Dream Industrial REIT

Q3 Report 2023

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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, 2023	December 31, 2022	September 30, 2022
Total portfolio			
Number of assets[(1)(2)]	**322**	257	258
Investment properties fair value	**$ 6,854,490**	$ 6,759,425	$ 6,509,557
Gross leasable area ("GLA") (in millions of sq. ft.)[(2)]	**70.6**	47.3	46.5
Occupancy rate – in-place and committed (period-end)[(3)]	**97.2%**	98.9%	99.0%
Occupancy rate – in-place (period-end)[(3)]	**96.9%**	97.9%	97.3%
Average in-place and committed base rent per sq. ft. (period-end)[(4)]			
Canadian portfolio	**$ 9.37**	$ 8.46	$ 8.24
European portfolio (€)	**€ 5.42**	€ 5.12	€ 5.10
Estimated market rent to in-place and committed base rent spread (%) (period-end)[(4)]			
Canadian portfolio	**47.7%**	52.7%	42.1%
European portfolio	**7.9%**	10.4%	6.9%
Weighted average lease term ("WALT") (years)[(4)]	**4.4**	4.7	4.7

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	**September 30, 2023**	September 30, 2022
Operating results				
Net rental income	**$ 84,504**	$ 71,997	**$ 248,999**	$ 206,039
Comparative properties net operating income ("NOI") (constant currency basis)[(3)(5)]	**84,618**	76,613	**230,613**	206,397
Net income	**50,494**	125,663	**113,116**	740,032
Funds from operations ("FFO")[(5)]	**69,395**	60,897	**205,348**	176,460
Per Unit amounts				
FFO – diluted[(6)(7)]	**$ 0.25**	$ 0.22	**$ 0.74**	$ 0.66
Distribution rate	**$ 0.17**	$ 0.17	**$ 0.52**	$ 0.52

	As at		
	September 30, 2023	December 31, 2022	September 30, 2022
Financing			
Credit rating – DBRS	**BBB (mid)**	BBB (mid)	BBB (mid)
Net total debt-to-total assets (net of cash and cash equivalents) ratio(6)	**35.1%**	31.7%	29.2%
Net total debt-to-normalized adjusted EBITDAFV ratio (years)(6)	**8.2**	8.3	7.8
Interest coverage ratio (times)(6)	**6.7**	12.3	13.2
Weighted average face interest rate on debt(8)	**2.33%**	1.21%	1.14%
Weighted average term to maturity on debt (years)	**3.0**	3.0	3.0
Secured debt as a percentage of total assets(9)	**7.3%**	7.3%	7.0%
Unencumbered investment properties as a percentage of investment properties(9)	**77.9%**	78.6%	78.2%
Total assets	**$ 7,852,450**	$ 7,280,493	$ 7,139,283
Cash and cash equivalents	**$ 64,948**	$ 83,802	$ 60,091
Available liquidity(5)	**$ 526,655**	$ 529,587	$ 346,019
Capital			
Total equity (per condensed consolidated financial statements)	**$ 4,625,404**	$ 4,452,741	$ 4,477,839
Total equity (including LP B Units)(5)	**$ 4,796,774**	$ 4,669,612	$ 4,676,900
Total number of Units (in thousands)(10)	**285,469**	275,156	274,335
Net asset value ("NAV") per Unit(6)	**$ 16.80**	$ 16.97	$ 17.05
Unit price	**$ 12.84**	$ 11.69	$ 10.73

(1) Number of assets comprises a building, or a cluster of buildings in close proximity to one another, attracting similar tenants.

(2) Includes the Trust's owned and managed properties as at September 30, 2023, December 31, 2022 and September 30, 2022. Managed properties include assets held in a joint venture between GIC and the Trust in which the Trust has a 10% interest (the "Dream Summit JV") and U.S. assets held in a private U.S. industrial fund (the "U.S. Fund") for which the Trust provides property management, construction management and leasing services at market rates.

(3) Includes the Trust's share of equity accounted investments as at September 30, 2023, December 31, 2022 and September 30, 2022. The occupancy rate as at September 30, 2023 and December 31, 2022 included the expanded space related to the completed expansion in Dresden, Germany as at December 31, 2022, which took occupancy in January 2023.

(4) Excludes the Trust's share of equity accounted investments in the U.S. Fund and Dream Summit JV as at September 30, 2023, December 31, 2022 and September 30, 2022.

(5) Comparative properties NOI (constant currency basis), FFO, available liquidity, and total equity (including LP B Units) are non-GAAP financial measures. See the "Non-GAAP Financial Measures" section for additional information about these non-GAAP financial measures.

(6) Diluted FFO per Unit, net total debt-to-total assets (net of cash and cash equivalents) ratio, net total debt-to-normalized adjusted EBITDAFV ratio (years), interest coverage ratio (times), and NAV per Unit are non-GAAP ratios. See the "Non-GAAP Ratios" section for additional information about these non-GAAP ratios.

(7) See the "Supplementary Financial Measures and Ratios and Other Disclosures" section for additional information about diluted amounts per Unit under the heading "Weighted average number of Units".

(8) Weighted average face interest rate on debt is calculated as the weighted average face interest rate of all interest bearing debt, including the impact of cross-currency interest rate swaps ("CCIRS") as at period-end.

(9) Secured debt as a percentage of total assets and unencumbered investment properties as a percentage of investment properties are supplementary financial measures. See "Supplementary Financial Measures and Ratios and Other Disclosures" for a description of these supplementary financial measures.

(10) Total number of Units includes 13.3 million LP B Units that are classified as a liability under IFRS.

BUSINESS UPDATE

Dream Industrial Real Estate Investment Trust ("Dream Industrial REIT", "DIR", or the "Trust") had a strong third quarter and our results continue to reflect our execution of growth opportunities embedded within our portfolio. Our robust leasing momentum and built-in organic growth allowed us to generate strong year-over-year comparative properties NOI ("CP NOI") (constant currency basis) and FFO per Unit growth of 10.4%.

During the quarter, the Dream Summit JV closed on a 19-acre land site and a 150,000 square foot industrial asset; subsequent to the quarter, the Dream Summit JV closed on four additional industrial assets totaling 0.6 million square feet.

Our development pipeline is progressing well and we have completed 880,000 square feet of projects with 1.9 million square feet of additional projects underway or in advanced stages of planning. Additionally, we substantially completed a large solar project in the Netherlands and achieved LEED Silver certification at two properties in Ontario and Québec.

We continue to remain focused on optimizing our cost of debt and maintaining financial flexibility. During the quarter, we issued 7.5 million units through our at-the-market program (“ATM Program”) at an average price of $14.27 per REIT Unit for total proceeds of $107 million. We also closed on €229 million of European mortgages at an average face rate of 4.93%. This allowed us to address €173 million of mortgage maturities and combined with our ATM proceeds, we were able to repay the entirety of our euro credit facility draws. We ended the quarter with approximately $527 million of available liquidity, and an additional $250 million that could be exercised through the accordion on our unsecured credit facility, a net total debt-to-total-assets (net of cash and cash equivalents) ratio of 35.1%, and cash and cash equivalents of $64.9 million.

Operations update

Continued strong leasing momentum at attractive rental spreads – Since the end of Q2 2023, we have transacted approximately 1.2 million square feet of leases across our portfolio at an average rental rate spread of 41% over prior or expiring rents.

- In Canada, we signed 1 million square feet of leases, achieving an average rental rate spread to expiry of 45% and an annual contractual rent growth of nearly 4%.
- In Europe, we signed 191,000 square feet of leases at an average rental rate spread of 9%. All of the leases are fully indexed to local consumer price indices (“CPI”) or have contractual rent steps of 2%.

Included in the rental spread calculation is an early renewal and expansion of a tenant for 205,000 square feet in the Greater Toronto Area ("GTA"). We negotiated rental rates that were approximately 100% higher than the original expiring rents in 2025 and 2026, and agreed to commence the rent increase immediately in July 2023 on a straight-line basis with 4.5% annual escalations over the new 5.5-year term. The rental rate increase in 2025 and 2026 was estimated using current market rents for the property and assumed market rent growth of approximately 5% per year until 2025 and 2026, respectively.

As at September 30, 2023, estimated market rents exceeded the average in-place rent across our Canadian portfolio by nearly 48% with average contractual annual rent rate growth of over 2.8%. For our overall portfolio, excluding U.S. assets held in the U.S. Fund and assets held in the Dream Summit JV, estimated market rents exceeded the average in-place rent by nearly 35%.

Since the closing of the Dream Summit JV transaction, we have successfully integrated Dream Summit JV’s operations with our operating platform and completed or finalized terms on approximately 1.8 million square feet of new leases and renewals at an average spread of more than 100% over prior and expiring rents.

Continued growth in net rental income for the quarter and year-to-date – Net rental income for the three and nine months ended September 30, 2023 was $84.5 million and $249.0 million, respectively, representing an increase of $12.5 million or 17.4%, and $43.0 million, or 20.9%, relative to the prior year comparative periods. Year-over-year net rental income increased by 17.2% in Ontario, 8.6% in Québec, 3.4% in Western Canada and 21.5% in Europe, excluding disposed investment properties. The increase was mainly driven by strong CP NOI (constant currency basis) growth in 2023 and 2022, and the impact of acquired investment properties in the past year.

Solid pace of CP NOI (constant currency basis) growth – CP NOI (constant currency basis) for the three and nine months ended September 30, 2023 was $84.6 million and $230.6 million, respectively. For the same periods in 2022, CP NOI (constant currency basis) was $76.6 million and $206.4 million, respectively. This represents an increase of 10.4% for the three months ended September 30, 2023 and 11.7% for the nine months ended September 30, 2023, compared to the prior year comparative periods.

The Canadian portfolio posted a year-over-year CP NOI (constant currency basis) growth for the quarter of 12.1%, driven by 16.7%, 12.4% and 4.0% CP NOI growth in Ontario, Québec and Western Canada, respectively.

- Year-over-year CP NOI (constant currency basis) growth in Ontario was primarily driven by increasing rental spreads on new and renewed leases and the lease-up of our completed expansion in the GTA, which increased the average in-place base rent by 15.3%.
- In Québec, year-over-year CP NOI (constant currency basis) growth was primarily driven by higher average in-place base rents of 15.5% and two completed expansions in the Greater Montréal Area.
- In Europe, the lease-up of an expansion at our properties in Dresden, Germany, and The Hague, Netherlands, in addition to CPI indexation, led to a 7.4% and 7.9% increase in in-place base rent for the three and nine months ended September 30, 2023, respectively, which drove year-over-year CP NOI (constant currency basis) growth of 8.9% and 10.9%, respectively.

Excluding the impact of expansions in Canada and Europe, the year-over-year CP NOI (constant currency basis) growth for the entire portfolio would have amounted to 8.6% and 9.6% for the three and nine months ended September 30, 2023, respectively.

Strong occupancy levels – Our in-place and committed occupancy remained strong at 97.2%, compared to 98.0% as at June 30, 2023, and 99.0% as at September 30, 2022. The decrease was primarily attributable to transitory vacancies including the recently completed development in Caledon and a 225,000 square foot vacancy near the Port of Montréal. We expect significant opportunities to capture rent increases across our markets as we re-lease these spaces.

Acquisitions – We continue to evaluate investments that meet our objective of improving our cash flow growth profile and overall quality of our portfolio, while preserving balance sheet flexibility. The Dream Summit JV provides a new source of growth capital for us to pursue strategic acquisitions and strengthens our property management and leasing fee stream.

During the quarter, the Dream Summit JV acquired a 19-acre land site and a 150,000 square foot income-producing property located in the GTA. Subsequent to the quarter, the Dream Summit JV acquired four additional income-producing assets totaling 0.6 million square feet. Furthermore, the Dream Summit JV is in exclusive negotiations or under contract to acquire two assets located in the GTA totaling 0.2 million square feet.

In total, DIR's equity investment to fund these acquisitions is expected to be approximately $5 million. Combined with the associated property management and leasing income, we expect the income-producing assets to generate a going-in yield on equity in excess of 7.5% with further upside as we estimate current market rents to be over 30% higher than in-place rents.

Development update – Our development pipeline provides a significant opportunity to add high-quality assets in core markets at attractive economics to the Trust. We have approximately 2.8 million square feet of development projects that are recently completed, currently underway or in advanced planning stages.

- Over the past 15 months, we have completed and substantially completed approximately 0.9 million square feet of development projects across Canada and Europe. These completed developments are more than 90% leased and we are targeting to achieve an unlevered yield of 7.4% upon full stabilization.
- We currently have 1.7 million square feet of projects underway across Canada including our share of projects held in the Development JV. With total estimated costs to completion of $167 million, we expect an unlevered yield on development cost of approximately 6.4% upon completion. We expect these projects to be completed in the next 12-18 months and we are currently engaging with prospective tenants. We have recently signed a conditional 20,000 square foot lease at our recently completed development in Caledon at a rental rate over 6% higher than the previous lease signed at this property earlier this year.

Capital strategy – We continue to maintain significant financial flexibility as we execute on our strategy to grow and upgrade portfolio quality. During the quarter, we issued 7.5 million units through our ATM Program at an average price of $14.27 for total proceeds of $107.1 million. In July, we closed on €228.6 million of European mortgages with three lenders at a weighted average interest rate of 4.93% for five years. These mortgages, in addition to the ATM Program proceeds, were utilized to refinance existing mortgage maturities and reduce the outstanding balance on our credit facility, which bore an average rate of approximately 6.2%. Our net debt-to-total asset (net of cash and cash equivalents) ratio was 35.1% at September 30, 2023, which was more than 100 basis points ("bps") lower than prior quarter.

We have addressed all of our 2023 debt maturities and have $304.1 million of debt maturing in 2024 at an average rate of 3.53%. Of the 2024 debt maturities, 95% are denominated in euros and the Trust is targeting to refinance the maturities in euros.

Our proportion of secured debt is 7.3% of total assets and represents 20.7% of total debt (a non-GAAP financial measure; see the "Non-GAAP Financial Measures" section for additional information), compared to 7.0% and 24.2% one year ago, respectively. Our unencumbered asset pool totaled $5.3 billion as at September 30, 2023, representing 77.9% of our investment properties value as at September 30, 2023.

We ended Q3 2023 with available liquidity of $526.7 million, and an additional $250 million that could be exercised through the accordion on our unsecured credit facility.

Environmental, social and governance ("ESG") update

We completed our second annual Global Real Estate Sustainability Benchmark ("GRESB") Real Estate Assessment and GRESB Public Disclosure in June 2023, with the results released in October 2023. In the GRESB Real Estate Assessment, we achieved a two-star rating, which marks an improvement from one-star in our inaugural 2022 submission. We also increased our results score year-over-year by 9 points to 67, which was above our peer group average of 65. In the GRESB Public Disclosure, our ranking improved to third out of ten in the North American peer group, with an improved "A" Grade and a score of 90. The advances in our GRESB results signify the ongoing implementation of our ESG strategic initiatives, including progression in our alignment with international reporting frameworks.

We continue to expand our robust renewable energy program. During the quarter, a large solar project in Bleiswijk, Netherlands, achieved substantial completion and will add over 2 megawatts ("MW") of capacity to our solar portfolio. Including this project, 16 projects in the Netherlands and Alberta are substantially complete and revenue-producing, representing a total system capacity of 12 MW, and generated $0.5 million of revenue in the quarter. Construction is currently underway on four projects in the Netherlands, including a sizeable project at The Hague that commenced during the quarter. These four projects represent a total capital investment of $8 million, with an expected average unlevered yield on cost of over 10%, with an estimated combined system capacity of over 7 MW. We proactively seek opportunities to grow the renewable energy program in our portfolio, and solar feasibility assessments are currently underway on over 14 assets across Canada and Europe.

We have an active pipeline of green building certifications that are underway. During the quarter, we submitted two LEED v4.1 Silver Certifications for Existing Building Operations and Maintenance, and achieved one LEED Building Design and Construction Core and Shell Silver Certification, which increases our portfolio of green certified buildings by 680,000 square feet. We currently have 23 green building certifications underway, representing over 5 million square feet, including properties under development.

A total of $420 million has been deployed towards the $850 million in green bonds that have been issued to date, inclusive of $121 million of eligible green projects in 2022 and $295 million in 2021. The 2022 Green Bond Use of Proceeds report was issued in October 2023 and the report verifies the allocation of $121 million of investments in green buildings, renewable energy and energy efficiency, and includes impact metrics for each of these categories. A total of $430 million in proceeds remain outstanding, for which we have identified approximately $650 million in near-term green building certifications and renewable energy projects that are underway, and approximately $10 million of projects that are in the feasibility stage.

BASIS OF PRESENTATION

Our discussion and analysis of the financial position and results of operations of Dream Industrial REIT 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, 2022 and the unaudited condensed consolidated financial statements of Dream Industrial REIT and the accompanying notes for the three and nine months ended September 30, 2023. Such consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The Canadian dollar is the functional and reporting currency for purposes of preparing the condensed consolidated financial statements.

The chief operating decision-maker, determined to be the Chief Executive Officer ("CEO") of the Trust, also considers the performance of assets held for sale (except for those where we will continue to retain an interest) and disposed properties separately from the investment properties in the geographic segments, and discontinued operations, as applicable, separately from the segmented income in the geographic segments.

This management's discussion and analysis ("MD&A") is dated as at November 7, 2023.

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.

