reinvestment in REIT Units(1)	**(8,537)**	(17,753)
Add-back: Payable at December 31, 2019/December 31, 2018	**7,878**	5,370
Payable at September 30, 2020/September 30, 2019	**(8,907)**	(7,064)
Total distributions paid and payable	**$ (79,329)**	$ (60,393)

(1) Excludes REIT Units issued under the DRIP for LP B Units.

On September 21, 2020, the Trust announced a cash distribution of $0.05833 per REIT Unit for the month of September 2020. The September 2020 distribution is payable to unitholders on record as at September 30, 2020. On October 15, 2020, the September 2020 distribution was paid in cash totalling $8,907.

On October 21, 2020, the Trust announced a cash distribution of $0.05833 per REIT Unit for the month of October 2020. The October 2020 distribution will be payable on November 13, 2020 to unitholders on record as at October 30, 2020.

Note 11

EQUITY

Public offerings of REIT Units

The following table summarizes the public offerings of REIT Units issued for the nine months ended September 30, 2020 and September 30, 2019. Total costs related to the offerings were charged directly to unitholders' equity.

	Nine months ended September 30, 2020			
Date of public offering	**Number of REIT Units**	**Unit price**	**Gross proceeds**	**Issue costs**
February 12, 2020(1)	**16,859,000**	**$ 13.65**	**$ 230,125**	**$ 9,892**

(1) Includes 2,199,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

	Nine months ended September 30, 2019			
Date of public offering	Number of REIT Units	Unit price	Gross proceeds	Issue costs
February 13, 2019(1)	13,800,000	$ 10.45	$ 144,210	$ 6,408
April 25, 2019(2)	12,477,500	11.55	144,115	6,405
Total	26,277,500		$ 288,325	$ 12,813

(1) Includes 1,800,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

(2) Includes 1,627,500 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

Short form base shelf prospectus

On October 15, 2019, the Trust filed and obtained a receipt for a final short form base shelf prospectus dated October 11, 2019, which is valid for a 25-month period, during which time the Trust may, from time to time, offer and issue REIT Units, subscription receipts and debt securities, or any combination thereof, having an aggregate offering price of up to $2,000,000. As at September 30, 2020, $402,742 of REIT Units have been issued under the current base shelf prospectus. The issuance is pursuant to the current base shelf prospectus as supplemented by the prospectus supplement.

Normal course issuer bid

The Trust commenced a normal course issuer bid ("NCIB") on March 31, 2020, which will remain in effect until the earlier of March 30, 2021 or the date on which the Trust has purchased the maximum number of REIT Units permitted under the NCIB. Under the NCIB, the Trust has the ability to purchase for cancellation up to a maximum of 14,204,702 of its REIT Units (representing 10% of Dream Industrial REIT's public float of 142,047,020 REIT Units) through the facilities of the TSX. The actual number of REIT Units that may be purchased and the timing of any such purchases will be determined by the Trust subject to a maximum daily purchase limitation of 128,414 REIT Units, which equals 25% of the average daily trading volume ("ADTV") during the last six calendar months preceding the commencement of the NCIB (being 513,657 REIT Units per day), other than purchases pursuant to applicable block purchase exceptions.

In connection with the NCIB, the Trust has established an automatic securities purchase plan (the "ASP Plan") with its designated broker to facilitate the purchase of REIT Units under the NCIB at times when the Trust would ordinarily not be permitted to purchase REIT Units due to regulatory restrictions or self-imposed blackout periods. Purchases will be made by the Trust's broker based upon the parameters prescribed by the TSX and the terms of the parties' written agreement. Outside of such restricted or blackout periods, the REIT Units may also be purchased in accordance with management's discretion. The ASP Plan has been pre-cleared by the TSX and will terminate on March 30, 2021.

For the three and nine months ended September 30, 2020, no REIT Units were purchased through NCIB.

Distribution Reinvestment and Unit Purchase Plan

The Distribution Reinvestment and Unit Purchase Plan (the "DRIP") allows holders of REIT Units or subsidiary redeemable units, other than unitholders who are resident of or present in the U.S., to elect to have all cash distributions from the Trust reinvested in additional units. Unitholders under the DRIP are eligible to receive a bonus distribution of units equal to 3% of the cash distribution reinvested.