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 continued evaluation of investments that meet our objectives; the Dream Summit JV, including the integration of the joint venture, the status of new leases and renewals, the opportunities provided by the joint venture to pursue acquisitions and boost our property management and leasing fee stream, potential acquisitions and related average in-place cap rate, the Trust’s expected investment and return on equity, and our intention to advance projects over time; the opportunities provided by private capital partnerships; debt maturities and the refinancing thereof; the Trust’s goal of delivering strong total returns to its unitholders through secure cash flows underpinned by its high-quality portfolio and an investment grade balance sheet as well as growth in its net asset value and cash flow per unit; the Trust’s expectations relating to the benefits to be realized from demand drivers for industrial space; the commencement of certain leases and the average spread thereof; the Trust’s ability to achieve strong rental growth over time through inclusion of contractual annual rate escalators to its leases and as it sets rents on expiring leases as market rents continue to increase across the Trust’s operating markets, and the expected increase of comparative properties NOI as a result thereof; the expectation that short-term leases generally have lower costs than long-term leases; expectations regarding tenant prospects; the expected going-in capitalization rate of acquisitions; our development and acquisition pipelines; our development joint venture (the “Development JV”) with a leading global sovereign wealth fund, the expected terms of and contributions into such Development JV, the details of its expected development projects, and the expectation that a subsidiary of the Trust will provide certain services to the Development JV at market rates; expectations regarding cash flow and cash distributions, and the expected variations of income and other metrics; expectations regarding the timing of execution of the Trust’s acquisition strategy and asset recycling and redevelopment of capital raised from equity offerings; the Trust’s intention and ability to fund any potential distribution shortfalls with cash and cash equivalents on hand and with the amounts available on the unsecured revolving credit facility; any potential future suspension and subsequent reinstatement of the Distribution Reinvestment Program and Unit Purchase Plan; the Trust’s strategy of growing and upgrading the quality of its portfolio and goal of providing attractive returns to unitholders; statements regarding the current or expected quality and opportunities in respect of the Trust’s assets, including assets under development or redevelopment; the Trust’s portfolio strategy and commitments, and its goal to acquire mid- to large-bay properties in the GTA, Greater Montréal Area and major Western European markets and to increase scale in existing sub-markets in Canada, and expected benefits thereof; the Trust’s long-term growth goals through its retained interest in the U.S. Fund, and expected benefits thereof; the expectation that services provided to the U.S. Fund will generate a fee income stream; the pro forma composition of our portfolio after the completion of the acquisitions and potential development opportunities, including the GLA to be added to the Trust’s portfolio following the acquisitions or expansions; our debt strategy, including in respect of our leverage ratio, liquidity levels, borrowing costs, foreign currency hedging, and our unencumbered investment properties pool; our development, expansion, value-add capital improvements and refurbishments and redevelopment plans, including benefits thereof and timing of construction commencement and completion, intensification, and the expansion potential of the Trust’s portfolio, including the expected increase in site density resulting from intensification projects, and other details regarding such projects and plans; anticipated development yields, including unlevered yields, development costs, completion timelines and the Trust’s total assets it expects to have under active development; expected occupancy; the implementation of ESG strategic initiatives; the use of green bonds proceeds; the Trust’s ability to deliver on ESG and sustainability initiatives and plans; the feasibility and completion of eligible green projects, including our green project pipeline; the Trust’s commitment and ability to obtain green building certifications for its portfolio and the status green building certifications; the feasibility, implementation, results, yield and other expected benefits, capital commitments, and completion timelines in respect of the Trust’s solar power projects; the Trust’s conservative financial policy and expected flexibility and strength of its balance sheet; the process of refinancing upcoming European mortgage maturities; expectations regarding our credit rating and sources of debt; the expected benefits of the Trust’s ATM Program; the Trust’s portfolio and management strategy and expected benefits to be derived thereof, and expectations that its relationships will provide advantages in respect of acquisitions; the amount by which market rents exceed in-place rents and the outlook for rental rate growth; the sufficiency of our liquidity and capital resources to fulfill the Trust's ongoing obligation; the Trust's beliefs, plans, estimates, projections and intentions; and similar statements concerning anticipated future events, future growth and future leasing activity, including those associated with user demand relative to supply of quality industrial product in the Trust's operating markets, increasing scale in the Trust's existing sub-markets and adding to its large urban logistics clusters, 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. Forward-looking statements generally can be identified by words such as "outlook", "objective", "strategy", "may", "will", "would", "can", "expect", "intend", "estimate", "anticipate", "believe", "should", "could", "likely", "plan", "schedule", "timeline", "forecast", "potential", "seek", "target", "project", "budget", "continue", "indicate", "prospect" and positive and negative variations 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; real estate ownership risks including oversupply of industrial properties or a reduction in demand for real estate in the area, the attractiveness of properties to potential tenants or purchasers, competition with other landlords with similar available space, and the ability of the owner to provide adequate maintenance at competitive costs; the relative illiquidity of real estate investments and limited ability to vary our portfolio promptly to respond to changing economic or investment conditions; significant expenditures associated with real estate ownership regardless of whether the property is producing sufficient income to pay such expenses; employment levels; the uncertainties around the timing and amount of future financings; inflation; risks related to a potential economic slowdown in the jurisdictions in which we operate and the effect inflation and any such economic slowdown may have on market conditions and lease rates; uncertainties surrounding the novel coronavirus ("COVID-19") pandemic and other public health crises and epidemics; risks associated with unexpected or ongoing geopolitical events, including disputes between nations, war, terrorism or other acts of violence; international sanctions; the financial condition of tenants and borrowers; leasing risks; risks associated with the geographically concentrated nature of our properties; interest rate and currency rate fluctuations; risks associated with CCIRS arrangements; regulatory risks and changes in law; environmental risks; competition from other developers, managers and owners of properties; risks associated with participating in joint arrangements; environmental and climate change risks; insurance risks including liability for risks that are uninsurable under any insurance policy; cyber security risks; our ability to sell investment properties at a price that reflects fair value; and 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, assumptions regarding general economic conditions; the impact of the COVID-19 pandemic on the Trust; government measures to contain the COVID-19 pandemic; local real estate conditions; timely leasing of vacant space and re-leasing of occupied space upon expiry; tenants' financial condition; acquisition activity; our ability to integrate acquisitions; inflation and interest rates will not materially increase beyond current market expectations; valuation assumptions including market rents, leasing costs, vacancy rates, discount rates and cap rates; changes to historically low rates and rising replacement costs in the Trust's operating markets and increases in market rents; 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 assumptions and 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 7, 2023. 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. As at September 30, 2023, we own, manage and operate a global portfolio of well-located, diversified industrial properties comprising 322 assets totaling approximately 70.6 million square feet of GLA in key markets across Canada, Europe and the U.S. Our goal is to deliver strong total returns to our unitholders through secure cash flows underpinned by our high-quality portfolio and an investment grade balance sheet as well as driving growth in our net asset value and cash flow per unit. 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, Europe and the U.S. 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 NAV 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 who have a strong track record of sourcing attractive industrial assets across Canada, Europe and the U.S. 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 NAV growth potential. When evaluating potential acquisitions, we consider a variety of criteria, including expected cash flow returns; replacement cost of the asset; their location, functionality and appeal to future tenants; the sustainability attributes of the asset and how the asset complements our existing portfolio; and per Unit accretion.

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.

Active asset management

Through creative asset management strategies, such as initiating and executing on development projects, we are able to unlock organic NOI and NAV 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 140 real estate professionals highly experienced in leasing, operations and portfolio management operating out of 12 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.

Recurring management revenue

Through our private capital partnerships, we are able to leverage our local operating platforms and generate recurring revenue from property management and leasing services. We expect the revenue from this business to grow as the underlying cash flows in these partnerships grow, both organically and through active asset management.

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 investment properties pool, while reducing borrowing costs and preserving liquidity.

Focus on ESG

We recognize that investing in sustainability is a key driver of creating long-term value for our stakeholders. Our approach to sustainability aims to uncover opportunities to enhance asset value, incorporate energy management initiatives into capital expenditures and increase energy efficiency throughout our portfolio and lower operational costs.

To reflect the continued integration of ESG across our business and ensure that non-financial considerations such as ESG objectives are included alongside financial considerations, our sustainability practices focus on: (i) increased data collection, verification and disclosure; (ii) communicating our strategy to reach net zero; and (iii) incorporating energy management initiatives into our capital expenditure planning. Our social initiatives encompass three key areas: (i) commitment to the development of employees through continuous learning and the promotion of healthy workplaces and lifestyles; (ii) active commitment to the community and local charitable organizations; and (iii) commitment to tenant satisfaction and engagement. Our governance highlights include: (i) a diverse and experienced Board of Trustees with a majority of independent trustees;

(ii) strong governance and transparency in all aspects of our business; and (iii) governance policies to have formal oversight and accountability of ESG matters at the Board level.

SECTION II

OUR ASSETS

Dream Industrial REIT owns, manages and operates a portfolio of 322 assets (538 industrial buildings) totaling approximately 70.6 million square feet of GLA in key markets across Canada, Europe and the U.S. as at September 30, 2023.

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 buildings located in close proximity 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.

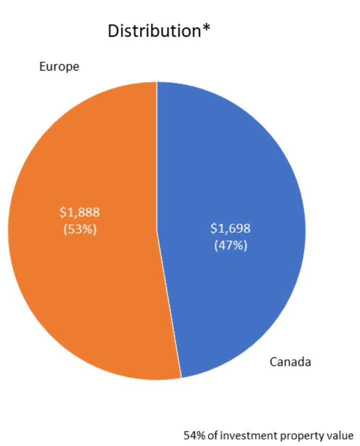
Focused portfolio strategy

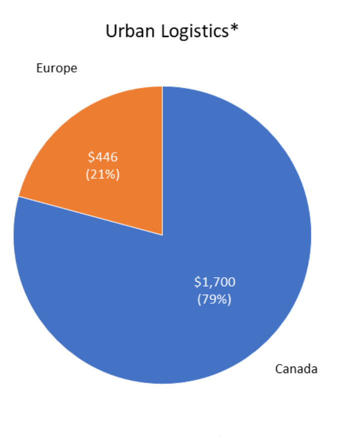
In Canada, our focus is on mid- to large-bay properties primarily in the GTA and the Greater Montréal Area where we expect to benefit from increased user demand relative to supply of quality industrial product, and where in-place rental rates are generally below market rental rates and the outlook for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

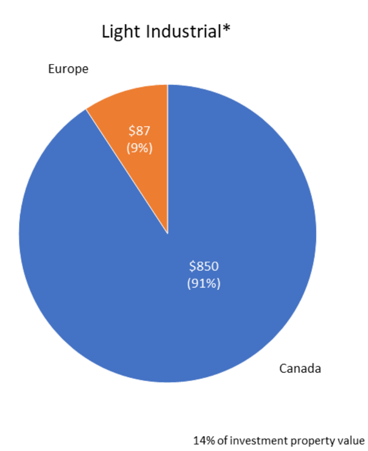
In Europe, our goal is to acquire mid- to large-bay properties in major Western European markets. Across these markets there is growing demand for urban logistics space, increased user demand relative to supply of quality industrial product, attractive going-in capitalization rates and upside potential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

In the U.S., we will continue to pursue long-term growth alongside institutional partners through our retained interest in the U.S. Fund. This structure allows us to continue to grow in U.S. industrial markets, improving overall portfolio quality and diversification while maintaining an enhanced geographic mix. A subsidiary of the Trust provides property management, accounting, construction management and leasing services to the U.S. Fund. This is expected to provide us with a fee income stream as the U.S. Fund scales in U.S. industrial markets.

As at September 30, 2023, our investment property value (excluding the U.S. portfolio, Dream Summit JV and properties under development) 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 as at September 30, 2023 are summarized in the table below:

	September 30, 2023			
	Distribution	Urban logistics	Light industrial	Total
Number of assets[(1)(2)]	191	92	39	322
Number of buildings[(2)]	301	178	59	538
Total GLA (thousands of sq. ft.)[(2)]	51,667	12,775	6,146	70,588
Owned GLA (thousands of sq. ft.)[(3)]	25,619	11,681	5,180	42,480
Site area (in acres)[(2)]	2,882	784	379	4,045

(1) Number of assets comprises a building, or a cluster of buildings in close proximity to one another, attracting similar tenants.

(2) Includes the Trust's owned and managed properties as at September 30, 2023.

(3) Includes the Trust's share of equity accounted investments as at September 30, 2023.

Development strategy

We continue to build and execute on a development pipeline across our target markets. Our development program consists of three key pillars:

- **Greenfield development** – Target the acquisition of developable land, industrial zoned or designated industrial, for speculative development in core markets;
- **Intensification of excess land on income-producing properties** – Opportunity to add high-quality GLA to existing properties and maximize site coverage; and
- **Redevelopment of existing properties** – Identify existing, well-located assets for redevelopment with the goal of achieving higher density and rents.

We have 0.9 million square feet of completed and substantially completed projects to date and currently have approximately 1.7 million square feet of projects underway, with an additional 0.2 million square feet at our share that are in advanced stages of planning. We expect a significant portion of these projects to be completed in the next 24 months and generate an attractive unlevered yield on cost of approximately 6.8%.

In Q2 2022, we, along with Dream Unlimited Corp., announced the formation of the Development JV with a sovereign wealth fund (the "Partner"). We and the Partner are targeting to contribute up to a combined total of $1.5 billion into the Development JV. The Development JV will target to buy $500 million of well-located development sites in the GTA and other select markets within the Greater Golden Horseshoe Area ("GGHA") to build high-quality, best-in-class industrial assets with the intention to hold the properties following stabilization. The Partner would contribute 75% of the capital to the Development JV while we would retain a 25% ownership interest. The Development JV intends to keep the development projects unlevered within the venture, with each party utilizing debt on their respective balance sheets to fund its respective share of the land acquisition and construction costs.

We hold a 10% interest in the Dream Summit JV, which has exposure to approximately 2.6 million square feet of developments made up of greenfield projects, intensifications and redevelopments. This development pipeline comprises 1.8 million square feet of projects underway as well as 0.8 million square feet of projects in advanced stages of pre-construction, mainly located in the GTA and Greater Montréal Area. We intend to continue advancing these projects over time.

The following table provides details on our projects that are recently completed, currently underway or in advanced stages of planning:

(in millions of dollars)

Location	Region	GLA (in thousands of sq. ft.)(1)	Cost incurred(2)	Estimated cost to complete(4)	Total estimated cost	Construction completion	Estimated unlevered yield(5)	Current objective
Complete								
The Hague, Netherlands	Europe	65	14.7	—	14.7	H1 2022	6.2%	Intensification
100 East Beaver Creek, Richmond Hill	Ontario	43	6.0	—	6.0	H2 2022	11.3%	Intensification
401 Marie-Curie Boulevard, Montréal – Ph. 1 & 2	Québec	228	31.1	—	31.1	H2 2022	8.2%	Intensification
Dresden, Germany	Europe	241	30.6	—	30.6	H2 2022	6.8%	Intensification
Blaise-Pascal, Montréal	Québec	120	20.0	—	20.0	H1 2023	8.4%	Intensification
Terrebonne, QC	Québec	29	7.3	—	7.3	H2 2023	5.3%	Intensification
Total complete		726	$ 109.7	$ —	$ 109.7		7.6%	
Abbotside, Caledon	Ontario	154	37.8	2.5	40.3	H1 2023	7.0%	New development
Total complete/substantially complete		880	$ 147.5	$ 2.5	$ 150.0		7.4%	
Underway								
Balzac, AB	Alberta	343	39.0	23.8	62.8	H2 2023	6.1%	New development
Cambridge, ON(3)	Ontario	109	15.4	9.7	25.1	H1 2024	6.6%	New development
Mississauga, ON	Ontario	209	56.1	8.7	64.8	H1 2024	6.3%	Redevelopment
Balzac, AB	Alberta	650	41.8	63.4	105.2	H2 2024	6.3%	New development
Whitby, ON	Ontario	389	32.4	61.3	93.7	H1 2025	6.9%	Redevelopment
Total underway		1,700	$ 184.7	$ 166.9	$ 351.6		6.4%	
Planning								
Brampton, ON(3)	Ontario	208	14.8	37.6	52.4	H1 2025	7.3%	New development
Total planning		208	$ 14.8	$ 37.6	$ 52.4			
Total near-term development pipeline		2,788	$ 347	$ 207	$ 554		~ 6.8%	

(1) Represents total GLA of new development and redevelopment projects and incremental GLA for intensification projects.

(2) Includes cost of land purchased for new development projects as well as associated closing costs. For redevelopment projects, includes fair value of the respective properties.

(3) The respective GLA and estimated costs shown in the table reflect our 25% share of the Development JV.

(4) The cost to complete represents our best estimates as at September 30, 2023.

(5) The unlevered yield is calculated by dividing the estimated NOI by the total estimated development project costs.

In addition to our greenfield and redevelopment programs, we have the unique opportunity to add high-quality GLA through the expansion of existing sites across our predominantly urban portfolio in North America and Europe. We continuously evaluate redevelopment and intensification opportunities across our portfolio from technical and financial feasibility perspectives. To date, we have added 0.7 million square feet of excess density to our current income-producing assets, achieving an unlevered yield on cost of 7.6%.

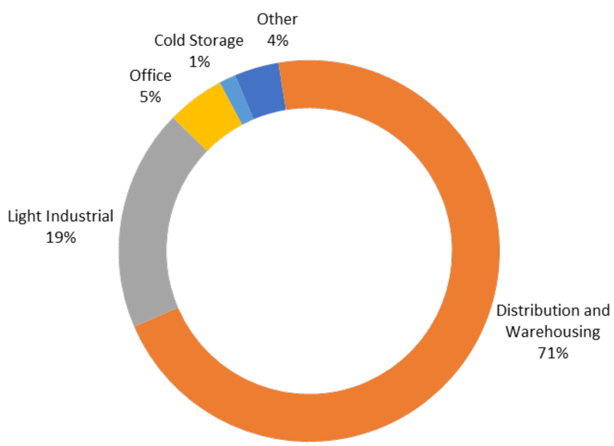
We currently estimate that our excess land portfolio provides opportunities to add approximately 3 million square feet of high-quality industrial space over time.

Tenant base profile

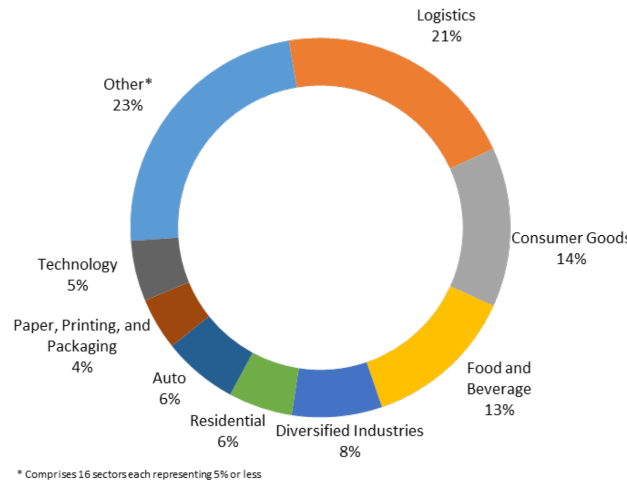
Our portfolio comprises primarily functional distribution and warehousing space occupied by tenants from various industries, with no single industry accounting for more than 21% of annualized gross rent. As at September 30, 2023, we had approximately 1,600 tenants (including those tenants occupying investment properties that are owned, managed and classified as assets held for sale).

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, 2023:

Use of Space by Annualized Gross Rent

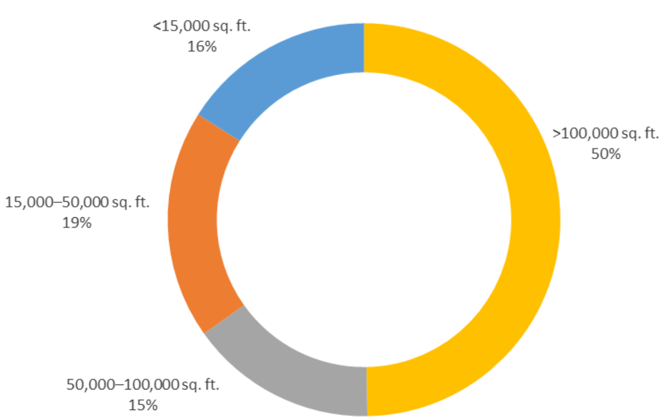


Industry Exposure by Annualized Gross Rent

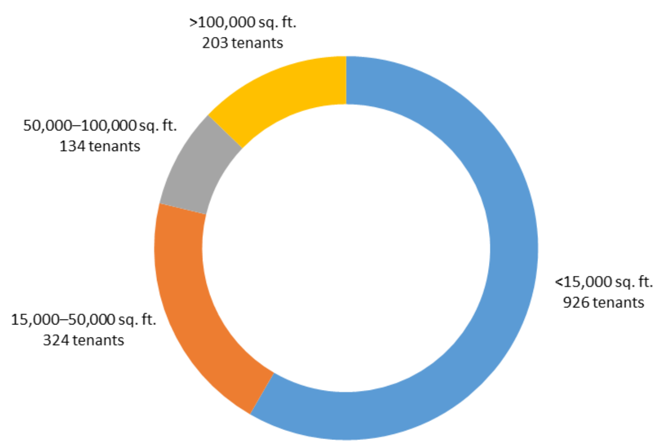


The following charts show the tenant size breakdown by annualized gross rental revenue, and the tenant size breakdown by number of tenants, as at September 30, 2023:

Tenant Size Breakdown by Annualized Gross Rent



Tenant Size Breakdown by Number of Tenants



Approximately 84% of our annualized gross rental revenue was derived from 661 tenants, each occupying over 15,000 square feet with an average size of approximately 103,000 square feet. The remaining annualized gross rental revenue was derived from 926 smaller tenants primarily located in the urban logistics assets.

The following table outlines the contributions to our annualized gross rental revenue of our top ten tenants (including equity accounted investments) as at September 30, 2023. Our top ten tenants have a WALT of 5.2 years.

Rank	Tenant	Use of space	Gross rental revenue	Thousands of sq. ft.
1.	Auchan Supermarché Plaisir	Distribution & warehousing	2.5%	1,577
2.	Drakkar Logistique Inc.	Distribution & warehousing	1.1%	341
3.	Immeubles RB Ltd.	Distribution & warehousing	1.0%	456
4.	ESM Ertl Systemlogistik	Distribution & warehousing	1.0%	472
5.	RLS Slovakia s.r.o.	Distribution & warehousing	0.9%	597
6.	Kuehne & Nagel	Distribution & warehousing	0.9%	489
7.	Amazon Canada	Distribution & warehousing	0.8%	381
8.	DHL Supply Chain s.r.o.	Distribution & warehousing	0.8%	661
9.	ID Freight	Distribution & warehousing	0.8%	490
10.	Gienow Windows and Doors	Distribution & warehousing, light industrial	0.8%	371
	Total		10.6%	5,835

Our portfolio is well diversified, with no single tenant representing more than 3% of gross rental revenue.

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 grouping of buildings into property clusters by region as at September 30, 2023 and December 31, 2022:

	September 30, 2023				December 31, 2022			
	Number of buildings(1)	**Number of assets(1)**	**Owned GLA(2) (thousands of sq. ft.)**	**Total GLA(1) (thousands of sq. ft.)**	Number of buildings(1)	Number of assets(1)	Owned GLA(2) (thousands of sq. ft.)	Total GLA(1) (thousands of sq. ft.)
Ontario	**103**	**65**	**9,064**	**9,064**	103	65	9,120	9,120
Québec	**48**	**35**	**6,157**	**6,157**	48	35	6,010	6,010
Western Canada	**80**	**42**	**5,068**	**5,068**	80	42	5,071	5,071
Canadian portfolio	**231**	**142**	**20,289**	**20,289**	231	142	20,201	20,201
European portfolio	**103**	**91**	**17,435**	**17,435**	105	91	17,420	17,420
Total before equity accounted investments	**334**	**233**	**37,724**	**37,724**	336	233	37,621	37,621
Dream Summit JV portfolio(3)	**166**	**65**	**2,245**	**23,138**	—	—	—	—
U.S. portfolio	**38**	**24**	**2,511**	**9,726**	38	24	2,472	9,720
Total portfolio	**538**	**322**	**42,480**	**70,588**	374	257	40,093	47,341

(1) Includes the Trust's owned and managed properties as at September 30, 2023 and December 31, 2022.

(2) Includes the Trust's share of equity accounted investments as at September 30, 2023 and December 31, 2022.

(3) A 10% interest in the Dream Summit JV was acquired on February 17, 2023.

OUR OPERATIONS

The following key performance indicators influence our cash generated from operating activities.

Total portfolio in-place and committed occupancy

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

			Total portfolio
(percentage)	**September 30, 2023**	June 30, 2023	September 30, 2022
Ontario	**97.6**	97.9	99.3
Québec	**94.8**	95.8	98.9
Western Canada	**96.8**	96.8	97.0
Canadian portfolio	**96.6**	97.0	98.6
European portfolio	**98.0**	99.3	99.2
Total before equity accounted investments	**97.2**	98.1	98.9
Dream Summit JV portfolio[1][2]	**98.1**	99.5	N/A
U.S. portfolio[1]	**95.6**	95.6	100.0
Total portfolio[1]	**97.2**	98.0	99.0

(1) Includes the Trust's share of equity accounted investments as at September 30, 2023, June 30, 2023 and September 30, 2022.

(2) A 10% interest in the Dream Summit JV was acquired on February 17, 2023.

Our in-place and committed occupancy, excluding the U.S. and Dream Summit JV portfolios, includes lease commitments totaling approximately 128,000 square feet for space that is being readied for occupancy but for which rental revenue is not yet recognized.

Our in-place and committed occupancy remained strong at 97.2%, compared to 98.0% as at June 30, 2023, and 99.0% as at September 30, 2022. The decrease was primarily attributable to transitory vacancies and we expect significant opportunities to capture rent increases across our markets as we re-lease these spaces.

In-place and committed occupancy in Ontario was 97.6%, compared to 97.9% as at June 30, 2023, and 99.3% as at September 30, 2022. The decrease is primarily driven by our recently completed development in Caledon which is currently 40% leased up and we are actively engaging with prospective tenants for the remaining space. We estimate the market rent is nearly 30% higher than the expiring rent for these spaces.

In-place and committed occupancy in Québec decreased by 100 bps compared to June 30, 2023. On a year-over-year basis, in-place and committed occupancy decreased by 410 bps from September 30, 2022. The decrease included the anticipated vacancy at our 225,000 square foot property located near the Port of Montréal. Previously, this property was identified as a partial redevelopment and expansion opportunity; however we are currently in discussions with prospective occupiers to lease the property as is and we estimate the market rent for the existing property to exceed prior rent by up to 50%.

In-place and committed occupancy in Western Canada remained relatively flat compared to prior periods. As we continue to outperform the market's occupancy levels, we are maximizing rental rate growth on lease turnover.

In-place and committed occupancy in Europe decreased by 130 bps and 120 bps compared to June 30, 2023 and September 30, 2022, respectively, due to lease expiries totaling 314,000 square feet, which includes 216,500 square feet in Spain where the market rent exceeds the expiring rent by 18%.

In-place and committed occupancy in the Dream Summit JV decreased by 140 bps to 98.1% as at September 30, 2023 compared to June 30, 2023. This was the result of a 300,000 square foot expiry in the quarter for a property in Edmonton where we estimate market rent to exceed expiring rent by 26%.

In-place and committed occupancy in the U.S. was consistent with prior quarter and decreased by 440 bps compared to September 30, 2022, primarily as a result of a 252,000 square foot expiry during last quarter. We anticipate the market rent for this property to exceed expiring rent by 37%.

Canadian and European portfolios occupancy continuity

The following tables detail the changes in in-place and committed occupancy across our Canadian and European portfolios (excluding the U.S. portfolio and Dream Summit JV) for the three and nine months ended September 30, 2023:

	Three months ended September 30, 2023					
	Canadian portfolio		European portfolio		Total portfolio	
	Thousands of sq. ft.	Percentage of GLA	Thousands of sq. ft.	Percentage of GLA	Thousands of sq. ft.	Percentage of GLA
Occupancy (in-place and committed) at beginning of period	19,656	97.0%	17,263	99.3%	36,919	98.1%
Vacancy committed for future occupancy	(154)	(0.8%)	—	—%	(154)	(0.5%)
Occupancy (in-place) at beginning of period	19,502	96.2%	17,263	99.3%	36,765	97.6%
Occupancy related to acquired properties and remeasurements	—		43		43	
Occupancy (in-place) at beginning of period – adjusted	19,502	96.2%	17,306	99.3%	36,808	97.6%
Natural expiries and relocations	(1,036)	(5.0%)	(626)	(3.6%)	(1,662)	(4.4%)
Early terminations	(147)	(0.7%)	—	—%	(147)	(0.4%)
New leases	311	1.5%	228	1.3%	539	1.5%
Renewals and relocations	832	4.1%	185	1.1%	1,017	2.7%
Occupancy (in-place) at period-end, before impact of completed/ substantially completed expansion and development	19,462	96.1%	17,093	98.1%	36,555	97.0%
Impact of completed/substantially completed expansion and development(1)	—	(0.2%)	—	—%	—	(0.1%)
Occupancy (in-place) at period-end	19,462	95.9%	17,093	98.1%	36,555	96.9%
Vacancy committed for future occupancy	128	0.7%	—	—%	128	0.3%
Occupancy (in-place and committed) at period-end	19,590	96.6%	17,093	98.1%	36,683	97.2%

(1) This relates to a development project in Terrebonne, Québec, which was substantially completed in Q3 2023 and 100% leased for occupancy in Q4 2023.

	Nine months ended September 30, 2023					
	Canadian portfolio		European portfolio		Total portfolio	
	Thousands of sq. ft.	Percentage of GLA	Thousands of sq. ft.	Percentage of GLA	Thousands of sq. ft.	Percentage of GLA
Occupancy (in-place and committed) at beginning of period	19,898	98.5%	17,294	99.3%	37,192	98.9%
Vacancy committed for future occupancy	(159)	(0.8%)	(241)	(1.4%)	(400)	(1.1%)
Occupancy (in-place) at beginning of period	19,739	97.7%	17,053	97.9%	36,792	97.8%
Occupancy related to property reclassified to development[1]	(211)				(211)	
Occupancy related to acquired properties and remeasurements	(2)		49		47	
Occupancy related to disposed properties	—		(35)		(35)	
Impact of completed/substantially completed expansion[2]		(1.3%)		—%		(0.8%)
Occupancy (in-place) at beginning of period – adjusted	19,526	96.4%	17,067	97.9%	36,593	97.0%
Natural expiries and relocations	(2,843)	(14.0%)	(1,379)	(7.9%)	(4,222)	(11.2%)
Early terminations	(261)	(1.3%)	—	—%	(261)	(0.7%)
New leases	860	4.2%	481	2.8%	1,341	3.6%
Renewals and relocations	2,180	10.8%	924	5.3%	3,104	8.3%
Occupancy (in-place) at period-end, before impact of completed/ substantially completed expansion and development	19,462	96.1%	17,093	98.1%	36,555	97.0%
Impact of completed/substantially completed expansion and development[3]	—	(0.2%)	—	—%	—	(0.1%)
Occupancy (in-place) at period-end	19,462	95.9%	17,093	98.1%	36,555	96.9%
Vacancy committed for future occupancy	128	0.7%	—	—%	128	0.3%
Occupancy (in-place and committed) at period-end	19,590	96.6%	17,093	98.1%	36,683	97.2%

(1) This relates to a redevelopment project in Whitby, Ontario, which was reclassified from income-producing property to property under development in Q2 2023.

(2) This relates to the intensification projects in Blaise-Pascal, Montréal, which was substantially completed in Q1 2023 and 100% leased for occupancy in Q2 2023 and in Caledon, Ontario, which was substantially completed in Q2 2023 and partially leased for occupancy in Q3 2023.

(3) This relates to a development project in Terrebonne, Québec, which was substantially completed in Q3 2023 and 100% leased for occupancy in Q4 2023.

The overall tenant retention ratio across our Canadian portfolio for the three and nine months ended September 30, 2023 was 80.3% and 76.7%, respectively (2022 – 77.7% and 75.1%, respectively). The overall tenant retention ratio across our European portfolio for the three and nine months ended September 30, 2023 was 29.6% and 67.0%, respectively (2022 – 61.0% and 69.7%, respectively), tied to transitory vacancies as noted above where market rents exceed the expiring rents. Tenant retention ratio is calculated as the ratio of total square feet of renewed and relocated space over natural expiries and relocations.

Canadian and European portfolios new lease, renewal and relocation spreads

The following table details the new lease, renewal and relocation spreads for deals transacted from July 1, 2023 to October 26, 2023 across our Canadian and European portfolios (excluding the U.S. portfolio and Dream Summit JV):

Canadian and European portfolios	Thousands of sq. ft.	Rental rate spread[1]
Ontario	601	59.6%
Québec	58	90.6%
Western Canada	348	6.1%
Canadian portfolio	1,007	45.2%
European portfolio	191	8.8%

(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 were vacant upon acquisition.

The following table details the new lease, renewal and relocation spreads for deals transacted from January 1, 2023 to October 26, 2023 across our Canadian and European portfolios (excluding the U.S. portfolio and Dream Summit JV):

Canadian and European portfolios	Thousands of sq. ft.	Rental rate spread(1)
Ontario	1,211	71.5%
Québec	400	46.7%
Western Canada	728	6.0%
Canadian portfolio	2,339	47.1%
European portfolio	847	8.2%

(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 upon acquisition.

From July 1, 2023 to October 26, 2023, our leasing team transacted approximately 1.2 million square feet of new leases and renewals. Rental spreads were 59.6% and 90.6% in Ontario and Québec, respectively, reflecting the robust demand for industrial space in those regions. From January 1, 2023 to October 26, 2023, our leasing team transacted approximately 3.2 million square feet of leasing activity, with rental spreads of 71.5% and 46.7% in Ontario and Québec, respectively.

Included in the rental rate spread calculation above is an early renewal and expansion of a tenant for 205,000 square feet in the GTA. We negotiated rental rates that were approximately 100% higher than the original expiring rents in 2025 and 2026, and agreed to commence the rent increase immediately in July 2023 on a straight-line basis with 4.5% annual escalations over the new 5.5-year term. The rental rate increase in 2025 and 2026 was estimated using current market rents for the property and assumed market rent growth of approximately 5% per year until 2025 and 2026, respectively. Also included in the Ontario rental rate spreads is a 217,000 square foot renewal of a tenant in a property acquired in a sale-leaseback transaction. The lease was negotiated at market rents one year ago and the current rental rate spread is 15%.

Along with capturing significant rental rate growth, we are systematically adding contractual annual rental rate escalators to our leases that allow for consistently rising CP NOI over time. In Western Canada, improving market conditions allowed us to embed higher contractual annual rent steps of 2–3% within transacted leases. Currently, the average contractual annual rental rate growth embedded in our Canadian portfolio equates to over 2.8%. In our European portfolio, approximately 87% of the leases are indexed to local CPI with the remainder of the portfolio having contractual rent steps of 2% on average.

Canadian and European portfolios rental rates

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

The following table details the average in-place and committed base rent by region for our Canadian and European portfolios (excluding the U.S. portfolio and Dream Summit JV):

	Average in-place and committed base rent (per sq. ft.)					
Canadian and European portfolios	**September 30, 2023**		June 30, 2023		September 30, 2022	
Ontario	**$**	**9.97**	$	9.40	$	8.26
Québec		**8.77**		8.45		7.72
Western Canada		**8.99**		8.95		8.86
Canadian portfolio	**$**	**9.37**	$	9.00	$	8.24
European portfolio (€)	**€**	**5.42**	€	5.39	€	5.10

As at September 30, 2023, the average in-place and committed base rent for our Canadian portfolio was $9.37 per square foot, compared to $9.00 per square foot as at June 30, 2023 and $8.24 per square foot as at September 30, 2022. The increase in the Canadian portfolio was driven by lease renewals and future lease commitments, capturing strong positive rental rate spreads in all regions.

As at September 30, 2023, the average in-place and committed base rent for our European portfolio was €5.42 per square foot, compared to €5.39 per square foot as at June 30, 2023 and €5.10 per square foot as at September 30, 2022. The increase in average in-place and committed base rents compared to comparative periods was attributable to positive rental rate spreads and the indexation of rents to CPI.

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 Canadian and European portfolios (excluding the U.S. portfolio and Dream Summit JV) as at September 30, 2023:

					September 30, 2023
Canadian and European portfolios		Average in-place and committed base rent (per sq. ft.)	Estimated market rent (per sq. ft.)	Estimated market rent/ average in-place and committed base rent	WALT (years)
Ontario	$	9.97	$ 16.16	62.1%	4.1
Québec		8.77	14.19	61.8%	3.2
Western Canada		8.99	9.24	2.8%	3.8
Canadian portfolio	**$**	**9.37**	**$ 13.84**	**47.7%**	**3.8**
European portfolio	**€**	**5.42**	**€ 5.85**	**7.9%**	**5.0**
Total portfolio WALT (excluding the U.S. portfolio and Dream Summit JV) (years)					**4.4**

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 quarterly against recent comparable lease deals in each market and quarterly independent external appraisal information, if applicable. The current estimated market rents are at a point in time, with no allowance for increases in future years, and are subject to change based on future market conditions in the respective regions.

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.

Canadian and European portfolios lease maturity profile, net of lease commitments

The following table details our Canadian and European portfolios lease maturity profile by region, net of renewals and new leases completed as at September 30, 2023. The lease maturity profile excludes the U.S. portfolio and Dream Summit JV.

Canadian and European portfolios (in thousands of sq. ft.)	Vacancy, net of commitments	Remainder of 2023	2024	2025	2026	2027	2028+	Total
Ontario	214	97	751	1,242	1,583	1,406	3,771	9,064
Québec	321	45	1,246	1,325	927	659	1,634	6,157
Western Canada	164	94	763	833	784	637	1,793	5,068
Canadian portfolio	699	236	2,760	3,400	3,294	2,702	7,198	20,289
European portfolio	342	336	680	1,690	3,031	1,122	10,234	17,435
Canadian and European portfolios total GLA	1,041	572	3,440	5,090	6,325	3,824	17,432	37,724
Percentage of Canadian and European total GLA	2.8%	1.5%	9.1%	13.5%	16.8%	10.1%	46.2%	100.0%

Over the next two years, the Trust has over 8.5 million square feet of GLA maturing. Over 6 million square feet of this space is located in Canada, of which approximately 74% is located in Ontario and Québec where the average market rent is approximately double that of in-place rent. In Europe, we have 2.4 million square feet of GLA maturing where the average market rent is more than 10% higher than the in-place rent.

Canadian and European portfolios lease expiry profile for the remainder of 2023

The following table details our Canadian and European portfolios lease maturity profile for the remainder of 2023, net of renewals and net of committed new leases on vacant space. The lease maturity profile excludes the U.S. portfolio and Dream Summit JV.

Canadian and European portfolios (in thousands of sq. ft.)	Ontario	Québec	Western Canada	Canadian portfolio	European portfolio	Total
2023 expiries (as at September 30, 2023)	(430)	(257)	(633)	(1,320)	(447)	(1,767)
Expiries committed for renewals	333	212	539	1,084	111	1,195
Expiries, net of committed renewals	(97)	(45)	(94)	(236)	(336)	(572)
Commitment as a % of expiries	77.4%	82.5%	85.2%	82.1%	24.8%	67.6%
Current vacancies	(253)	(350)	(224)	(827)	(342)	(1,169)
Current vacancies committed for future occupancy	39	29	60	128	—	128
Current vacancies, net of commitments for future occupancy	(214)	(321)	(164)	(699)	(342)	(1,041)

Net rental income

Net rental income is defined by us as total investment properties revenue less investment properties operating expenses.

For a detailed discussion about investment properties revenue and operating expenses for the three and nine months ended September 30, 2023 and September 30, 2022, refer to the section "Our Results of Operations".

	Three months ended September 30,				Nine months ended September 30,			
	2023		2022		**2023**		2022	
	Amount	**%**	Amount	%	**Amount**	**%**	Amount	%
Ontario	**$ 24,211**	**29%**	$ 20,659	29%	**$ 70,443**	**28%**	$ 57,020	28%
Québec	**13,433**	**16%**	12,374	17%	**39,530**	**16%**	35,212	17%
Western Canada	**11,525**	**13%**	11,145	15%	**34,382**	**14%**	32,835	16%
Canadian portfolio	**49,169**	**58%**	44,178	61%	**144,355**	**58%**	125,067	61%
European portfolio	**32,637**	**39%**	27,050	38%	**97,847**	**39%**	78,109	38%
Dream Summit JV portfolio	**5,128**	**6%**	—	—%	**12,643**	**5%**	—	—%
U.S. portfolio	**4,177**	**5%**	3,795	5%	**12,406**	**5%**	10,074	5%
Net property management and other income	**2,698**	**3%**	769	1%	**6,723**	**3%**	2,865	1%
Net rental income from disposed properties	**—**	**—%**	—	—%	**74**	**0%**	(2)	0%
Less: Net rental income from equity accounted investments	**(9,305)**	**(11%)**	(3,795)	(5%)	**(25,049)**	**(10%)**	(10,074)	(5%)
Net rental income	**$ 84,504**	**100%**	$ 71,997	100%	**$ 248,999**	**100%**	$ 206,039	100%

Net rental income for the three and nine months ended September 30, 2023 increased by $12.5 million, or 17.4%, and $43.0 million, or 20.9%, respectively, over the prior year comparative periods. The increase was mainly driven by the impact of acquired investment properties in 2023 and 2022, as well as CP NOI (constant currency basis) growth in 2023 and higher net property management fees.

Comparative properties NOI (constant currency basis)

CP NOI (constant currency basis) is a non-GAAP financial measure used by management in evaluating the performance of properties fully owned by the Trust in the current and prior year comparative periods, using a constant currency basis. CP NOI (constant currency basis) is lower during periods of free rent to reflect that there is no cash rent received. For accounting purposes, free rent is recorded and amortized within straight-line rent. See the "Non-GAAP Financial Measures" section for additional information about this non-GAAP financial measure.