In response to the market disruption caused by the COVID-19 pandemic, the Trust announced on March 27, 2020 that it has suspended the DRIP effective as of the distribution payable on April 15, 2020 to unitholders of record as at March 31, 2020 (the "March 2020 Distribution"). The DRIP will remain suspended until further notice, and commencing with the March 2020 Distribution, distributions of the Trust will be paid only in cash. Upon reinstatement of the DRIP, plan participants enrolled in the DRIP at the time of its suspension who remain enrolled at the time of its reinstatement will automatically resume participation in the DRIP.

Note 12

SUPPLEMENTARY CASH FLOW INFORMATION

The components of depreciation and amortization under operating activities include:

		Three months ended September 30,		Nine months ended September 30,	
	Note	**2020**	2019	**2020**	2019
Amortization of lease incentives	4	**$ 457**	$ 361	**$ 1,209**	$ 1,240
Depreciation of property and equipment	9	**5**	8	**14**	35
Total depreciation and amortization		**$ 462**	$ 369	**$ 1,223**	$ 1,275

The components of other adjustments under operating activities include:

		Three months ended September 30,		Nine months ended September 30,	
	Note	**2020**	2019	**2020**	2019
Change in straight-line rent	4	**$ (224)**	$ (136)	**$ (1,411)**	$ (947)
Deferred unit compensation expense		**468**	381	**1,667**	1,690
Interest on subsidiary redeemable units		**3,246**	3,344	**9,804**	10,032
Deferred income tax expense		**5,563**	489	**6,891**	3,040
Foreign exchange loss (gain)	9	**1,362**	(69)	**(1,113)**	(647)
Costs on sale of investment properties		**—**	2,220	**2**	2,639
Total other adjustments		**$ 10,415**	$ 6,229	**$ 15,840**	$ 15,807

The components of the changes in non-cash working capital under operating activities include:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Decrease (increase) in amounts receivable	**$ 4,622**	$ (1,768)	**$ (2,215)**	$ (3,859)
Decrease (increase) in prepaid expenses and other assets	**(1,873)**	2,556	**(1,722)**	498
Decrease (increase) in other non-current assets	**(21)**	(298)	**28**	(319)
Increase (decrease) in amounts payable and accrued liabilities	**(2,960)**	540	**669**	(5,102)
Increase (decrease) in other non-current liabilities	**(85)**	(1,897)	**1,199**	(748)
Change in non-cash working capital	**$ (317)**	$ (867)	**$ (2,041)**	$ (9,530)

Note 13

SEGMENTED INFORMATION

For the year ended December 31, 2019, the Trust's reportable operating segments of its investment properties and results of operations were segmented into geographic components, namely Western Canada, Ontario, Québec and the U.S.

During the first quarter of 2020, the Trust included Europe as a new segment to incorporate the Trust's newly acquired properties in that geographic market throughout the year.

The chief operating decision-maker, determined to be the Chief Executive Officer of the Trust, considers the performance of assets held for sale and disposed properties separately from the investment properties in the geographic segments, and discontinued operations separately from the segmented income in the geographic segments.

The Trust did not allocate interest expense to the geographic segments since financing is viewed as a corporate function. The decision as to where to incur the debt is largely based on minimizing the cost of debt and is not specifically related to the segments. Similarly, other income, other expenses, fair value adjustments to financial instruments, net gain (loss) on transactions and other activities (excluding internal leasing costs), and income taxes were not allocated to the segments.

Three months ended September 30, 2020	Western Canada	Ontario	Québec	U.S.	Europe	Segment total	Other[1]	Total
Investment properties revenue	$ 15,431	$ 16,110	$ 9,309	$ 12,699	$ 5,463	$ 59,012	$ 1	$ 59,013
Investment properties operating expenses	(5,366)	(4,700)	(2,410)	(3,693)	(588)	(16,757)	(4)	(16,761)
Net rental income (segmented income)	$ 10,065	$ 11,410	$ 6,899	$ 9,006	$ 4,875	$ 42,255	$ (3)	$ 42,252
Fair value adjustments on investment properties	$ (582)	$ 27,147	$ 14,697	$ 22,934	$ 2,118	$ 66,314	$ —	$ 66,314
Net loss on transactions and other activities[2]	(404)	(240)	(152)	—	—	(796)	(1,367)	(2,163)

(1) Other includes properties sold and properties originally held for sale and subsequently sold during the prior year that were not presented separately as discontinued operations. Furthermore, other includes items within net gain (loss) on transactions and other activities that were not segmented.