The table below details the CP NOI (constant currency basis) and other items to assist in understanding the impact each component has on net rental income for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three months ended						
	September 30, 2023	September 30, 2022	Change in $	Change in %	Change in weighted average occupancy %	Change in in-place base rent %	Owned and managed GLA (thousands of sq. ft.)
Ontario	**$ 22,780**	$ 19,514	$ 3,266	16.7%	(0.9%)	15.3%	8,693
Québec	**13,435**	11,954	1,481	12.4%	(4.3%)	15.5%	6,127
Western Canada	**12,103**	11,636	467	4.0%	(0.6%)	3.0%	5,069
Canadian portfolio	**48,318**	43,104	5,214	12.1%	(1.9%)	12.1%	19,889
European portfolio (constant currency basis)	**32,505**	29,835	2,670	8.9%	0.1%	7.4%	17,104
U.S. portfolio (constant currency basis)	**3,795**	3,674	121	3.3%	(3.8%)	9.5%	2,361
CP NOI (constant currency basis)	**84,618**	76,613	8,005	10.4%	(1.2%)	10.2%	39,354
Impact of foreign currency translation on CP NOI	**—**	(3,111)	3,111				
NOI from acquired properties – Canada	**825**	5	820				
NOI from acquired properties – Europe	**530**	284	246				
NOI from acquired properties – Dream Summit JV	**5,128**	—	5,128				
NOI from acquired properties – U.S.	**355**	—	355				
NOI from disposed properties	**—**	206	(206)				
Net property management and other income	**2,698**	769	1,929				
Straight-line rent	**1,561**	1,840	(279)				
Amortization of lease incentives	**(922)**	(621)	(301)				
Lease termination fees and other	**(424)**	(15)	(409)				
Bad debt provisions	**(650)**	(495)	(155)				
NOI from properties transferred from/to properties held for development	**90**	383	(293)				
Less: NOI from equity accounted investments	**(9,305)**	(3,861)	(5,444)				
Net rental income	**$ 84,504**	$ 71,997	$ 12,507	17.4%			

	Nine Months Ended				Change in weighted average occupancy %	Change in in-place base rent %	Owned and managed GLA (thousands of sq. ft.)
	September 30, 2023	September 30, 2022	Change in $	Change in %			
Ontario	**$ 61,465**	$ 51,218	$ 10,247	20.0%	0.3%	15.2%	8,064
Québec	**37,868**	34,594	3,274	9.5%	(5.8%)	13.3%	6,031
Western Canada	**36,163**	34,092	2,071	6.1%	0.8%	2.1%	5,069
Canadian portfolio	**135,496**	119,904	15,592	13.0%	(1.5%)	11.0%	19,164
European portfolio (constant currency basis)	**85,461**	77,055	8,406	10.9%	0.3%	7.9%	15,637
U.S. portfolio (constant currency basis)	**9,656**	9,438	218	2.3%	(2.0%)	5.9%	2,163
Comparative properties NOI (constant currency basis)	**230,613**	206,397	24,216	11.7%	(0.6%)	9.6%	36,964
Impact of foreign currency translation on CP NOI	**—**	(5,418)	5,418				
NOI from acquired properties – Canada	**7,400**	2,490	4,910				
NOI from acquired properties – Europe	**11,631**	5,012	6,619				
NOI from acquired properties – Dream Summit JV	**12,643**	—	12,643				
NOI from acquired properties – U.S.	**2,469**	1,074	1,395				
NOI from disposed properties	**74**	475	(401)				
Net property management and other income	**6,723**	2,865	3,858				
Straight-line rent	**5,501**	4,886	615				
Amortization of lease incentives	**(2,375)**	(1,752)	(623)				
Lease termination fees and other	**738**	(493)	1,231				
Bad debt provisions	**(1,631)**	(611)	(1,020)				
NOI from properties transferred from/to properties held for development	**262**	1,807	(1,545)				
Less: NOI from equity accounted investments	**(25,049)**	(10,693)	(14,356)				
Net rental income	**$ 248,999**	$ 206,039	$ 42,960	20.9%			

For the three months ended September 30, 2023, CP NOI (constant currency basis) was $84.6 million, compared to $76.6 million in the prior year comparative quarter, representing an increase of $8.0 million or 10.4%.

For the nine months ended September 30, 2023, CP NOI (constant currency basis) was $230.6 million, compared to $206.4 million in the prior year, representing an increase of $24.2 million or 11.7%.

For the three months ended September 30, 2023, CP NOI (constant currency basis) in Ontario increased by $3.3 million or 16.7%, compared to the prior year comparative quarter, primarily due to an increase in the average in-place base rent of 15.3%, driven by increasing rental spreads on new and renewed leases, as well as the lease-up of a completed expansion in the GTA. For the nine months ended September 30, 2023, CP NOI (constant currency basis) in Ontario increased by $10.2 million or 20.0%, compared to the prior year mainly due to increases in the average in-place base rent of 15.2%.

For the three months ended September 30, 2023, CP NOI (constant currency basis) in Québec increased by $1.5 million or 12.4%, compared to the prior year comparative quarter. For the nine months ended September 30, 2023, CP NOI (constant currency basis) in Québec increased by $3.3 million or 9.5%. This was primarily due to an increase in the average in-place base rent of 15.5% and 13.3%, respectively, driven by higher rental rates on new and renewed leases and the lease-up of completed expansions in the Greater Montréal Area, partially offset by a reduction in the weighted average occupancy.

For the three months ended September 30, 2023, CP NOI (constant currency basis) in Western Canada increased by $0.5 million or 4.0%, compared to the prior year comparative quarter, driven by increases in average in-place rental rates of 3.0%. For the nine months ended September 30, 2023, CP NOI (constant currency basis) in Western Canada increased by $2.1 million or 6.1%, compared to the prior year due to increases in weighted average occupancy of 0.8% and in average in-place rental rates of 2.1%.

For the three months ended September 30, 2023, CP NOI (constant currency basis) in Europe increased by $2.7 million or 8.9%, compared to the prior year comparative quarter, primarily attributable to a 7.4% increase in average in-place base rent due to the impact of CPI indexation on leases in the overall European portfolio and higher rates on new and renewed leases. For the nine months ended September 30, 2023, CP NOI (constant currency basis) in Europe increased by $8.4 million or 10.9%, compared to the prior year for similar reasons as discussed. CPI indexation contributed approximately a 6.3% increase in CP NOI for the quarter and 5.7% year-to-date. Additionally, $0.4 million and $0.7 million of solar income was recognized during the quarter and year-to-date, respectively, from completed projects in the Netherlands.

For the three months ended September 30, 2023, CP NOI (constant currency basis) in the U.S. increased by $0.1 million or 3.3%, compared to the prior year comparative quarter, primarily attributable to new leasing and rent step-ups in the East region. For the nine months ended September 30, 2023, CP NOI (constant currency basis) in the U.S. increased by $0.2 million or 2.3% for the same reasons as previously discussed.

For the three and nine months ended September 30, 2023, we earned net property management and other income from the U.S. Fund and Dream Summit JV totaling $2.7 million and $6.7 million, respectively. This represents an increase of $1.9 million and $3.9 million, respectively, compared to the prior year comparative periods, primarily attributable to earned property management and leasing fees from the Dream Summit JV and higher property management fees from the U.S. Fund, partially offset by lower leasing fees due to less leasing activity.

OUR RESULTS OF OPERATIONS

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Investment properties revenue	**$ 109,400**	$ 93,313	**$ 326,683**	$ 270,700
Investment properties operating expenses	**(24,896)**	(21,316)	**(77,684)**	(64,661)
Net rental income	**84,504**	71,997	**248,999**	206,039
Other income				
Share of net income from equity accounted investments	**10,154**	6,279	**3,500**	47,704
Interest income and other	**222**	99	**363**	612
	10,376	6,378	**3,863**	48,316
Other expenses				
General and administrative	**(8,058)**	(7,419)	**(23,772)**	(21,755)
Interest:				
Debt and other financing costs[1]	**(14,365)**	(5,187)	**(38,859)**	(14,273)
Subsidiary redeemable units	**(2,336)**	(3,246)	**(8,221)**	(9,739)
	(24,759)	(15,852)	**(70,852)**	(45,767)
Fair value adjustments and net gain (loss) on transactions and other activities				
Fair value adjustments to investment properties	**(33,522)**	43,133	**(22,745)**	428,528
Fair value adjustments to financial instruments	**15,094**	30,481	**(40,364)**	142,384
Net gain (loss) on transactions and other activities	**141**	(1,929)	**(2,631)**	(8,132)
	(18,287)	71,685	**(65,740)**	562,780
Income before income taxes	**51,834**	134,208	**116,270**	771,368
Current and deferred income tax expenses, net	**(1,340)**	(8,545)	**(3,154)**	(31,336)
Net income	**$ 50,494**	$ 125,663	**$ 113,116**	$ 740,032
Other comprehensive income (loss)				
Items that will be reclassified subsequently to net income:				
Unrealized loss on foreign currency translation of foreign operations	**$ (21,555)**	$ (13,261)	**$ (22,871)**	$ (137,578)
Unrealized gain on hedging instruments	**7,716**	54,521	**3,603**	144,577
Share of other comprehensive income (loss) from equity accounted investment	**5,879**	17,749	**(394)**	22,695
	(7,960)	59,009	**(19,662)**	29,694
Comprehensive income	**$ 42,534**	$ 184,672	**$ 93,454**	$ 769,726

(1) For the three and nine months ended September 30, 2023, the mark-to-market amortization netted against interest expense on debt and other financing costs was $229 and $1,540, respectively (for the three and nine months ended September 30, 2022 – $749 and $2,274, respectively).

Investment properties revenue

Investment properties revenue includes base rent from investment properties, recovery of operating costs, property taxes and capital expenditures from tenants, property management and leasing fees from the U.S. Fund and Dream Summit JV, the impact of straight-line rent adjustments, lease termination fees and other adjustments.

Investment properties revenue for the three months ended September 30, 2023 increased by $16.1 million, or 17.2%, when compared to the prior year comparative quarter. The increase was driven by organic growth in the portfolio (+$12.2 million), the impact of acquired properties in 2022 and 2023 (+$0.7 million) and property management and leasing fees (+$3.1 million).

Investment properties revenue for the nine months ended September 30, 2023 increased by $56.0 million, or 20.7%, when compared to the prior year. The increase was driven by organic growth in the portfolio (+$29.2 million), the impact of acquired properties in 2022 and 2023 (+$19.6 million) and property management and leasing fees (+$7.2 million).

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 months ended September 30, 2023 increased by $3.6 million, or 16.8%, over the prior year comparative quarter. The increase was driven by the existing portfolio (+$2.3 million), the impact of acquired properties in 2022 and 2023 (+$0.1 million) and property management expenses (+$1.2 million).

Investment properties operating expenses for the nine months ended September 30, 2023 increased by $13.0 million, or 20.1%, over the prior year. The increase was driven by the existing portfolio (+$5.0 million), the impact of acquired properties in 2022 and 2023 (+$4.7 million) and property management expenses (+$3.3 million).

General and administrative ("G&A") expenses

The following table summarizes our G&A expenses for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Asset management fee	**$ (3,673)**	$ (3,194)	**$ (10,762)**	$ (9,310)
Professional fees and general corporate expenses[1]	**(3,453)**	(3,522)	**(9,915)**	(9,747)
Deferred compensation expenses	**(932)**	(703)	**(3,095)**	(2,698)
Total	**$ (8,058)**	$ (7,419)	**$ (23,772)**	$ (21,755)

(1) Includes professional fees, 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, 2023 increased by $0.6 million, or 8.6%, and $2.0 million, or 9.3%, respectively, when compared to the prior year respective periods, mainly driven by increases in asset management fees due to acquired properties and investments in 2023 and 2022.

Share of net income from equity accounted investments

Share of net income from equity accounted investments represents our share of net income pick-up from our investments in an associate, the U.S. Fund, and two joint ventures, the Development JV and the Dream Summit JV.

Net income from the U.S. Fund mainly comprises net rental income, interest expense on debt, G&A expenses and fair value adjustments to investment properties and debt. Net income from our investment in the U.S. Fund may vary year-over-year or quarter-over-quarter due to fluctuations in fair value adjustments to investment properties and debt, and changes in our ownership levels. For the three and nine months ended September 30, 2023, our share of net income from the U.S. Fund was $7.4 million and $9.3 million, respectively (for the three and nine months ended September 30, 2022 – $6.3 million and $47.7 million, respectively). Net income from the U.S. Fund for the three months ended September 30, 2023 increased over the prior year comparative period primarily due to fair value adjustments on investment properties and increases in net rental income. Net income for the nine months ended September 30, 2023 decreased over the prior year comparative period primarily due to fair value adjustments on investment properties and debt.

Net income from the Dream Summit JV mainly comprises net rental income, interest expense on debt, G&A expenses and fair value adjustments to investment properties. For the three and nine months ended September 30, 2023, our share of net income (loss) from the Dream Summit JV was $2.7 million and $(5.7) million, respectively (for the three and nine months ended September 30, 2022 – $nil and $nil, respectively). The net loss for the nine months ended September 30, 2023 was mainly related to the write-off of transaction costs.

For the three and nine months ended September 30, 2023, our share of net income from the Development JV was $nil (for the three and nine months ended September 30, 2022 – $nil).

Interest expense on debt and other financing costs

Interest expense on debt and other financing costs increased by $9.2 million and $24.6 million for the three and nine months ended September 30, 2023, respectively, when compared to the prior year comparative periods. The increase was primarily driven by higher interest rates and higher debt outstanding due to debt incurred in connection with funding our investment in the Dream Summit JV and our acquisitions during 2022.

Fair value adjustments to investment properties

Refer to the "Investment Properties" section 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, 2023.

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 measurements of the interest rate swaps are calculated using external data provided by qualified 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, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Remeasurement of carrying value of subsidiary redeemable units	**$ 16,950**	$ 25,046	**$ (28,518)**	$ 120,402
Remeasurement of carrying value of deferred trust units	**1,475**	1,336	**(2,094)**	6,198
Remeasurement of interest rate swaps	**(1,228)**	4,099	**(3,443)**	15,784
Amortization of fair value adjustments on CCIRS	**(2,103)**	—	**(6,309)**	—
Total	**$ 15,094**	$ 30,481	**$ (40,364)**	$ 142,384

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, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Internal leasing costs	**$ (1,127)**	$ (1,056)	**$ (3,224)**	$ (3,220)
Foreign exchange gain (loss)	**1,341**	(761)	**1,389**	(4,175)
Transaction costs on acquisitions and dispositions	**(76)**	(35)	**(818)**	(480)
Other	**3**	(77)	**22**	(257)
Total	**$ 141**	$ (1,929)	**$ (2,631)**	$ (8,132)

Current and deferred income tax expenses

Current income tax expense for the three and nine months ended September 30, 2023 was $0.9 million and $2.3 million, respectively, which was relatively consistent compared to $1.5 million and $2.8 million in prior comparative periods.

Deferred income tax expense for the three and nine months ended September 30, 2023 was $0.4 million and $0.9 million, respectively, compared to $7.0 million and $28.5 million in prior comparative periods. The year-to-date decrease year-over-year is primarily due to fair value adjustments of investment properties and interest rate swaps.

Other comprehensive income (loss)

Other comprehensive income (loss) comprises unrealized gain (loss) on foreign currency translation, unrealized gain (loss) on hedging instruments, and unrealized gain (loss) on foreign currency translation from our equity accounted investment. The unrealized gain (loss) on foreign currency translation may vary significantly year-over-year depending on the value of the Canadian dollar relative to the euro and U.S. dollar. The unrealized gain (loss) on hedging instruments may vary significantly year-over-year depending on the fair value adjustments on the CCIRS designated as hedges.

Funds from operations ("FFO") and diluted FFO per Unit

FFO is a non-GAAP financial measure and diluted FFO per Unit is a non-GAAP ratio. FFO is further defined and reconciled to net income, which is its most directly comparable financial measure in the "Non-GAAP Financial Measures" section. Diluted FFO per Unit is a non-GAAP ratio and is calculated as FFO (a non-GAAP financial measure) divided by the weighted average number of Units, a supplementary financial measure. See the "Supplementary Financial Measures and Ratios and Other Disclosures" section for additional information about diluted amounts per Unit, under the heading "Weighted average number of Units".

FFO and diluted FFO per Unit for the three and nine months ended September 30, 2023 and September 30, 2022 are shown in the table below:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Net income	**$ 50,494**	$ 125,663	**$ 113,116**	$ 740,032
FFO	**$ 69,395**	$ 60,897	**$ 205,348**	$ 176,460
Weighted average number of Units (in thousands)	**283,237**	274,481	**278,770**	269,229
FFO per Unit – diluted	**$ 0.25**	$ 0.22	**$ 0.74**	$ 0.66
Net income per Unit – diluted	**$ 0.18**	$ 0.46	**$ 0.41**	$ 2.75

Diluted FFO per Unit for the three and nine months ended September 30, 2023 was $0.25 and $0.74, respectively, compared to $0.22 and $0.66 for the three and nine months ended September 30, 2022, respectively. The increase year-over-year is primarily driven by CP NOI (constant currency basis) growth, acquisitions during 2022 and 2023 including the Dream Summit JV, and increases in property management income, partially offset by higher interest expenses and G&A expenses.

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")

Under the asset management agreement (the "AMA") between the Trust and DAM, DAM provides certain asset management services to the Trust and its subsidiaries. The AMA provides the Trust and DAM the opportunity to agree on additional services to be provided to the Trust for which DAM is to be reimbursed on a cost recovery basis.

The following table summarizes our fees paid to DAM and its affiliates for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Incurred under the North American AMA and European AMA:				
Asset management fee (included in G&A expenses)	**$ (3,673)**	$ (3,194)	**$ (10,762)**	$ (9,310)
Asset management fee (included in properties under development)	**(138)**	(53)	**(303)**	(78)
Acquisition fee (included in investment properties and equity accounted investments)	**(69)**	(185)	**(3,746)**	(3,757)
Capital expenditures fee (included in investment properties)	**(2,717)**	(761)	**(4,676)**	(2,193)
Expense reimbursements related to financing arrangements	**(153)**	(180)	**(367)**	(527)
Total costs incurred under the North American AMA and European AMA	**$ (6,750)**	$ (4,373)	**$ (19,854)**	$ (15,865)
Total costs reimbursed under the Shared Services and Cost Sharing Agreement	**$ (486)**	$ (515)	**$ (1,355)**	$ (1,185)

Effective January 1, 2022, the Trust and DAM amended and restated the AMA, to clarify certain definitions and simplify the administration of the agreement including by creating separate contracts for North America (being the amended and restated AMA, hereafter referred to as the "North American AMA") and Europe ("European AMA").

Both the North American AMA and European AMA provide for an incentive fee and Incentive Distribution based on FFO per Unit, as defined in the agreements, in excess of the FFO hurdle amount. Both the North American hurdle and European hurdle were initially set at $0.95 per Unit as of January 1, 2020 and increase annually by 50% of the increase in the CPI as defined in the North American and European AMAs ($1.00 as of January 1, 2023).

Disposition gains in the FFO per Unit calculations used for determining the incentive fee and Incentive Distribution are based on the actual disposition value, or fair value in the case of a termination of the agreement in accordance with its terms, of the Trust's North American and European investment properties, respectively, at the applicable date, relative to their historic purchase price.

As at September 30, 2023, no incentive fee under the North American AMA has been paid or is payable by the Trust to DAM.

As at September 30, 2023, the fair value of the LP Class B Units held by DAM Europe was $nil and no Incentive Distribution has been paid or is payable by the Trust to DAM Europe.

In the event that all of the Trust's investment properties were sold or both the North American AMA and the European AMA were terminated, based on the investment properties value reported as at September 30, 2023 of $6.9 billion, and based on the Trust's actual financial results for the trailing 12 months, the estimated overall incentive fee payable would have been $261.7 million. The actual incentive fee payable, if any, would be calculated as of each fiscal year-end and based on the Trust's actual financial results for the year ending December 31.

The amount of the North American incentive fee payable by the Trust and the Incentive Distribution and the redemption price of the LP Class B Units on any date will be contingent upon various factors, including, but not limited to, changes in Dream Industrial REIT's FFO (as defined in the North American AMA) and changes in the European FFO, 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 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, 2023 and September 30, 2022 pursuant to the terms of the Services Agreement:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Total costs reimbursed under the Services Agreement	**$ (1,823)**	$ (1,962)	**$ (6,066)**	$ (5,712)

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 distributions and interest paid and payable to subsidiaries of Dream Office REIT for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Interest paid and payable to Dream Office REIT on subsidiary redeemable units	**$ (2,336)**	$ (3,246)	**$ (8,221)**	$ (9,739)
Distributions paid and payable to Dream Office REIT on REIT Units	**(34)**	(1,409)	**(1,869)**	(4,227)
Interest and distributions paid and payable to Dream Office REIT	**$ (2,370)**	$ (4,655)	**$ (10,090)**	$ (13,966)

Agreements with PAULS Corp, LLC ("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, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Total costs incurred under the Sub Property Management Agreement(1)	**$ (109)**	$ (61)	**$ (312)**	$ (179)

(1) Amounts include cost recovery for property management, leasing expenses and construction management.

Agreements and transactions with the associate and joint venture

The following table summarizes our fees earned from the associate and joint venture for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Total fees earned under the Property Management Agreements(1)	**$ 4,332**	$ 1,219	**$ 11,555**	$ 4,203

(1) Amounts include management fees, construction fees, leasing fees and cost recovery for property management and accounting related to the U.S. Fund and Dream Summit JV.

SECTION III

INVESTMENT PROPERTIES

Dream Industrial REIT's investment properties comprise of income-producing properties, properties under development and land held for development. Our income-producing properties make up a large majority of the investment property portfolio. Properties under development include greenfield development or redevelopment projects for which planning and permitting are complete, construction has commenced, and if applicable, the existing property has been destabilized. Land held for development includes land parcels acquired for the purpose of constructing industrial income-producing properties, where no development activities are underway except for planning and other pre-development work.