(2) Net loss on transactions and other activities allocated to the geographic segments represent internal leasing costs.

Three months ended September 30, 2019	Western Canada	Ontario	Québec	U.S.	Segment total	Other[1]	Total
Investment properties revenue	$ 16,184	$ 13,026	$ 8,795	$ 11,509	$ 49,514	$ (3)	$ 49,511
Investment properties operating expenses	(5,098)	(3,596)	(1,970)	(2,892)	(13,556)	(37)	(13,593)
Net rental income (segmented income)	$ 11,086	$ 9,430	$ 6,825	$ 8,617	$ 35,958	$ (40)	$ 35,918
Fair value adjustments on investment properties	$ (2,558)	$ 3,375	$ 6,284	$ 348	$ 7,449	$ (412)	$ 7,037
Net gain (loss) on transactions and other activities[2]	(296)	(146)	(127)	—	(569)	61	(508)

(1) Other includes properties sold and properties originally held for sale and subsequently sold during the prior year that were not presented separately as discontinued operations. Furthermore, other includes items within net gain (loss) on transactions and other activities that were not segmented.

(2) Net gain (loss) on transactions and other activities allocated to the geographic segments represent internal leasing costs.

Nine months ended September 30, 2020	Western Canada	Ontario	Québec	U.S.	Europe	Segment total	Other[1]	Total
Investment properties revenue	$ 47,965	$ 47,800	$ 28,041	$ 37,879	$ 12,938	$ 174,623	$ —	$ 174,623
Investment properties operating expenses	(17,281)	(14,111)	(7,390)	(10,304)	(1,143)	(50,229)	(23)	(50,252)
Net rental income (segmented income)	$ 30,684	$ 33,689	$ 20,651	$ 27,575	$ 11,795	$ 124,394	$ (23)	$ 124,371
Fair value adjustments on investment properties[2]	$ (12,277)	$ 24,427	$ 13,683	$ 20,234	$ (17,843)	$ 28,224	$ —	$ 28,224
Net gain (loss) on transactions and other activities[3]	(1,058)	(750)	(487)	—	—	(2,295)	1,099	(1,196)

(1) Other includes properties sold and properties originally held for sale and subsequently sold during the prior year that were not presented separately as discontinued operations. Furthermore, other includes items within net gain (loss) on transactions and other activities that were not segmented.

(2) During the nine months ended September 30, 2020, the Trust wrote off transaction costs totalling $30,152 included in fair value adjustments on investment properties.

(3) Net gain (loss) on transactions and other activities allocated to the geographic segments represent internal leasing costs.

Nine months ended September 30, 2019	Western Canada	Ontario	Québec	U.S.	Segment total	Other[1]	Total
Investment properties revenue	$ 49,568	$ 38,621	$ 25,237	$ 30,699	$ 144,125	$ 222	$ 144,347
Investment properties operating expenses	(16,744)	(11,141)	(6,422)	(7,049)	(41,356)	(189)	(41,545)
Net rental income (segmented income)	$ 32,824	$ 27,480	$ 18,815	$ 23,650	$ 102,769	$ 33	$ 102,802
Fair value adjustments on investment properties	$ (5,524)	$ 67,841	$ 18,787	$ 10,307	$ 91,411	$ (691)	$ 90,720
Net gain (loss) on transactions and other activities[2]	(883)	(443)	(399)	—	(1,725)	583	(1,142)

(1) Other includes properties sold and properties originally held for sale and subsequently sold during the prior year that were not presented separately as discontinued operations. Furthermore, other includes items within net gain (loss) on transactions and other activities that were not segmented.

(2) Net gain (loss) on transactions and other activities allocated to the geographic segments represent internal leasing costs.

Investment properties

Nine months ended September 30, 2020	Western Canada	Ontario	Québec	U.S.	Europe	Total
Investment properties	**$ 613,188**	**$ 1,024,919**	**$ 447,867**	**$ 612,824**	**$ 352,799**	**$ 3,051,597**
Capital expenditures(1)	**4,107**	**4,444**	**2,075**	**813**	**643**	**12,082**

(1) Includes building improvements and initial direct leasing costs and lease incentives.

Year ended December 31, 2019	Western Canada	Ontario	Québec	U.S.	Other(1)	Total
Investment properties	$ 621,946	$ 817,061	$ 414,085	$ 575,572	$ —	$ 2,428,664
Capital expenditures(2)	10,451	6,058	3,669	699	3,321	24,198

(1) Includes capital expenditures associated with the Eastern Canada region prior to region being reclassified to assets held for sale at June 30, 2019.