Investment properties continuity

Changes in the value of our investment properties, excluding assets held for sale, by region for the three and nine months ended September 30, 2023 are summarized in the following table:

	Three months ended						
	June 30, 2023	Property acquisitions and dispositions	Building improvements, lease incentives and initial direct leasing costs	Fair value adjustments	Non-cash accounting adjustments(2)	Income-producing properties transferred to/from properties held for development	September 30, 2023
Ontario	$ 2,349,379	$ —	$ 3,209	$ 1,491	$ 829	$ —	$ 2,354,908
Québec	1,196,365	—	5,407	11,845	161	—	1,213,778
Western Canada	678,474	—	4,067	(2,021)	(779)	—	679,741
Canadian portfolio	4,224,218	—	12,683	11,315	211	—	4,248,427
European portfolio	2,479,278	5,484	5,316	(44,837)	(23,798)	—	2,421,443
Total income-producing properties	6,703,496	5,484	17,999	(33,522)	(23,587)	—	6,669,870
Properties held for development(1)	131,516	—	53,104	—	—	—	184,620
Total investment properties	$ 6,835,012	$ 5,484	$ 71,103	$ (33,522)	$ (23,587)	$ —	$ 6,854,490

(1) Included in properties held for development are development costs, pre-development costs and capitalized interest.

(2) Included in non-cash accounting adjustments are amortization of lease incentives, change in straight-line rent and a foreign currency translation adjustment of the European portfolio totaling $(23,550).

	Nine months ended						
	January 1, 2023	Property acquisitions and dispositions	Building improvements, lease incentives and initial direct leasing costs[1]	Fair value adjustments[2]	Non-cash accounting adjustments[3]	Income-producing properties transferred to/from properties held for development[4]	September 30, 2023
Ontario	$ 2,307,048	$ —	$ 10,816	$ 22,750	$ 1,980	$ 12,314	$ 2,354,908
Québec	1,133,225	—	16,586	62,340	1,627	—	1,213,778
Western Canada	685,255	177	11,007	(15,194)	(1,504)	—	679,741
Canadian portfolio	4,125,528	177	38,409	69,896	2,103	12,314	4,248,427
European portfolio	2,527,310	1,703	10,327	(92,641)	(25,256)	—	2,421,443
Total income-producing properties	6,652,838	1,880	48,736	(22,745)	(23,153)	12,314	6,669,870
Properties held for development[1]	106,587	—	90,347	—	—	(12,314)	184,620
Total investment properties	$ 6,759,425	$ 1,880	$ 139,083	$ (22,745)	$ (23,153)	$ —	$ 6,854,490

(1) Included in properties held for development are development costs, pre-development costs and capitalized interest.

(2) During the nine months ended September 30, 2023, we wrote off acquisition-related costs totaling $664 included in fair value adjustments on investment properties.

(3) Included in non-cash accounting adjustments are amortization of lease incentives, change in straight-line rent and a foreign currency translation adjustment of the European portfolio totaling $(25,234).

(4) For the nine months ended September 30, 2023, an income-producing property was transferred to property held for development due to redevelopment activities, and one property was transferred from property held for development to income-producing property as the development was substantially completed.

Significant assumptions used in the valuation of investment properties

The fair value of the investment properties as at September 30, 2023 and December 31, 2022 represents our best estimate based on internally and externally available information as at the end of the reporting period.

We value our 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 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, 2023 and December 31, 2022:

	Total portfolio[1]			
	September 30, 2023		December 31, 2022	
Stabilized cap rates	**Range (%)**	**Weighted average (%)[2]**	Range (%)	Weighted average (%)[2]
Ontario	**5.25–8.50**	**5.83**	4.75–8.50	5.52
Québec	**5.50–7.50**	**6.19**	5.00–7.25	5.89
Western Canada	**5.75–7.75**	**6.56**	5.75–7.50	6.46
Canadian portfolio	**5.25–8.50**	**6.05**	4.75–8.50	5.78
European portfolio	**4.45–8.65**	**5.65**	4.30–8.25	5.32
Total portfolio	**4.45–8.65**	**5.91**	4.30–8.50	5.61

(1) Excludes properties held for development and investment properties acquired during the respective 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, 2023 and December 31, 2022 are set out in the table below:

	Total portfolio[1]			
	September 30, 2023		December 31, 2022	
	Range (%)	**Weighted average (%)[2]**	Range (%)	Weighted average (%)[2]
Discount rate	**5.10–9.75**	**6.94**	5.05–9.50	6.54
Terminal cap rate	**4.35–8.75**	**6.10**	4.30–8.75	5.79

(1) Excludes properties held for development and investment properties acquired during the respective quarter as applicable.

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

We believe other valuation metrics, such as implied weighted average cap rates by region, will enable users to better understand how specific operating metrics, 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. The implied weighted average cap rate is determined using the annualized nine months ended September 30, 2023 net rental income by property, excluding the net rental income of properties acquired during the quarter and net rental income of disposed properties. Net rental income used in calculating the implied average cap rate also excludes the impact of lease termination fees and other rental income, bad debt provisions and the amortization of lease incentives.

Investment property value per square foot by region is another valuation metric that enables 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, 2023 and December 31, 2022:

	Total portfolio[1]			
	September 30, 2023		December 31, 2022	
	Implied cap rate (%)	**Value per sq. ft.**	Implied cap rate (%)	Value per sq. ft.
Ontario	**4.32**	**$ 257**	3.88	$ 248
Québec	**4.41**	**201**	4.42	193
Western Canada	**7.18**	**133**	6.93	135
Canadian portfolio	**4.80**	**$ 209**	4.55	$ 203
European portfolio (value per sq. ft. in €)	**5.30**	**€ 96**	4.79	€ 102
Total portfolio (value per sq. ft. in $)	**5.01**	**$ 176**	4.56	$ 177

(1) Excludes properties held for development and investment properties acquired and disposed of during the respective quarter as applicable.

Acquisitions

During the three and nine months ended September 30, 2023, we completed $4.8 million and $5.0 million of acquisitions (excluding transaction costs) bringing total investment properties to $6.9 billion.

The following acquisitions were completed during the nine months ended September 30, 2023:

	Acquired GLA (thousands of sq. ft.)	Occupancy at acquisition (%)	WALT at acquisition (years)	Fair value of investment properties[1]	Date acquired
15203 – 128th Avenue, Edmonton, Alberta[2]	N/A	N/A	N/A	$ 150	February 23, 2023
Oberhausener Str. 20, Dusseldorf, Germany	42	100.0	2.0	4,847	August 1, 2023
Total	**42**	**100.0**	**2.0**	**$ 4,997**	

(1) Fair value of investment properties is as at the respective acquisition dates. Excludes transaction costs of $664.

(2) The acquisition of a 0.4-acre parcel of land immediately adjacent to our property located at 15303 – 128th Avenue in Edmonton, Alberta will facilitate the parking requirements at the property.

On February 17, 2023, pursuant to the Dream Industrial Summit JV transaction, we acquired Dream Summit Industrial Management Corp. ("DSIM", formerly Summit Industrial Income Management Corp.) for nominal consideration, and have consolidated the financial results of DSIM for the nine months ended September 30, 2023. DSIM assists a subsidiary of the Trust in providing property management and leasing services to Dream Summit JV at market rates. A subsidiary of DAM is the asset manager of Dream Summit JV and we pay fees on our interest in Dream Summit JV under the North American AMA.

For the year ended December 31, 2022, we acquired investment properties for gross proceeds net of adjustments and before transaction costs totaling $565.3 million.

Disposition

The following disposition was completed during the nine months ended September 30, 2023:

		Fair value of investment properties(1)	Date disposed
Hilversum Cluster, Netherlands(2)	$	3,781	March 22, 2023
Total	**$**	**3,781**	

(1) Fair value of investment properties is as at the respective disposition date.

(2) Disposition in Europe was settled in euros and translated into Canadian dollars as at the respective transaction date.

For the year ended December 31, 2022, we disposed of investment properties located in Ontario and the Netherlands totaling $103.4 million, which includes the properties contributed to the Development JV.

On April 29, 2022, we completed the contribution of two properties held for development in Canada to a newly formed Development JV between a subsidiary of the Trust and a leading global sovereign wealth fund for total cash consideration of $68.2 million and units of the Development JV representing 25% ownership, with a fair value of $30.7 million. A subsidiary of DAM is the asset manager of the Development JV, and we continue paying fees on our interest in the Development JV under the North American AMA with DAM. A subsidiary of the Trust will provide property management, capital expenditures oversight and leasing services to the Development JV at market rates upon completion of the properties held for development.

Capital expenditures

We invest capital in our investment properties to help ensure optimal building performance, improve the experience of our tenants and 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. This also includes capital expenditures for the purposes of greenfield development, redevelopment and expansion activities.

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 upgrade properties to our operating standards.

Development capital expenditures are discretionary in nature and incurred to increase GLA and/or significantly improve the functionality of a property. These can include expenditures related to greenfield development, expansions, pre-development work on projects and redevelopment projects. Development capital expenditures include pre-development costs, direct construction costs, leasing costs, tenant improvements, borrowing costs, and overhead including applicable salaries and direct costs of internal staff directly attributable to the projects. During the quarter, we continued to allocate capital to our development pipeline with approximately 2 million square feet of projects currently underway.

Value-add capital expenditures are not recovered from tenants and include additions of solar panels and upgrades such as LED lighting retrofits as part of our ESG initiatives and which are completed on certain properties and are expected to increase our ability to attract tenants and obtain higher rental rates. In addition, value-add capital expenditures include capital allocated to refurbishing existing assets with the goal of achieving higher rent from current or prospective tenants:

- In Europe, eight approved solar projects were completed during 2022. During the quarter, one solar project achieved substantial completion and there are currently additional four solar projects underway with an estimated capital commitment of $8 million.
- In Western Canada, six approved solar projects were substantially completed in 2022 and a seventh approved solar project was substantially completed earlier this year.

The following table summarizes total capital expenditures incurred for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Recoverable capital expenditures	**$ 5,805**	$ 7,306	**$ 16,530**	$ 13,813
Non-recoverable capital expenditures	**3,321**	1,582	**5,513**	4,249
Recoverable and non-recoverable capital expenditures	**9,126**	8,888	**22,043**	18,062
Development capital expenditures	**3,766**	14,009	**14,012**	55,968
Value-add capital expenditures	**1,955**	2,635	**5,511**	13,016
Capital expenditures on income-producing properties[1]	**$ 14,847**	$ 25,532	**$ 41,566**	$ 87,046
Capital expenditures on properties held for development[2]	**51,104**	3,621	**86,557**	9,704
Total capital expenditures	**$ 65,951**	$ 29,153	**$ 128,123**	$ 96,750

(1) For the three and nine months ended September 30, 2023, excludes capitalized interest of $140 and $255, respectively ($nil for the three and nine months ended September 30, 2022).

(2) For the three and nine months ended September 30, 2023, excludes capitalized interest of $2,000 and $3,790, respectively (for the three and nine months ended September 30, 2022, excludes capitalized interest of $294 and $602, respectively).

Total capital expenditures for the three and nine months ended September 30, 2023 increased by $36.8 million and $31.4 million, respectively, compared to the prior year comparative periods. The roofing upgrade program was initiated in 2022 across our Canadian portfolio to increase the energy efficiency of our roofs to align with our sustainability initiatives. These projects were substantially complete in the first half of 2023. These costs are included within recoverable capital expenditures and will be recovered from tenants over the useful life of the roof plus an imputed interest charge and management fee. Development capital expenditures on our income-producing properties decreased due to the timing of projects in our pipeline. Development capital expenditures on our properties held for development in Canada and Europe have increased as we are executing on the development projects as described within this MD&A. We have incurred lower value-add capital expenditure work as we completed the installation of LED lighting upgrades and solar panels for multiple projects in the prior year.

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.

The following table summarizes leasing incentives and leasing costs reported for the three and nine months ended September 30, 2023 and September 30, 2022 and 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.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Lease incentives and initial direct leasing costs	**$ 3,012**	$ 3,402	**$ 6,915**	$ 13,473

Lease incentives and initial direct leasing costs for the three and nine months ended September 30, 2023 decreased by $0.4 million and $6.6 million, respectively, compared to the prior year comparative periods. The $6.6 million decrease is primarily due to lower average costs per square foot and a lower volume of new leases.

Valuations of externally appraised investment properties

For the nine months ended September 30, 2023, there were 63 investment properties valued by qualified external valuation professionals representing 16.0% of total investment property values, excluding acquired properties (for the year ended December 31, 2022 – 82 investment properties were externally appraised representing 27.4% of total investment property values, excluding acquired properties).

Fair value adjustments to investment properties

For the three months ended September 30, 2023, we recorded a fair value loss of $33.5 million, mainly driven by fair value losses in Europe largely due to cap rate expansion, partially offset by fair value gains in Québec driven by growing market rents, strong leasing activity and a substantially completed expansion.

For the nine months ended September 30, 2023, we recorded a fair value loss of $22.7 million, predominantly driven by fair value losses in the Western Canada and Europe regions of $107.8 million due to cap rate expansion. Fair value increases in the Ontario and Québec regions totaling $85.0 million, driven by higher market rents, strong leasing activity and substantially completed expansion and development projects.

OUR FINANCING

Debt strategy

Our debt strategy involves maintaining a conservative leverage ratio and building up a high-quality unencumbered investment properties pool, while optimizing borrowing costs, preserving liquidity and hedging our foreign currency investments. We are focused on improving our overall cost of capital and the risk profile of our business by maintaining an investment grade credit rating and diversifying our sources of debt through a combination of secured and unsecured debt.

Debt summary

Our discussion of debt includes CCIRS. However, pursuant to IFRS, CCIRS are included in "Derivatives and other non-current assets" in the condensed consolidated financial statements.

						As at
		September 30, 2023		December 31, 2022		September 30, 2022
Financing metrics and other information						
Credit rating – DBRS		**BBB (mid)**		BBB (mid)		BBB (mid)
Net total debt-to-total assets (net of cash and cash equivalents) ratio(1)		**35.1%**		31.7%		29.2%
Net total debt-to-normalized adjusted EBITDAFV ratio (years)(1)		**8.2**		8.3		7.8
Interest coverage ratio (times)(1)		**6.7**		12.3		13.2
Weighted average face interest rate on debt (period-end)(2)		**2.33%**		1.21%		1.14%
Weighted average remaining term to maturity on debt (years)		**3.0**		3.0		3.0
Non-current debt	**$**	**2,522,315**	$	2,137,412	$	2,006,193
Total assets	**$**	**7,852,450**	$	7,280,493	$	6,509,557
Interest expense on debt and other financing costs(3)	**$**	**38,859**	$	20,622	$	14,273
Total debt(4)	**$**	**2,763,094**	$	2,337,367	$	2,069,574
Unsecured debt(5)	**$**	**2,190,104**	$	1,807,767	$	1,568,441
Secured debt as a percentage of total assets(5)		**7.3%**		7.3%		7.0%
Unencumbered investment properties (period-end)(5)	**$**	**5,336,243**	$	5,313,083	$	5,088,394
Unencumbered investment properties as a percentage of investment properties(5)		**77.9%**		78.6%		78.2%
Cash and cash equivalents	**$**	**64,948**	$	83,802	$	60,091
Available liquidity (period-end)(4)	**$**	**526,655**	$	529,587	$	346,019

(1) Net total debt-to-total assets (net of cash and cash equivalents) ratio, net total debt-to-normalized adjusted EBITDAFV ratio (years) and interest coverage ratio (times) are non-GAAP ratios. See the "Non-GAAP Ratios" section for additional information about these non-GAAP ratios.

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

(3) Interest expense on debt and other financing costs represents the results for the nine months ended September 30, 2023 and September 30, 2022, and the year ended December 31, 2022.

(4) Total debt and available liquidity are non-GAAP financial measures. See the "Non-GAAP Financial Measures" section for additional information about these non-GAAP financial measures.

(5) Unsecured debt, secured debt as a percentage of total assets, unencumbered investment properties and unencumbered investment properties as a percentage of investment properties are supplementary financial measures. See the "Supplementary Financial Measures and Ratios and Other Disclosures" section for additional information about these supplementary financial measures.

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 issuances. Our primary uses of capital include the payment of distributions, property acquisitions, costs of attracting and retaining tenants, recurring property maintenance, major property improvements, development projects, debt principal repayments and interest payments.

Scheduled principal repayments that are due for the remainder of the year total $1.3 million with no debt maturities that are due within 2023. The debt maturities are typically refinanced with mortgages or debt issuances with terms between five and ten years or repaid. During the quarter, we issued 7.5 million units through our ATM Program at an average price of $14.27 for total proceeds of $107.1 million. In July, we closed on €228.6 million of European mortgages with three lenders at a weighted average interest rate of 4.93% for five years. These mortgages, in addition to the ATM Program proceeds, were utilized to refinance existing mortgage maturities and reduce the outstanding balance on our credit facility, which bore an average rate of approximately 6.2%.

With our balanced debt maturity schedule, undrawn unsecured revolving credit facility of $461.7 million, cash and cash equivalents of $64.9 million and an unencumbered investment properties pool of $5.3 billion, we have sufficient liquidity and capital resources as at September 30, 2023 to fulfill the Trust's ongoing obligations. In addition, the Trust's net total debt-to-total-assets (net of cash and cash equivalents) ratio (a non-GAAP ratio) was 35.1% as at September 30, 2023.

Financing activities

Mortgages

During the nine months ended September 30, 2023, we discharged one mortgage and repaid an additional eight mortgages in Europe totaling $164.3 million with a face interest rate of 1.26% per annum, by utilizing our unsecured revolving credit facility during the three months ended June 30, 2023.

During the three months ended September 30, 2023, we closed on $231.1 million of new mortgages and refinanced $99.0 million of mortgages in Europe with a weighted average face and effective interest rates of 4.93% and 5.20% per annum, respectively. The proceeds were used to repay the drawdowns on the unsecured revolving credit facility.

During the year ended December 31, 2022, we discharged one mortgage in Europe totaling $19.8 million with a face interest rate of 0.87% per annum.

Unsecured Term Loan ($200 million)

On February 14, 2023, we closed on an unsecured term loan (the "$200M Unsecured Term Loan") with an equivalent principal amount of $200 million maturing on February 14, 2026 with a one-year extension option. The $200M Unsecured Term Loan bears interest at bankers' acceptance rates ("BA rates") plus spread or Canadian prime rate plus spread on Canadian dollar draws, or secured overnight financing rate ("SOFR") plus spread or base rate plus spread on U.S. dollar draws.

We fully drew down on the principal amount on February 15, 2023 to finance part of our share of the acquisition of Summit Industrial Income REIT. On March 15, 2023 we rolled over the entire principal amount of the $200M Unsecured Term Loan into a US$145 million principal amount drawdown and concurrently entered into a CCIRS arrangement, maturing on March 15, 2028, to swap the U.S. dollar proceeds to Canadian dollars and fix the floating interest rate to 4.848%.

Unsecured revolving credit facility

In October 2022, we amended our $350 million unsecured revolving credit facility to increase the limit to $500 million and increase the accordion option limit from $150 million to $250 million, and extended the term from May 14, 2024 to January 31, 2026. In August 2023, the Trust extended the term of the unsecured revolving credit facility from January 31, 2026 to August 9, 2028. The unsecured revolving credit facility bears interest at the Canadian BA rates plus spread or Canadian prime rate plus spread on Canadian dollar draws, the SOFR plus spread or U.S. prime rate plus spread on U.S. dollar draws, or Euro Interbank Offered Rate ("EURIBOR") plus spread on euro draws.

It is currently expected that the administrator of the Canadian Dollar Offered Rate ("CDOR") will cease publication of CDOR by June 28, 2024, and the Canadian financial benchmark will be replaced by the Canadian Overnight Repo Rate Average ("CORRA"). The fallback provisions of the unsecured revolving credit facility have been appropriately updated to transition from CDOR to CORRA for Canadian drawdowns when CDOR is discontinued.

The amounts available and drawn under the revolving credit facility as at September 30, 2023 are as follows:

	September 30, 2023				
	Maturity date	Borrowing capacity	Letters of credit amount	Principal outstanding	Amounts available to be drawn
Unsecured revolving credit facility(1)	August 9, 2028	$ 500,000	$ 6,293	$ 32,000	$ 461,707

(1) The unsecured revolving credit facility has the ability to be drawn in Canadian dollars, U.S. dollars and euros. At September 30, 2023, the principal outstanding amount was $32.0 million.