(2) Includes building improvements and initial direct leasing costs and lease incentives.

Note 14

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

From time to time, Dream Industrial REIT and its subsidiaries enter into transactions with related parties, generally conducted on a cost recovery basis or under normal commercial terms.

Related party transactions

Fees and cost reimbursements with related parties were as follows:

Agreements with DAM

The following table summarizes our fees paid to or received from DAM, including both continuing and discontinued operations, for the three and nine months ended September 30, 2020 and September 30, 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Incurred under the Asset Management Agreement:				
Asset management fee (included in general and administrative expenses)	**$ (1,532)**	$ (1,299)	**$ (4,457)**	$ (3,940)
Acquisition fee (included in investment properties)	**(430)**	(205)	**(3,178)**	(2,448)
Expense reimbursements related to financing arrangements	**(198)**	(103)	**(714)**	(270)
Total costs incurred under the Asset Management Agreement	**$ (2,160)**	$ (1,607)	**$ (8,349)**	$ (6,658)
Total costs reimbursed under the Shared Services and Cost Sharing Agreement	**$ (200)**	$ (176)	**$ (993)**	$ (509)
Total property management fees earned under the Property Management Agreement	**$ —**	$ —	**$ —**	$ 7

The Asset Management Agreement ("AMA") with DAM provides for an incentive fee payable in an amount equal to 15% of the Trust's adjusted funds from operations per Unit as defined in the AMA, which includes gains on the disposition of any properties in the year (together, "AFFO") in excess of the hurdle amount, which was initially set at $0.80 per Unit and increases annually by 50% of the increase in the consumer price index (the "Hurdle Amount"). For the most recently completed fiscal year for the AMA which ended October 3, 2019, the Hurdle Amount was $0.86 per Unit.

The AMA has an initial term ending October 3, 2022 and is automatically renewed for further five-year terms unless and until terminated in accordance with its terms. The AMA may be terminated by DAM at any time after the initial term. Other than in respect of termination resulting from certain events of insolvency of DAM, on termination of the AMA, all accrued fees under the AMA, including the incentive fee, are payable to DAM. In such circumstances or if the Trust is acquired, the incentive fee is calculated as if all the Trust's properties were sold on the applicable date.

Disposition gains in the AFFO calculation used for determining the incentive fee are based on the fair value of the Trust's investment properties, at the applicable date, relative to their historic purchase price. As at September 30, 2020, the historic purchase price for the Trust's investment properties was $2,520,496 (December 31, 2019 – $2,009,428).

As at September 30, 2020 and December 31, 2019, no incentive fees have been paid or payable by the Trust to DAM.

The amount of the incentive fee payable by the Trust on any date will be contingent upon various factors, including, but not limited to, changes in the Trust's AFFO as defined in the AMA, movements in the fair value of investment properties, acquisitions and dispositions, future foreign exchange rates, and changes in the total number of outstanding Units of the Trust.

Agreements with Dream Impact Trust

The following table summarizes our fees received from Dream Impact Trust (formerly known as Dream Hard Asset Alternatives Trust) for the three and nine months ended September 30, 2020 and September 30, 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Total revenue under lease agreements and the Property Management Agreement	**$ —**	$ 34	**$ —**	$ 111

Agreement and transactions with Dream Office REIT

The following table summarizes the costs reimbursed to Dream Office REIT for the three and nine months ended September 30, 2020 and September 30, 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Total costs reimbursed under the Services Agreement	**$ (1,303)**	$ (995)	**$ (3,836)**	$ (3,041)

The following table summarizes our distributions paid and payable to subsidiaries of Dream Office REIT for the three and nine months ended September 30, 2020 and September 30, 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Distributions paid and payable to Dream Office REIT on subsidiary redeemable units	**$ (3,246)**	$ (3,344)	**$ (9,804)**	$ (10,032)
Distributions paid and payable to Dream Office REIT on REIT Units	**(1,540)**	(1,495)	**(4,760)**	(4,284)
Distributions paid and payable to Dream Office REIT	**$ (4,786)**	$ (4,839)	**$ (14,564)**	$ (14,316)

Agreements with PAULS Corp

The following table summarizes our fees paid and costs reimbursed to an affiliate of PAULS Corp for the three and nine months ended September 30, 2020 and September 30, 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Property management	**$ (196)**	$ (168)	**$ (613)**	$ (531)
Portfolio management	**(222)**	(122)	**(702)**	(280)
Leasing costs	**—**	(20)	**(47)**	(41)
Financing costs	**—**	(16)	**(10)**	(30)
Total costs incurred under the Property Management Agreement	**$ (418)**	$ (326)	**$ (1,372)**	$ (882)

Amounts due from (to) related parties

Amounts due from related parties	**September 30, 2020**	December 31, 2019
Dream Office REIT	**$ 213**	$ 2,275
DAM	**6**	—

Amounts due to related parties	**September 30, 2020**	December 31, 2019
DAM	**$ (1,302)**	$ (935)
Dream Office REIT	**(470)**	(302)
PAULS Corp	**(208)**	(100)

Distributions and interest payable to Dream Office REIT

		September 30, 2020	December 31, 2019
Interest payable on subsidiary redeemable units to Dream Office REIT[(1)]	$	**(1,082)** $	(1,114)
Distributions payable to Dream Office REIT[(2)]		**470**	(529)

(1) Interest payable on subsidiary redeemable units is in relation to the 18,551,855 subsidiary redeemable units held by Dream Office REIT as at September 30, 2020 and December 31, 2019.

(2) Distributions payable is in relation to the 8,052,455 REIT Units held by Dream Office REIT as at September 30, 2020 (December 31, 2019 – 8,792,170 REIT Units).

Note 15

COMMITMENTS AND CONTINGENCIES

Dream Industrial REIT and its operating subsidiaries are contingently liable under guarantees that are issued in the normal course of business and with respect to litigation and claims that may arise from time to time. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on our condensed consolidated financial statements.

The Trust participates in a joint venture with other related parties that own a development site in Las Vegas, Nevada. Under the operating agreement, the Trust has committed to make capital contributions of US$10,703 for the development of the project, in addition to the purchase price of the land. Since inception of the joint venture to September 30, 2020, the Trust has funded US$693 in development costs.

Note 16

RISK MANAGEMENT

The Trust previously disclosed its risk exposures in the annual consolidated financial statements for the year ended December 31, 2019 and they have remained unchanged except as disclosed below.

Increase in credit risk as a result of COVID-19

Credit risk arises from the possibility that tenants in investment properties may not fulfill their leases. The Trust mitigates its credit risks from its tenants by attracting tenants of sound financial standing and by diversifying its mix of tenants.

COVID-19 and the measures to contain it have created significant uncertainty in the general economy. A deterioration in the economy may impact the ability of tenants to meet their obligations under their leases. The Trust continues to assess the effect of economic conditions on the creditworthiness of its tenants. As part of this assessment, the Trust reviews the risk profiles of its tenant base to assess which tenants are likely to continue meeting their obligations under their leases and which tenants are at a greater risk of default. We expect that certain tenants may have difficulty meeting their obligations under their leases, resulting in an elevated risk of credit losses. We also expect that tenants may apply for government assistance programs or require assistance in the form of short-term rent deferrals.

For the three and nine months ended September 30, 2020, the Trust has recorded COVID-19 related provisions totalling $839 and $2,116, respectively, which are included in investment properties operating expenses within the condensed consolidated statements of comprehensive income. These provisions represent an estimate of potential credit losses on our trade receivables for all uncollected rent as at September 30, 2020, along with the 25% of recurring gross contractual rent that the Trust forgave for eligible tenants through our participation in the Canada Emergency Commercial Rent Assistance program operated jointly by the federal and provincial governments for the period from April 1, 2020 to September 30, 2020.

European foreign exchange risk

During 2020, the Trust expanded its investment activities into the European market and as a result is exposed to additional foreign exchange risk due to the fluctuation in the exchange rates between the Canadian dollar and the euro. The Trust's objective in managing foreign exchange risk is to mitigate the exposure from fluctuations in the foreign exchange rate by placing euro-denominated or equivalent debt against its European investments, and the Trust may in the short term enter into short-term foreign currency swaps until that debt is in place.

Note 17

FAIR VALUE MEASUREMENTS

Financial instruments carried at amortized cost where carrying value does not approximate fair value are noted below:

		September 30, 2020		December 31, 2019	
	Note	Carrying value	Fair value	Carrying value	Fair value
Mortgages	6	$ 841,316	$ 883,038	$ 1,015,143	$ 1,018,854
Revolving credit facility	6	81,849	82,671	(575)	—

Amounts receivable, cash and cash equivalents, tenant security deposits, amounts payable and accrued liabilities are carried at amortized cost, which approximates fair value due to their short-term nature. Subsidiary redeemable units and deferred trust units are carried at amortized cost, which approximates fair value as they are readily redeemable financial instruments.