As at December 31, 2022, $51.8 million was drawn on the unsecured revolving credit facility in addition to a letter of credit totaling $2.4 million.

Debentures

On March 22, 2023, the Trust completed a private placement offering of $200 million aggregate principal amount of Series F 5.383% Senior Unsecured Debentures maturing on March 22, 2028 (the “$200 million Series F Debentures”).

The Trust has the following outstanding debentures, all rated BBB with a Stable Trend by DBRS Morningstar (“DBRS”): the $450 million 1.662% Series A Debentures due 2025, the $200 million Floating Rate Series B Debentures due 2024, the $400 million 2.057% Series C Debentures due 2027 (Series C Green Bonds), the $250 million 2.539% Series D Debentures due 2026 (Series D Green Bonds), the $200 million 3.968% Series E Debentures due 2026 (Series E Green Bonds), and the $200 million Series F Debentures due 2028 (collectively, the “Debentures” and the Series C Green Bonds, the Series D Green Bonds and the Series E Green Bonds, collectively, the “Green Bonds”).

For additional information on the Series A Debentures, Series B Debentures, Series C Green Bonds, Series D Green Bonds and Series E Green Bonds, please refer to our MD&A for the twelve months ended December 31, 2022 contained in our 2022 Annual Report, which is available on SEDAR+ (www.sedarplus.ca).

The Debentures issued are direct senior unsecured obligations of the Trust and are ranked equally and rateably with all other unsecured and unsubordinated indebtedness of the Trust, except to the extent prescribed by law.

$200 million Series F Debentures

The $200 million Series F Debentures were issued at a price equal to $1,000 per $1,000 principal amount, bear interest at a rate of 5.383% per annum and mature on March 22, 2028. Interest is payable on the $200 million Series F Debentures on March 22 and September 22 of each year commencing on September 22, 2023. The $200 million Series F Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the $200 million Series F Debentures offering totaled $1.3 million.

Interest rates and cross-currency interest rate swap arrangements

We lower our overall cost of borrowings and hedge our euro currency exposure through entering CCIRS arrangements by replacing higher interest rate Canadian debt with lower interest rate euro-equivalent debt.

The following table summarizes our interest rates and CCIRS arrangements outstanding as at September 30, 2023 and December 31, 2022:

	Fair value as at September 30, 2023	Fair value as at December 31, 2022
Fair value through other comprehensive income		
Assets[1]	**$ 70,405**	$ 76,593
Liabilities	**(2,669)**	(1,012)
Fair value through profit or loss		
Assets[2][3]	**11,274**	14,287
Liabilities	**(468)**	—

(1) As at September 30, 2023, $5,470 is due to mature in the next twelve months and is included in "Prepaid expenses and other assets" in the condensed consolidated financial statements.

(2) As at September 30, 2023, $1,952 is due to mature in the next twelve months and is included in "Prepaid expenses and other assets" in the condensed consolidated financial statements.

(3) As at December 31, 2022, $1,803 is due to mature in 2023 and is included in "Prepaid expenses and other assets" in the condensed consolidated financial statements.

Interest rates and cross-currency interest rate swaps

The table below summarizes the effects of the weighted average face interest rate (including and excluding CCIRS) by type of debt as at September 30, 2023 and December 31, 2022.

				As at
	September 30, 2023		December 31, 2022	
	Weighted average face interest rate (including CCIRS)	**Weighted average face interest rate (excluding CCIRS)**	Weighted average face interest rate (including CCIRS)	Weighted average face interest rate (excluding CCIRS)
Mortgages	**3.84%**	**3.84%**	1.84%	1.84%
Unsecured term loans	**2.31%**	**6.84%**	0.78%	3.87%
Unsecured debentures	**1.73%**	**3.08%**	0.99%	2.69%
Unsecured revolving credit facility	**6.84%**	**6.84%**	3.69%	3.69%
Total	**2.33%**	**3.98%**	1.21%	2.69%

Debt maturity profile

Our current total debt profile is balanced with maturities that are distributed over the next six years. We manage its maturity schedule by limiting maturity exposure in any given year and mitigating interest rate risk. When rates are favourable, we fix interest rates and extend loan terms.

Looking at the next two years, all but $16.4 million of the $300.8 million 2024 maturities are euro equivalent debt and in 2025, all $802.6 million of the maturities are euro equivalent debt.

The following is the total debt maturity profile as at September 30, 2023:

		Debt balance due at maturity		Scheduled principal repayments on debt maturing in future periods		Amount	Weighted average face interest rate
Remainder of 2023	$	—	$	1,262	$	1,262	—%
2024[(1)]		300,839		3,283		304,122	3.53%
2025[(2)]		802,575		2,700		805,275	0.60%
2026[(3)]		642,832		2,798		645,630	2.31%
2027[(4)]		386,862		2,900		389,762	0.55%
2028–2030[(5)]		624,221		4,756		628,977	4.98%
Total	**$**	**2,757,329**	**$**	**17,699**	**$**	**2,775,028**	**2.33%**
Unamortized financing costs						(12,278)	
Unamortized fair value adjustments						344	
Total debt[(6)]					**$**	**2,763,094**	
Fair value of CCIRS[(7)]						67,736	
Less: Current debt						(308,515)	
Non-current debt (per condensed consolidated financial statements)					**$**	**2,522,315**	

(1) The debt balance due in 2024 includes debentures of $200,000, less a $5,470 CCIRS asset.

(2) The debt balance due in 2025 includes a term loan of $338,000, less a $20,851 CCIRS asset, and debentures of $450,000, less a $21,826 CCIRS asset.

(3) The debt balance due in 2026 includes a term loan of $195,460 and debentures of $450,000, less a $5,297 CCIRS asset, plus a $2,669 CCIRS liability.

(4) The debt balance due in 2027 includes debentures of $400,000, less a $13,138 CCIRS asset.

(5) The debt balance due in 2028 includes an unsecured revolving credit facility of $32,000, debentures of $200,000, less a $3,823 CCIRS asset that is related to the $200M Unsecured Term Loan.

(6) Total debt is a non-GAAP financial measure. See the "Non-GAAP Financial Measures" section for additional information about this non-GAAP financial measure.

(7) As at September 30, 2023, the CCIRS were in a net asset position and $64,935 was included in "Derivatives and other non-current assets", $5,470 in "Prepaid expenses and other assets" and $(2,669) in "Derivatives and other non-current liabilities" in the condensed consolidated financial statements.

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.

As at September 30, 2023, our remaining contractual commitments related to construction and development projects amounted to $149.6 million (December 31, 2022 – $44.6 million).

On January 6, 2022 and April 1, 2022, we funded capital contributions to the U.S. Fund totaling US$21.9 million and US$48.4 million, respectively, reducing the contractual commitment of capital contributions to US$9.7 million as at September 30, 2023.

OUR EQUITY

Total equity

The Trust's total equity[(1)] includes LP B Units, which are economically equivalent to REIT Units. However, pursuant to the IFRS, the LP B Units are classified as a liability in our condensed consolidated financial statements.

						As at
	September 30, 2023		December 31, 2022		September 30, 2022	
	Units	**Amount**	Units	Amount	Units	Amount
REIT Units and unitholders' equity	**272,122,801**	**$ 3,325,313**	256,604,207	$ 3,106,904	255,782,998	$ 3,097,477
Retained earnings	**—**	**1,248,890**	—	1,274,974	—	1,354,249
Accumulated other comprehensive income	**—**	**51,201**	—	70,863	—	26,113
Total equity per condensed consolidated financial statements	**272,122,801**	**4,625,404**	256,604,207	4,452,741	255,782,998	4,477,839
Add: LP B Units	**13,346,572**	**171,370**	18,551,855	216,871	18,551,855	199,061
Total equity (including LP B Units)[(1)]	**285,469,373**	**$ 4,796,774**	275,156,062	$ 4,669,612	274,334,853	$ 4,676,900
NAV per Unit[(2)]		**$ 16.80**		$ 16.97		$ 17.05

(1) Total equity (including LP B Units) is a non-GAAP financial measure. See the "Non-GAAP Financial Measures" section for additional information about this non-GAAP financial measure.

(2) NAV per Unit is a non-GAAP ratio. See the "Non-GAAP Ratios" section for additional information about this non-GAAP ratio.

Total equity as per the condensed consolidated financial statements as at September 30, 2023 was $4.6 billion compared to $4.5 billion as at December 31, 2022. The increase of $172.7 million was mainly generated from net income of $113.1 million, units issued pursuant to the ATM Program during the quarter of $107.1 million, exchange of LP B Units to REIT Units of $74.0 million and the Distribution Reinvestment and Unit Purchase Plan ("DRIP") of $37.7 million, net of distributions of $139.2 million during the nine months ended September 30, 2023.

NAV per Unit as at September 30, 2023 decreased to $16.80 from $16.97 at December 31, 2022, largely due to an increase in the number of our REIT Units and a slightly decrease of retained earnings and accumulated other comprehensive income balances.

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 be issued only 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.

The table below summarizes Dream Office REIT's ownership of the Trust as at September 30, 2023 and December 31, 2022:

		As at
	September 30, 2023	December 31, 2022
Number of REIT Units held by Dream Office REIT	**192,735**	8,052,451
Number of LP B Units held by Dream Office REIT	**13,346,572**	18,551,855
Total number of Units held by Dream Office REIT	**13,539,307**	26,604,306
Dream Office REIT's percentage ownership of the Trust	**4.7%**	9.7%

During the nine months ended September 30, 2023, Dream Office REIT exchanged 5,205,283 LP B Units to REIT Units in connection with the secondary bought deal offering that was completed on May 16, 2023.

Continuity of equity

The following table summarizes the changes in our outstanding equity:

	REIT Units	LP B Units	Total Units
Total Units outstanding as at January 1, 2023	256,604,207	18,551,855	275,156,062
REIT Units issued from exchange of LP B Units	5,205,283	(5,205,283)	—
REIT Units issued pursuant to ATM Program	7,510,426	—	7,510,426
REIT Units issued pursuant to DRIP	2,689,104	—	2,689,104
REIT Units issued pursuant to Deferred Unit Incentive Plan (“DUIP”) and Unit Purchase Plan	113,781	—	113,781
Total Units outstanding as at September 30, 2023	272,122,801	13,346,572	285,469,373
Percentage of all Units	95.3%	4.7%	100.0%
REIT Units issued pursuant to DRIP	360,782	—	360,782
Total Units outstanding as at November 6, 2023	272,483,583	13,346,572	285,830,155
Percentage of all Units	95.3%	4.7%	100.0%

Secondary offering of REIT Units and exchange of subsidiary redeemable units

On May 16, 2023, the Trust closed a secondary bought deal offering of 12,500,000 REIT Units at a price of $14.20 per Unit by Dream Office REIT (“the Selling Unitholder”) for total gross proceeds of $177.5 million (the “Offering”). All net proceeds were paid to the Selling Unitholder. The Trust did not receive any proceeds of the Offering.

In connection with the Offering, Dream Office REIT exercised its option to exchange 5,205,283 subsidiary redeemable units of Dream Industrial LP, a subsidiary of the Trust, for REIT Units on a one-for-one basis, and a corresponding number of Special Trust Units were automatically redeemed for a nominal amount and cancelled on exchange of such subsidiary redeemable units. The exchange of the subsidiary redeemable units to REIT Units was recorded based on the May 5, 2023 closing price of the Units on the TSX of $14.22 for a total of $74.0 million. As at September 30, 2023, 13,346,572 subsidiary redeemable units and Special Trust Units were issued and outstanding.

Short form base shelf prospectus

On November 26, 2021, we filed and obtained a receipt for a final short form base shelf prospectus dated November 26, 2021 that 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 $2.5 billion.

On March 2, 2022, we filed a prospectus supplement to our final base shelf prospectus to qualify the distribution of 12,270,000 Units at a price of $16.30 per Unit, and on March 9, 2022 we completed an offering of 14,110,500 Units for aggregate gross proceeds of approximately $230 million, including 1,840,500 Units issued pursuant to the exercise of the over-allotment option granted to the underwriters of such offering.

On May 8, 2023, the Trust filed a prospectus supplement to its final base shelf prospectus to qualify the distribution of 12,500,000 REIT Units at a price of $14.20 per Unit by Dream Office REIT, and on May 16, 2023, the Trust completed the secondary offering of 12,500,000 REIT Units for aggregate gross proceeds of approximately $177.5 million. The Trust did not receive the proceeds from such offering.

On September 6, 2023, the Trust filed and obtained a receipt for a final short form base shelf prospectus dated September 5, 2023 that is valid for a 25-month period, during which time the Trust may offer and issue, from time to time, REIT Units, Subscription Receipts and debt securities, or any combination thereof.

As at September 30, 2023, $635 million of REIT Units have been issued under the short form base shelf prospectus dated November 26, 2021. No REIT Units have been issued under the short form base shelf prospectus dated September 5, 2023.

ATM Program

On November 30, 2021, we filed a prospectus supplement, which qualified the Trust to issue REIT Units up to an aggregate sale price of $250 million to the public from time to time at prevailing market prices, directly on the TSX or on other permitted marketplaces to the extent permitted. On September 6, 2023, the Trust filed a prospectus supplement to renew its ATM Program, which qualified the Trust to issue REIT Units up to an aggregate sale price of $250 million to the public from time to time at prevailing market prices, directly on the TSX or on other permitted marketplaces to the extent permitted.

During the three and nine months ended September 30, 2023, the Trust issued 7,510,426 REIT Units under the ATM Program dated November 30, 2021 at a weighted average price of $14.27 per REIT Unit for gross proceeds of $107.1 million. Total costs related to the issuance of these REIT Units amounted to $2.1 million and were charged directly to unitholders' equity. Accordingly, the net proceeds relating to the issuance of these REIT Units amounted to $105.0 million.

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.

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 tables summarize the total distributions paid and payable on REIT Units for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three months ended September 30,	
	2023	2022
Distributions paid in cash on REIT Units	**$ (33,042)**	$ (35,490)
Paid by way of reinvestment in REIT Units	**(14,209)**	(9,451)
Less: Payable at June 30, 2023/June 30, 2022	**15,376**	14,874
Add: Payable at September 30, 2023/September 30, 2022	**(15,873)**	(14,920)
Total distributions paid and payable on REIT Units (per condensed consolidated financial statements)	**$ (47,748)**	$ (44,987)

	Nine months ended September 30,	
	2023	2022
Distributions paid in cash on REIT Units	**$ (100,596)**	$ (100,405)
Paid by way of reinvestment in REIT Units	**(37,699)**	(30,947)
Less: Payable at December 31, 2022/December 31, 2021	**14,968**	13,641
Add: Payable at September 30, 2023/September 30, 2022	**(15,873)**	(14,920)
Total distributions paid and payable on REIT Units (per condensed consolidated financial statements)	**$ (139,200)**	$ (132,631)

The following tables summarize the total distributions (a non-GAAP financial measure) on REIT Units and subsidiary redeemable units and DRIP participation rate (a non-GAAP ratio) for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three months ended September 30, 2023		Three months ended September 30, 2022	
	Amount	**% of total**	Amount	% of total
Distributions reinvested less 3% bonus distribution(1) (DRIP participation rate)(2)	**$ 13,858**	**27.9%**	$ 9,181	19.1%
Distributions paid in cash(1)	**35,812**	**72.1%**	38,777	80.9%
Total distributions excluding 3% bonus distribution	**49,670**	**100.0%**	47,958	100.0%
3% bonus distribution	**414**		275	
Total distributions(1)	**$ 50,084**		$ 48,233	

(1) Distributions reinvested less 3% bonus distribution, distributions paid in cash, and total distributions are non-GAAP financial measures. See the "Non-GAAP Financial Measures" section for additional information.

(2) DRIP participation rate is a non-GAAP ratio. See the "Non-GAAP Ratios" section for additional information.

	Nine months ended September 30, 2023		Nine months ended September 30, 2022	
	Amount	**% of total**	Amount	% of total
Distributions reinvested less 3% bonus distribution[1] (DRIP participation rate)[2]	**$ 37,686**	**25.8%**	$ 29,615	20.9%
Distributions paid in cash[1]	**108,637**	**74.2%**	111,854	79.1%
Total distributions excluding 3% bonus distribution	**146,323**	**100.0%**	141,469	100.0%
3% bonus distribution	**1,098**		901	
Total distributions[1]	**$ 147,421**		$ 142,370	

(1) Distributions reinvested less 3% bonus distribution, distributions paid in cash, and total distributions are non-GAAP financial measures. See the "Non-GAAP Financial Measures" section for additional information.

(2) DRIP participation rate is a non-GAAP ratio. See the "Non-GAAP Ratios" section for additional information.

Cash flows from operating activities less interest and other financing costs paid on debt and total distributions (a non-GAAP financial measure)

In any given period, actual cash flows generated from (utilized in) operating activities less interest and other financing costs paid on debt may differ from total distributions (a non-GAAP financial 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, we anticipate that future cash flows generated from (utilized in) operating activities less interest and other financing costs paid on debt may be less than total distributions (a non-GAAP financial measure). With a conservative balance sheet, significant liquidity and a plan to improve and grow our portfolio, we do not anticipate suspending cash distributions in the foreseeable future.

To the extent that cash generated from (utilized in) operating activities less interest and other financing costs paid on debt may be less than the total distributions (a non-GAAP financial measure), we will fund the shortfalls with cash and cash equivalents on hand and with the amounts available on the unsecured revolving credit facility. The use of the unsecured 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 us to borrow under the unsecured revolving credit facility, and the risk associated with increasing our overall indebtedness. See the "Unsecured revolving credit facility" section in Note 8 of the condensed consolidated financial statements for a description of the terms and interest payable under the revolving credit facility. In the event that shortfalls exist, we do not anticipate that cash distributions will be suspended in the foreseeable future but do 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. We determine the distribution rate by, among other considerations, an assessment of cash flows generated from (utilized in) operating activities less interest and other financing costs 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, we anticipate that net income will continue to vary from total distributions (a non-GAAP financial measure), as net income includes non-cash items such as fair value adjustments to investment properties and financial instruments. Accordingly, we do not use net income as a proxy for determining distributions.

The following table summarizes cash flows generated from operating activities, interest and other financing costs paid on debt, net income (loss), total REIT Units distributions paid and payable, and total distributions (a non-GAAP financial measure) for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Cash generated from operating activities	**$ 72,088**	$ 54,556	**$ 207,220**	$ 151,566
Interest and other financing costs paid on debt	**(12,644)**	(3,334)	**(36,920)**	(11,967)
Net income	**50,494**	125,663	**113,116**	740,032
Total REIT Unit distributions paid and payable	**(47,748)**	(44,987)	**(139,200)**	(132,631)
Total distributions(1)	**(50,084)**	(48,233)	**(147,421)**	(142,370)

(1) Total distributions is a non-GAAP financial measure. See "Non-GAAP Financial Measures" under the heading "Total distributions" for additional information.

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 financial measure), as well as the differences between cash generated from (utilized in) operating activities less interest and other financing costs paid on debt, and total distributions (a non-GAAP financial measure), in accordance with the guidelines:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Excess (shortfall) of net income over total distributions(1)(2)	**$ 410**	$ 77,430	**$ (34,305)**	$ 597,662
Excess (shortfall) of cash generated from operating activities less interest and other financing costs paid on debt over total distributions(2)(3)	**9,360**	2,989	**22,879**	(2,771)

(1) Excess (shortfall) of net income over total distributions is calculated as net income less total distributions (a non-GAAP financial measure).

(2) Total distributions is a non-GAAP financial measure. See "Non-GAAP Financial Measures" under the heading "Total distributions" for additional information.

(3) Excess (shortfall) of cash generated from operating activities less interest and other financing costs paid on debt over total distributions is calculated as cash generated from operating activities less interest and other financing costs paid on debt less total distributions (a non-GAAP financial measure).

For the three months ended September 30, 2023, net income exceeded total distributions (a non-GAAP financial measure) by $0.4 million, and for the nine months ended September 30, 2023, total distributions (a non-GAAP financial measure) exceeded net income by $34.3 million, as a result of non-cash items such as share of net income (loss) from equity accounted investments, fair value adjustments to investment properties and fair value adjustments to financial instruments, which are included in net income. For the three and nine months ended September 30, 2022, net income exceeded total distributions (a non-GAAP financial measure) by $77.4 million and $597.7 million, respectively.