The following table provides the fair value measurement hierarchy of the Trust's financial assets and liabilities measured at fair value on a recurring basis:

	Carrying value as at	Fair value as at September 30, 2020		
Recurring fair value measurements	September 30, 2020	Level 1	Level 2	Level 3
Financial liabilities: Fair value of interest rate swaps	$ (5,888)	$ —	$ (5,888)	$ —

	Carrying value as at	Fair value as at December 31, 2019		
Recurring fair value measurements	December 31, 2019	Level 1	Level 2	Level 3
Financial assets: Fair value of interest rate swaps	$ 1,422	$ —	$ 1,422	$ —
Financial liabilities: Fair value of interest rate swaps	(895)	—	(895)	—

Quoted prices in active markets represent a Level 1 valuation. When quoted prices are not available, the Trust maximizes the use of observable inputs. When all significant inputs are observable, either directly or indirectly, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. The Trust's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer. There were no transfers in or out of Level 1, Level 2 or Level 3 fair value measurements during the period.

The fair value measurement of the interest rate swaps was valued by qualified independent valuation professionals based on the present value of the estimated future cash flows determined using observable yield curves.

Foreign currency swaps

During the first quarter, the Trust entered into three foreign currency swap agreements totalling €154,811 to reduce the Trust's exposure to foreign currency fluctuations on its European investments. On April 30, 2020, the Trust settled the three foreign currency swap agreements for net cash payment of $3,415.

Cross-currency interest rate swap

During the quarter, the Trust drew US$61,391 on its Unsecured Facility (see Note 6) and entered into a cross-currency interest rate swap to receive euros and pay U.S. dollars.

The following table summarizes the Trust's cross-currency interest rate swap outstanding as at September 30, 2020:

	As at September 30, 2020				
	Euro notional amount[(1)]	U.S. dollar notional amount[(2)]	Maturity date	Financial instrument measurement	Fair value liability[(3)]
Euro to U.S. dollar cross-currency interest rate swap	€ 52,525	$ 61,391	October 28, 2020	Fair value through profit or loss	$ (257)

(1) The interest rate associated with the euro notional amount is 1.10%.

(2) The interest rate associated with the U.S. notional amount is 1.85%.

(3) Included in "Amounts payable and accrued liabilities" in the condensed consolidated balance sheets.

Note 18

SUBSEQUENT EVENTS

On October 22, 2020, the Trust was assigned an Issuer Rating of BBB with Stable Trend by DBRS Limited. With the BBB investment grade credit rating, the Trust's cost of borrowing on the Unsecured Facility will reduce by 25 bps on future draws.

On October 30, 2020, The Trust closed a US$150,000 unsecured term loan for a term of three years.

Corporate Information

HEAD OFFICE
Dream Industrial
Real Estate Investment Trust
State Street Financial Centre
30 Adelaide Street East, Suite 301
Toronto, Ontario M5C 3H1
Phone: 416.365.3535
Fax: 416.365.6565

INVESTOR RELATIONS
Phone: 416.365.3535
Toll free: 1 877.365.3535
Email: industrialinfo@dream.ca
Website: www.dreamindustrialreit.ca

TRANSFER AGENT
(for change of address, registration or other unitholder enquiries)

Computershare Trust
Company of Canada
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1
Phone: 514.982.7555 or
1 800.564.6253
Fax: 416.263.9394 or
1 888.453.0330
Website: www.computershare.com
Email: service@computershare.com

AUDITORS
PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600
Toronto, Ontario M5J 0B2

CORPORATE COUNSEL
Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place, Suite 6200
Toronto, Ontario M5X 1B8

STOCK EXCHANGE LISTING
The Toronto Stock Exchange
Listing Symbol: DIR.UN

For more information, please visit
dreamindustrialreit.ca

Corporate Office

State Street Financial Centre
30 Adelaide Street East, Suite 301
Toronto, Ontario M5C 3H1
Phone: 416.365.3535
Fax: 416.365.6565
Website: www.dreamindustrialreit.ca
Email: industrialinfo@dream.ca

dream industrial REIT