For the three and nine months ended September 30, 2023, cash flows generated from operating activities less interest and other financing costs paid on debt exceeded total distributions (a non-GAAP financial measure) by $9.4 million and $22.9 million, respectively.

For the three months ended September 30, 2022, cash flows generated from operating activities less interest and other financing costs paid on debt exceeded total distributions (a non-GAAP financial measure) by $3.0 million. For the nine months ended September 30, 2022, total distributions (a non-GAAP financial measure) exceeded cash flows generated from operating activities less interest and other financing costs paid on debt by $2.8 million due to timing differences between the realization of working capital and investment in lease incentives and initial direct leasing costs.

Of the total distributions (a non-GAAP financial measure) declared for the three and nine months ended September 30, 2023, $14.3 million and $38.8 million, respectively, were reinvested through the DRIP (including 3% bonus distributions). Of the total distributions (a non-GAAP financial measure) declared for the three and nine months ended September 30, 2022, $9.5 million and $30.5 million, respectively, was reinvested through the DRIP (including 3% bonus distributions). 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. Furthermore, the Board of

Trustees has the discretion to suspend the DRIP and Unit Purchase Plan at any time to preserve capital if it is determined to be in the best interest of the Trust to do so.

SECTION IV

FOREIGN CURRENCY INFORMATION

Foreign currency translation rates

In accordance with the Trust's accounting policies, the foreign exchange rates used by us to convert foreign denominated currencies for the three months ended September 30, 2023, June 30, 2023, December 31, 2022 and September 30, 2022 are summarized in the table below:

				Three months ended
	September 30, 2023	June 30, 2023	December 31, 2022	September 30, 2022
CAD per US$1.00 (average during period)(1)	**$ 1.3414**	$ 1.3428	$ 1.3578	$ 1.3056
CAD per US$1.00 (period-end)(1)	**1.3520**	1.3240	1.3544	1.3707
CAD per €1.00 (average during period)(1)	**1.4593**	1.4621	1.3862	1.3138
CAD per €1.00 (period-end)(1)	**1.4304**	1.4445	1.4458	1.3383

(1) Average exchange rates impact comprehensive income and cash flows. Period-end exchange rates impact monetary items and items recorded at fair value.

QUARTERLY INFORMATION

The following tables show quarterly information since October 1, 2021

Key portfolio, leasing, financing and capital information

	2023			2022				2021
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Portfolio								
Number of assets[1][2]	**322**	321	321	257	258	257	244	239
GLA (in millions of sq. ft.)[3]	**70.6**	70.3	70.4	47.3	46.5	46.0	44.4	43.0
Leasing								
Occupancy rate – in-place and committed (period-end)[3]	**97.2%**	98.0%	98.6%	98.9%	99.0%	99.1%	98.7%	98.2%
Tenant retention ratio	**61.2%**	87.3%	76.6%	82.0%	67.2%	59.2%	85.6%	87.8%
Average in-place and committed base rent per sq. ft. (period-end)[4]								
Canadian portfolio	**$ 9.37**	$ 9.00	$ 8.71	$ 8.46	$ 8.24	$ 8.11	$ 7.95	$ 7.87
European portfolio (€)	**€ 5.42**	€ 5.39	€ 5.32	€ 5.12	€ 5.10	€ 4.99	€ 4.80	€ 4.72
Operating results								
Investment properties revenue	**$ 109.4**	$ 110.5	$ 106.8	$ 98.9	$ 93.3	$ 90.0	$ 87.4	$ 79.3
Net rental income	**$ 84.5**	$ 83.0	$ 81.5	$ 75.5	$ 72.0	$ 68.7	$ 65.3	$ 60.4
Net income (loss)	**$ 50.5**	$ 80.4	$ (17.7)	$ (34.1)	$ 125.7	$ 171.5	$ 442.9	$ 190.0
Net income per Unit – diluted	**$ 0.18**	$ 0.29	$ (0.06)	$ (0.12)	$ 0.46	$ 0.63	$ 1.71	$ 0.77
FFO[5]	**$ 69.4**	$ 67.8	$ 68.1	$ 64.0	$ 60.9	$ 58.9	$ 56.6	$ 52.0
FFO per Unit – diluted[6][7]	**$ 0.25**	$ 0.25	$ 0.25	$ 0.23	$ 0.22	$ 0.22	$ 0.22	$ 0.21
Financing								
Net total debt-to-total assets (net of cash and cash equivalents) ratio[7]	**35.1%**	36.2%	36.0%	31.7%	29.2%	29.7%	26.2%	31.6%
Net total debt-to-normalized adjusted EBITDAFV (years)[7]	**8.2**	9.0	9.3	8.3	7.8	7.8	6.9	8.0
Non-current debt	**$ 2,522.3**	$ 2,469.1	$ 2,554.3	$ 2,137.4	$ 2,006.2	$ 1,962.9	$ 1,912.2	$ 2,006.6
Total debt	**$ 2,763.1**	$ 2,814.7	$ 2,834.1	$ 2,337.4	$ 2,069.6	$ 2,087.4	$ 1,945.9	$ 2,012.5
Unencumbered investment properties (in millions)[8]	**$ 5,336.2**	$ 5,869.6	$ 5,403.3	$ 5,313.1	$ 5,088.4	$ 4,916.7	$ 4,494.4	$ 4,154.9
Investment properties	**$ 6,854.5**	$ 6,835.0	$ 6,835.1	$ 6,759.4	$ 6,509.6	$ 6,407.0	$ 6,025.7	$ 5,696.6
Capital								
Total equity (per condensed consolidated financial statements)	**$ 4,625.4**	$ 4,511.4	$ 4,427.3	$ 4,452.7	$ 4,477.8	$ 4,329.0	$ 4,194.9	$ 3,499.4
NAV per Unit[7]	**$ 16.80**	$ 16.97	$ 17.03	$ 16.97	$ 17.05	$ 16.64	$ 16.48	$ 15.13
Unit price	**$ 12.84**	$ 14.11	$ 14.70	$ 11.69	$ 10.73	$ 12.08	$ 16.14	$ 17.22

(1) Number of assets comprises a building, or a cluster of buildings in close proximity to one another, attracting similar tenants.

(2) Includes the Trust's owned and managed properties as at the end of each period as applicable.

(3) Includes our share of equity accounted investments as at the end of each period as applicable.

(4) Excludes the Trust's share of equity accounted investments as at the end of each period as applicable.

(5) FFO is a non-GAAP financial measure. See the "Non-GAAP Financial Measures" section for additional information about this metric.

(6) See the "Supplementary Financial Measures and Ratios and Other Disclosures" section for additional information about diluted amounts per Unit under the heading "Weighted average number of Units".

(7) Diluted FFO per unit, net total debt-to-total assets (net of cash and cash equivalents) ratio, net total debt-to-normalized adjusted EBITDAFV ratio (years) and NAV per Unit are non-GAAP ratios. See the "Non-GAAP Ratios" section for additional information about these non-GAAP ratios.

(8) Unencumbered investment properties is a supplementary financial measure. See the "Supplementary Financial Measures and Ratios and Other Disclosures" section for a description of this supplementary financial measure.

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, net gains or losses on transactions and other activities. Operating activities from our European portfolios, income from our equity accounted investment and fair value adjustments to investment properties may impact the deferred income tax 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.

NON-GAAP FINANCIAL MEASURES

The following non-GAAP financial measures are important measures used by management in evaluating the Trust's underlying operating performance and debt management. These non-GAAP financial measures are not defined by IFRS and do not have standard meanings. Our method of calculating non-GAAP financial measures may differ from other issuers' methods and, accordingly, may not be comparable with similar measures presented by other issuers.

Funds from operations ("FFO")

Management believes FFO, a non-GAAP financial measure, provides our investors additional relevant information on our operating performance. Fair value adjustments to investment properties and financial instruments, gains or losses on disposal of investment properties, debt settlement costs arising from capital management activities and disposals of investment properties, and other non-cash items do not necessarily provide an accurate picture of the Trust's past or recurring operating performance. FFO is used by management in evaluating the Trust's operating performance. FFO is a commonly used measure of the performance of real estate operations; however, it does not represent net income 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 issuers.

In January 2022, the Real Property Association of Canada ("REALPAC") issued an updated guidance on "Funds from Operations" and "Adjusted Funds from Operations" for IFRS. We have reviewed the REALPAC FFO guidelines and our determination of FFO substantially aligns with the REALPAC FFO 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. As a result, we are 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.

FFO is reconciled to net income (the most directly comparable IFRS financial measure) in the table below for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Net income for the period	**$ 50,494**	$ 125,663	**$ 113,116**	$ 740,032
Add (deduct):				
Fair value adjustments to investment properties	**33,522**	(43,133)	**22,745**	(428,528)
Fair value adjustments to financial instruments	**(15,094)**	(30,481)	**40,364**	(142,384)
Share of net (income) loss from equity accounted investments	**(10,154)**	(6,279)	**(3,500)**	(47,704)
Interest expense on subsidiary redeemable units	**2,336**	3,246	**8,221**	9,739
Amortization and write-off of lease incentives	**1,105**	627	**2,530**	1,743
Internal leasing costs	**1,127**	1,056	**3,224**	3,220
Fair value adjustments to deferred trust units included in G&A	**(35)**	(133)	**(93)**	(50)
Foreign exchange (gain) loss	**(1,199)**	568	**(1,342)**	3,982
Share of FFO from equity accounted investments	**6,802**	2,717	**18,395**	7,290
Deferred income tax expense	**415**	7,011	**870**	28,514
Current income tax expense related to dispositions	**—**	—	**—**	126
Transaction costs on acquisitions and dispositions	**76**	35	**818**	480
FFO for the period	**$ 69,395**	$ 60,897	**$ 205,348**	$ 176,460

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

CP NOI (constant currency basis) is a non-GAAP financial measure used by management in evaluating the operating performance of properties owned by the Trust in the current and comparative periods on a constant currency basis. CP NOI (constant currency basis) enables investors to evaluate our operating performance, especially to assess the effectiveness of our management of properties generating NOI growth from existing properties in the respective regions. It is calculated by taking CP NOI (constant currency basis) as defined below and excluding the impact of foreign currency translation by converting the CP NOI (constant currency basis) denominated in foreign currency in the respective periods at the respective current period average exchange rates. This non-GAAP financial measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

When we compare CP NOI (constant currency basis) on a year-over-year basis for the three months ended September 30, 2023 and September 30, 2022, we exclude investment properties acquired on or after July 1, 2022. For the nine months ended September 30, 2023 and September 30, 2022, we exclude investment properties acquired on or after January 1, 2022. CP NOI (constant currency basis) also excludes NOI from sold properties and properties held for sale, as applicable, NOI from properties held for development during the current or comparative period, net property management and other income, straight-line rent, amortization of lease incentives, lease termination fees and other rental income, and bad debt provisions. CP NOI (constant currency basis) includes NOI from equity accounted investment and solar revenues.

CP NOI (constant currency basis) is lower during periods of free rent to reflect that there is no cash rent received. For accounting purposes, free rent is recorded and amortized within straight-line rent.

CP NOI (constant currency basis) is reconciled to net rental income (the most directly comparable IFRS financial measure) under "Section II – Our Operations – Comparative properties NOI (constant currency basis)".

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

One of the components used to determine the Trust's NAV per Unit (a non-GAAP ratio) is total equity (including LP B Units) – a non-GAAP financial measure. Total equity (including LP B Units) is calculated as the sum of equity per the 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 issuers.

The table within the "Our Equity" section under the heading "Total equity" reconciles total equity (including LP B Units) to total equity (the most directly comparable IFRS financial measure).

Total distributions

Total distributions is a non-GAAP financial measure 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 issuers.

The table below reconciles total distributions to distributions on REIT Units (the most directly comparable IFRS financial measure) for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
Amounts included in condensed consolidated financial statements	**2023**	2022	**2023**	2022
Distributions on REIT Units	**$ 47,748**	$ 44,987	**$ 139,200**	$ 132,631
Interest on subsidiary redeemable units	**2,336**	3,246	**8,221**	9,739
Total distributions	**$ 50,084**	$ 48,233	**$ 147,421**	$ 142,370

Distributions reinvested less 3% bonus distribution and distributions paid in cash

Distributions reinvested less 3% bonus distribution (a non-GAAP financial measure) and distributions paid in cash (a non-GAAP financial measure) are components used in the calculation of DRIP participation rate (a non-GAAP ratio). See the "Non-GAAP Ratios" section for a description of the DRIP participation rate. Management believes distributions reinvested less 3% bonus distribution (a non-GAAP financial measure) is a useful measure to investors in evaluating the impact that the distributions reinvested will have on the Trust's ability to preserve liquidity by issuing additional REIT Units, in contrast with paying a cash distribution. This non-GAAP financial measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

Distributions reinvested less 3% bonus distributions is reconciled to distributions reinvested (the most directly comparable IFRS financial measure) for the three and nine months ended September 30, 2023 and September 30, 2022.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Distributions reinvested as included in condensed consolidated financial statements	**$ 14,209**	$ 9,451	**$ 37,699**	$ 30,947
Less: Distributions reinvested pertaining to prior period	**(4,470)**	(2,698)	**(3,448)**	(3,134)
Add: Distributions reinvested on October 16, 2023 and October 14, 2022, respectively	**4,533**	2,703	**4,533**	2,703
Less: 3% bonus distribution	**(414)**	(275)	**(1,098)**	(901)
Distributions reinvested less 3% bonus distribution	**$ 13,858**	$ 9,181	**$ 37,686**	$ 29,615

Distributions paid in cash (a non-GAAP financial measure) is a useful measure to investors in evaluating the cash flow requirements of the Trust to fund the cash distributions. Distributions paid in cash is reconciled to distributions paid on REIT Units (the most directly comparable IFRS financial measure) for the three and nine months ended September 30, 2023 and September 30, 2022. This non-GAAP financial measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Distributions paid on REIT Units	**$ 33,043**	$ 35,490	**$ 100,597**	$ 100,405
Interest paid on LP B Units	**2,336**	3,246	**8,525**	9,739
Less: Distributions paid on REIT Units pertaining to prior period	**(10,905)**	(12,176)	**(11,520)**	(10,507)
Less: Interest paid on LP B Units pertaining to prior period	**(779)**	(1,082)	**(1,082)**	(1,082)
Add: Distributions paid on REIT Units on October 16, 2023 and October 14, 2022, respectively	**11,338**	12,217	**11,338**	12,217
Add: Interest paid on LP B Units on October 16, 2023 and October 14, 2022, respectively	**779**	1,082	**779**	1,082
Distributions paid in cash	**$ 35,812**	$ 38,777	**$ 108,637**	$ 111,854

Available liquidity

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

The table below reconciles available liquidity to cash and cash equivalents (the most directly comparable IFRS financial measure) as at September 30, 2023, December 31, 2022 and September 30, 2022:

	September 30, 2023	December 31, 2022	September 30, 2022
Cash and cash equivalents per condensed consolidated financial statements	**$ 64,948**	$ 83,802	$ 60,091
Undrawn unsecured revolving credit facility[(1)]	**461,707**	445,785	285,928
Available liquidity	**$ 526,655**	$ 529,587	$ 346,019

(1) Net of letters of credit totaling $6,293, $2,414 and $2,235 as at September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

Total debt

Total debt is a non-GAAP financial measure calculated as the sum of current and non-current debt and the CCIRS per the condensed consolidated financial statements. Management believes it is useful to include any CCIRS for the purposes of monitoring the Trust's debt levels. This non-GAAP financial measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

The table below reconciles total debt to non-current debt (the most directly comparable IFRS financial measure) as at September 30, 2023, December 31, 2022 and September 30, 2022:

Amounts per condensed consolidated financial statements	**September 30, 2023**	December 31, 2022	September 30, 2022
Non-current debt	**$ 2,522,315**	$ 2,137,412	$ 2,006,193
Current debt	**308,515**	275,536	255,907
Fair value of CCIRS[(1)(2)]	**(67,736)**	(75,581)	(192,526)
Total debt	**$ 2,763,094**	$ 2,337,367	$ 1,877,048

(1) As at September 30, 2023, the CCIRS were in a net asset position and $64,935 was included in "Derivatives and other non-current assets", $5,470 in "Prepaid expenses and other assets" and $(2,669) in "Derivatives and other non-current liabilities" in the condensed consolidated financial statements (as at December 31, 2022 – the CCIRS were in a net asset position and $76,593 was included in "Derivatives and other non-current assets" and $(1,012) in "Derivatives and other non-current liabilities" in the condensed consolidated financial statements).

(2) As at September 30, 2022, the CCIRS were in a net asset position and $192,526 was included in "Derivatives and other non-current assets" in the condensed consolidated financial statements.

Net total debt and total assets (net of cash and cash equivalents)

Net total debt is a non-GAAP financial measure calculated as the sum of current and non-current debt, the fair value of CCIRS, unamortized financing costs and fair value adjustments, less cash and cash equivalents and the fair value asset of CCIRS. Management believes this is a useful financial measure to investors used to monitor the principal amount of debt outstanding after factoring in liquid assets such as cash and cash equivalents and used as a component to assess the Trust's ability to take on additional debt and its ability to manage overall balance sheet risk levels (see under the heading "Net total debt-to-total assets (net of cash and cash equivalents) ratio" below for details).

Total assets (net of cash and cash equivalents) is a non-GAAP financial measure calculated as the sum of total assets less cash and cash equivalents. Management believes this is a useful financial measure to investors as a component to assess the Trust's ability to take on additional debt and its ability to manage overall balance sheet risk levels (see under the "Net total debt-to-total assets (net of cash and cash equivalents) ratio" heading below for details).

These non-GAAP financial measures are not defined by IFRS, do not have a standard meaning and may not be comparable with similar measures presented by other issuers.

The following table reconciles net total debt to non-current debt (the most directly comparable IFRS financial measure) and total assets (net of cash and cash equivalents) to total assets (the most directly comparable IFRS financial measure) as at September 30, 2023, December 31, 2022 and September 30, 2022:

	September 30, 2023	December 31, 2022	September 30, 2022
Non-current debt	**$ 2,522,315**	$ 2,137,412	$ 2,006,193
Add (deduct):			
Current debt	**308,515**	275,536	255,907
Fair value of CCIRS	**(67,736)**	(75,581)	(192,526)
Unamortized financing costs	**12,278**	7,426	5,934
Unamortized fair value adjustments	**(344)**	(1,881)	(2,473)
Cash and cash equivalents	**(64,948)**	(83,802)	(60,091)
Net total debt	**$ 2,710,080**	$ 2,259,110	$ 2,012,944
Total assets	**7,852,450**	7,280,493	7,139,283
Less: Fair value of CCIRS	**(70,405)**	(75,581)	(192,526)
Less: Cash and cash equivalents	**(64,948)**	(83,802)	(60,091)
Total assets (net of cash and cash equivalents)	**$ 7,717,097**	$ 7,121,110	$ 6,886,666

Adjusted earnings before interest, taxes, depreciation, amortization and fair value adjustments ("Adjusted EBITDAFV") and Normalized adjusted EBITDAFV – annualized

Adjusted EBITDAFV is defined by us as net income for the period adjusted for share of net income from equity accounted investment, distributions from equity accounted investment, fair value adjustments to investment properties and financial instruments, net loss (gain) on transactions and other activities (including depreciation), interest expense, debt settlement costs, other items included in investment properties revenue (including amortization) and net deferred and current income tax expense. The adjustments include activity from continuing and discontinued operations. The aforementioned adjustments included in net income do not necessarily provide an accurate picture of the Trust's past or recurring operating performance. Management believes adjusted EBITDAFV, a non-GAAP financial measure, provides our investors with additional relevant information on our operating performance, excluding any non-cash items and extraneous factors. Adjusted EBITDAFV is a commonly used measure of performance of real estate operations; however, it does not represent net income or cash flows generated from (utilized in) operating activities, as defined by IFRS, and is not necessarily indicative of cash available to fund the Trust's needs. This non-GAAP financial measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

Adjusted EBITDAFV is reconciled to net income (loss) (the most directly comparable IFRS financial measure) in the following table for the three months ended September 30, 2023, December 31, 2022, and September 30, 2022; for the nine months ended September 30, 2023, September 30, 2022 and September 30, 2021; and for the years ended December 31, 2022 and December 31, 2021:

	For the three months ended			For the nine months ended			For the year ended	
	September 30, 2023	December 31, 2022	September 30, 2022	**September 30, 2023**	September 30, 2022	September 30, 2021	December 31, 2022	December 31, 2021
Net income (loss) for the period	**$ 50,494**	$ (34,147)	$ 125,663	**$ 113,116**	$ 740,032	$ 418,374	$ 705,885	$ 608,345
Add (deduct):								
Fair value adjustments to investment properties	**33,522**	65,503	(43,133)	**22,745**	(428,528)	(444,170)	(363,025)	(586,011)
Fair value adjustments to financial instruments	**(15,094)**	19,852	(30,481)	**40,364**	(142,384)	92,905	(122,532)	111,723
Share of net (income) loss from equity accounted investments	**(10,154)**	9,222	(6,279)	**(3,500)**	(47,704)	(13,031)	(38,482)	(39,270)
Interest expense on debt and other financing costs	**14,365**	6,349	5,187	**38,859**	14,273	20,978	20,622	24,820
Interest expense on subsidiary redeemable units	**2,336**	3,247	3,246	**8,221**	9,739	9,739	12,986	12,986
Other items included in investment properties revenue[1]	**(112)**	(1,391)	(1,983)	**(3,417)**	(3,401)	(1,712)	(4,792)	(2,372)
Distributions from equity accounted investment	**5,826**	2,066	1,808	**10,976**	3,960	964	6,026	1,931
Deferred and current income tax expenses (recovery), net	**1,340**	(11,855)	8,545	**3,154**	31,336	20,658	19,481	30,257
Net (income) loss on transactions and other activities	**(141)**	8,673	1,929	**2,631**	8,132	6,645	16,805	3,066
Debt settlement costs	**—**	257	—	**—**	—	31,569	257	31,569
Adjusted EBITDAFV for the period	**$ 82,382**	$ 67,776	$ 64,502	**$ 233,149**	$ 185,455	$ 142,919	$ 253,231	$ 197,044

(1) Includes lease termination fees and other items, straight-line rent and amortization of lease incentives.

The trailing 12-month adjusted EBITDAFV and trailing 12-month interest expense on debt and other financing costs are components used to calculate interest coverage ratio, which is a non-GAAP ratio.

The trailing 12-month adjusted EBITDAFV for the period ended September 30, 2023 is calculated as follows:

		Trailing 12-month period ended September 30, 2023
Adjusted EBITDAFV for the nine months ended September 30, 2023[1]	$	**233,149**
Add: Adjusted EBITDAFV for the year ended December 31, 2022[1]		**253,231**
Less: Adjusted EBITDAFV for the nine months ended September 30, 2022[1]		**(185,455)**
Trailing 12-month adjusted EBITDAFV	**$**	**300,925**

(1) Adjusted EBITDAFV (a non-GAAP financial measure) for the nine months ended September 30, 2023 and September 30, 2022, as well as for the year ended December 31, 2022, have been reconciled to net income for the respective periods within this section above.

The trailing 12-month adjusted EBITDAFV for the period ended September 30, 2022 is calculated as follows:

		Trailing 12-month period ended September 30, 2022
Adjusted EBITDAFV for the nine months ended September 30, 2022[1]	$	185,455
Add: Adjusted EBITDAFV for the year ended December 31, 2021[1]		197,044
Less: Adjusted EBITDAFV for the nine months ended September 30, 2021[1]		(142,919)
Trailing 12-month adjusted EBITDAFV	$	239,580

(1) Adjusted EBITDAFV (a non-GAAP financial measure) for the nine months ended September 30, 2022 and September 30, 2021, as well as for the year ended December 31, 2021, have been reconciled to net income for the respective periods within this section above.

The trailing 12-month interest expense on debt and other financing costs for the period ended September 30, 2023 is calculated as follows:

		Trailing 12-month period ended September 30, 2023
Interest expense on debt and other financing costs for the nine months ended September 30, 2023[1]	$	**38,859**
Add: Interest expense on debt and other financing costs for the year ended December 31, 2022[2]		**20,622**
Less: Interest expense on debt and other financing costs for the nine months ended September 30, 2022[1]		**(14,273)**
Trailing 12-month interest expense on debt and other financing costs	**$**	**45,208**

(1) Per the condensed consolidated financial statements.

(2) Per the consolidated financial statements.

The trailing 12-month interest expense on debt and other financing costs for the period ended September 30, 2022 is calculated as follows:

		Trailing 12-month period ended September 30, 2022
Interest expense on debt and other financing costs for the nine months ended September 30, 2022[1]	$	14,273
Add: Interest expense on debt and other financing costs for the year ended December 31, 2021[2]		24,820
Less: Interest expense on debt and other financing costs for the nine months ended September 30, 2021[1]		(20,978)
Trailing 12-month interest expense on debt and other financing costs	$	18,115

(1) Per the condensed consolidated financial statements.

(2) Per the consolidated financial statements.

Normalized adjusted EBITDAFV – annualized is calculated as the quarterly Adjusted EBITDAFV (a non-GAAP financial measure) plus normalized NOI of properties acquired in the quarter less NOI of properties disposed of in the current quarter. Adjusted EBITDAFV (a non-GAAP financial measure) is defined above under the heading “Adjusted earnings before interest, taxes, depreciation, amortization and fair value adjustments (“Adjusted EBITDAFV”)”. Management believes that normalized adjusted EBITDAFV – annualized, a non-GAAP financial measure, provides our investors with additional relevant information based on our normalized operating performance. This non-GAAP financial measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

		September 30, 2023		December 31, 2022		September 30, 2022
Adjusted EBITDAFV – quarterly[1]	**$**	**82,382**	$	67,776	$	64,502
Add (deduct):						
Normalized NOI of acquisitions and dispositions in the quarter[2]		**34**		77		134
Normalized adjusted EBITDAFV – quarterly		**82,416**		67,853		64,636
Normalized adjusted EBITDAFV – annualized	**$**	**329,664**	$	271,412	$	258,544

(1) Adjusted EBITDAFV (a non-GAAP financial measure) for the three months ended September 30, 2023, December 31, 2022 and September 30, 2022 is reconciled to net income (loss) for the respective periods in the table above.

(2) Represents the NOI had the acquisitions and dispositions in the respective periods occurred for the full quarter.

NON-GAAP RATIOS

The following non-GAAP ratios are important measures used by management in evaluating the Trust's underlying operating performance and debt management. These non-GAAP ratios are not defined by IFRS and do not have standard meanings. Our method of calculating non-GAAP ratios may differ from other issuers' methods and, accordingly, may not be comparable with similar measures presented by other issuers.

Diluted FFO per Unit

Management believes diluted FFO per Unit, a non-GAAP ratio, provides our investors with additional relevant information on our operating performance and it is used by management in evaluating the Trust's operating performance. Fair value adjustments to investment properties and financial instruments, gains or losses on disposal of investment properties, debt settlement costs arising from capital management activities and disposals of investment properties, and other non-cash items do not necessarily provide an accurate picture of the Trust's past or recurring operating performance. FFO and diluted FFO per Unit are commonly used measures of the performance of real estate operations; however, they do not represent net income or cash flows generated from (utilized in) operating activities, as defined by IFRS, are not necessarily indicative of cash available to fund the Trust's needs and may not be comparable with similar measures presented by other issuers.

Diluted FFO per Unit is a non-GAAP ratio calculated as FFO (a non-GAAP financial measure) divided by the weighted average number of Units. The table below summarizes the components used to calculate diluted FFO per Unit for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three months ended September 30,				Nine months ended September 30,			
		2023		2022		**2023**		2022
FFO[1]	**$**	**69,395**	$	60,897	**$**	**205,348**	$	176,460
Weighted average number of Units (in thousands)		**283,237**		274,481		**278,770**		269,229
FFO per Unit – diluted	**$**	**0.25**	$	0.22	**$**	**0.74**	$	0.66

(1) FFO is a non-GAAP financial measure. See the "Non-GAAP Financial Measures" section for additional information.

Net asset value ("NAV") per Unit

NAV per Unit is a non-GAAP ratio calculated as total equity (including LP B Units) (a non-GAAP financial measure) divided by the total number of REIT Units and LP B Units. This non-GAAP ratio is a useful measure to investors as it reflects management's view of the intrinsic value of the Trust and enables investors to determine if the Trust's REIT Unit price is trading at a discount or premium relative to the NAV per Unit at each reporting period. 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 issuers. The calculation of NAV per Unit is included under the heading "Total equity".

Net total debt-to-total assets (net of cash and cash equivalents) ratio

Management believes that the net total debt-to-total assets (net of cash and cash equivalents) ratio is an important non-GAAP ratio in the management of our debt levels. Management and investors monitor this non-GAAP ratio to assess the Trust's ability to take on additional debt and its ability to manage overall balance sheet risk levels. This non-GAAP ratio does not have a standard meaning and may not be comparable with similar measures presented by other issuers. The net total debt-to-total assets (net of cash and cash equivalents) ratio is determined as net total debt (a non-GAAP financial measure) divided by total assets (net of cash and cash equivalents) (a non-GAAP financial measure).

The following table summarizes the components used to determine this non-GAAP ratio as at September 30, 2023, December 31, 2022 and September 30, 2022:

	September 30, 2023	December 31, 2022	September 30, 2022
Net total debt[1]	**$ 2,710,080**	$ 2,259,110	$ 2,012,944
Total assets (net of cash and cash equivalents)[1][2]	**7,717,097**	7,121,110	6,886,666
Net total debt-to-total assets (net of cash and cash equivalents) ratio	**35.1%**	31.7%	29.2%

(1) Net total debt and total assets (net of cash and cash equivalents) are non-GAAP financial measures; refer to the "Non-GAAP Financial Measures" section for additional information about these non-GAAP financial measures, under the heading "Net total debt and total assets (net of cash and cash equivalents)".

(2) Excludes the fair value of CCIRS assets of $70,405, $75,581 and $192,526 as at September 30, 2023, December 31, 2022 and September 30, 2022, respectively, as already considered in the non-GAAP financial measure, net total debt.

Net total debt-to-normalized adjusted EBITDAFV ratio (years)

Management believes that net total debt-to-normalized adjusted EBITDAFV ratio (years), a non-GAAP ratio, is a useful measure to investors in determining the time it takes the Trust, on a go forward basis, based on its normalized operating performance, to repay its debt. Net total debt-to-normalized adjusted EBITDAFV ratio (years) is calculated as net total debt (a non-GAAP financial measure) divided by normalized adjusted EBITDAFV – annualized (a non-GAAP financial measure). This non-GAAP ratio does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

Adjusted EBITDAFV (a non-GAAP financial measure) and Normalized adjusted EBITDAFV – annualized (a non-GAAP financial measure) are defined above under the heading "Adjusted earnings before interest, taxes, depreciation, amortization and fair value adjustments ("Adjusted EBITDAFV") and normalized adjusted EBITDAFV – annualized". The net total debt-to-normalized adjusted EBITDAFV ratio (years) is determined as net total debt (a non-GAAP financial measure) divided by normalized adjusted EBITDAFV – annualized (a non-GAAP financial measure).

The following table calculates the annualized net total debt-to-normalized adjusted EBITDAFV as at September 30, 2023, December 31, 2022 and September 30, 2022:

	September 30, 2023	December 31, 2022	September 30, 2022
Net total debt[1]	**$ 2,710,080**	$ 2,259,110	$ 2,012,944
Normalized adjusted EBITDAFV – annualized[2]	**329,664**	271,412	258,544
Net total debt-to-normalized adjusted EBITDAFV ratio (years)	**8.2**	8.3	7.8

(1) Net total debt is a non-GAAP financial measure; refer to the heading "Net total debt and total assets (net of cash and cash equivalents)".

(2) Normalized adjusted EBITDAFV – annualized is a non-GAAP financial measure. See the "Non-GAAP Financial Measures" section for additional information.

Interest coverage ratio

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

Interest coverage ratio as shown below is calculated as the trailing 12-month adjusted EBITDAFV (a non-GAAP financial measure) divided by the trailing 12-month interest expense on debt and other financing costs. 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 following table calculates the interest coverage ratio for the trailing 12-month period ended September 30, 2023 and September 30, 2022, and for the year ended December 31, 2022:

	For the trailing 12-month period ended September 30, 2023	For the year ended December 31, 2022	For the trailing 12-month period ended September 30, 2022
Adjusted EBITDAFV[(1)]	**$ 300,924**	$ 253,231	$ 239,580
Interest expense on debt and other financing costs	**45,208**	20,622	18,115
Interest coverage ratio (times)	**6.7**	12.3	13.2

(1) Adjusted EBITDAFV (a non-GAAP financial measure) for the trailing 12-month periods ended September 30, 2023 and September 30, 2022, and for the year ended December 31, 2022, have been reconciled to net income under the heading "Adjusted earnings before interest, taxes, depreciation, amortization and fair value adjustments ("Adjusted EBITDAFV")" within the "Non-GAAP Financial Measures" section above.

DRIP participation rate

The DRIP participation rate is a non-GAAP ratio calculated as distributions reinvested less 3% bonus distribution (a non-GAAP financial measure) divided by the sum of distributions reinvested, less 3% bonus distribution (a non-GAAP financial measure) and distributions paid in cash (a non-GAAP financial measure). Management believes it is a useful measure to investors in evaluating the impact that 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. This non-GAAP ratio does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

The following table summarizes the components used to determine DRIP participation rate for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Distributions reinvested less 3% bonus distribution[(1)]	**$ 13,858**	$ 9,181	**$ 37,686**	$ 29,615
Distributions paid in cash[(1)]	**35,812**	38,777	**108,637**	111,854
Total distributions excluding 3% bonus distribution	**$ 49,670**	$ 47,958	**$ 146,323**	$ 141,469
DRIP participation rate	**27.9%**	19.1%	**25.8%**	20.9%

(1) Distributions reinvested less 3% bonus distribution (a non-GAAP financial measure) and distributions paid in cash (a non-GAAP financial measure) for the three and nine months ended September 30, 2023 and September 30, 2022 have been reconciled to distributions reinvested and distributions paid on REIT Units, respectively, under the heading "Distributions reinvested less 3% bonus distribution and distributions paid in cash" within the "Non-GAAP Financial Measures" section above.

SUPPLEMENTARY FINANCIAL MEASURES AND RATIOS AND OTHER DISCLOSURES

The following supplementary financial measures and ratios are important measures used by management in evaluating the Trust's debt management. These supplementary financial measures and ratios do not have standard meanings and may not be comparable with similar measures presented by other issuers.

Unencumbered investment properties and unencumbered investment properties as a percentage of investment properties

Unencumbered investment properties is a supplementary financial measure representing the value of investment properties, excluding properties held for sale, that have not been pledged as collateral for the financing of the Trust's unsecured revolving credit facility or mortgages. The term "investment properties" used in unencumbered investment properties is determined in accordance with the accounting policies used to prepare the investment properties line item presented in the condensed consolidated financial statements. Unencumbered investment properties as a percentage of investment properties is a supplementary financial ratio calculated as total unencumbered investment properties divided by total investment properties. The supplementary financial measure and ratio are used by management and investors in assessing the borrowing capacity available to the Trust.

The table below summarizes the components used to determine unencumbered investment properties and unencumbered investment properties as a percentage of investment properties as at September 30, 2023, December 31, 2022 and September 30, 2022:

Amounts included in condensed consolidated financial statements	September 30, 2023	December 31, 2022	September 30, 2022
Investment properties	**$ 6,854,490**	$ 6,759,425	$ 6,509,557
Less: Pledged as collateral	**(1,518,247)**	(1,446,342)	(1,421,163)
Unencumbered investment properties	**$ 5,336,243**	$ 5,313,083	$ 5,088,394
Unencumbered investment properties as a percentage of investment properties	**77.9%**	78.6%	78.2%

Secured debt and secured debt as a percentage of total assets

Secured debt is a supplementary financial measure representing debt, excluding unsecured debt. The term “debt” used in secured debt is determined in accordance with the accounting policies used to prepare the current and non-current debt line items presented in the condensed consolidated financial statements. Secured debt as a percentage of total assets is a supplementary financial ratio calculated as total secured debt divided by total assets. The supplementary financial measure and ratio are used by management and investors in monitoring the secured debt levels to ensure compliance with certain lender covenant requirements.

The table below summarizes the components used to determine secured debt as a percentage of total assets as at September 30, 2023, December 31, 2022 and September 30, 2022:

Amounts included in condensed consolidated financial statements	September 30, 2023	December 31, 2022	September 30, 2022
Secured debt	**$ 572,990**	$ 529,600	$ 501,133
Total assets	**7,852,450**	7,280,493	7,139,283
Secured debt as a percentage of total assets	**7.3%**	7.3%	7.0%

Unsecured debt

Unsecured debt is a supplementary financial measure representing debt, including fair value of CCIRS, and excludes secured debt. The term “debt” used in unsecured debt is determined in accordance with the accounting policies used to prepare the current and non-current debt line items presented in the condensed consolidated financial statements. This supplementary financial measure is used by management and investors in monitoring the unsecured debt levels to ensure compliance with certain lender covenant requirements.

The table below summarizes the components used to determine unsecured debt as at September 30, 2023, December 31, 2022 and September 30, 2022:

Amounts included in condensed consolidated financial statements	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured revolving credit facility	**$ 30,546**	$ 50,742	$ 61,534
Unsecured term loans	**532,653**	338,057	205,311
Unsecured debentures	**1,694,641**	1,494,549	1,494,122
Fair value of CCIRS[(1)]	**(67,736)**	(75,581)	(192,526)
Unsecured debt	**$ 2,190,104**	$ 1,807,767	$ 1,568,441

(1) Attributed to unsecured term loans, unsecured debentures and the unsecured credit facility.

Weighted average number of Units

The basic weighted average number of Units (non-financial information) 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 (non-financial information) used in the FFO per Unit (non-GAAP ratio) calculation includes the basic weighted average number of Units, unvested deferred trust units and associated income deferred trust units. As at September 30, 2023, there were 664,163 unvested deferred trust units and associated income deferred trust units (September 30, 2022 – 545,244).

The table below summarizes the basic and diluted weighted average number of Units for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
Weighted average Units outstanding	**2023**	2022	**2023**	2022
Basic (in thousands)	**282,577**	273,935	**278,110**	268,684
Diluted (in thousands)	**283,237**	274,481	**278,770**	269,229

SECTION V

DISCLOSURE CONTROLS AND OUR PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

At September 30, 2023, the CEO and Chief Financial Officer ("CFO") of the Trust, along with the assistance of senior management, 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 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 three and nine months ended September 30, 2023, 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

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 further discussion of the risks and uncertainties identified by Dream Industrial REIT, including in respect of the global market, economic and political risks, geopolitical risks, foreign currency exchange risk development risks, financing risks, interest rate risks and other risks, please refer to our latest Annual Report and Annual Information Form, each filed on SEDAR+ (www.sedarplus.ca).

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, 2023, and in our annual consolidated financial statements for the year ended December 31, 2022.

FUTURE ACCOUNTING POLICY CHANGES

Dream Industrial REIT's future accounting policy changes are described in Note 3 to the condensed consolidated financial statements for the three and nine months ended September 30, 2023.

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.sedarplus.ca.

Condensed consolidated balance sheets

(in thousands of Canadian dollars)
(Unaudited)

	Note	September 30, 2023	December 31, 2022
Assets			
NON-CURRENT ASSETS			
Investment properties	4, 5	**$ 6,854,490**	$ 6,759,425
Equity accounted investments	6	**806,879**	313,527
Derivatives and other non-current assets	7	**77,078**	92,016
		7,738,447	7,164,968
CURRENT ASSETS			
Cash and cash equivalents		**64,948**	83,802
Amounts receivable		**33,010**	27,673
Prepaid expenses and other assets		**16,045**	4,050
		114,003	115,525
Total assets		**$ 7,852,450**	$ 7,280,493
Liabilities			
NON-CURRENT LIABILITIES			
Non-current debt	8	**$ 2,522,315**	$ 2,137,412
Subsidiary redeemable units	16	**171,370**	216,871
Deferred Unit Incentive Plan ("DUIP")		**17,896**	14,369
Deferred income tax liabilities, net		**48,571**	47,869
Derivatives and other non-current liabilities	10	**44,625**	42,408
		2,804,777	2,458,929
CURRENT LIABILITIES			
Current debt	8	**308,515**	275,536
Amounts payable and accrued liabilities		**108,989**	88,784
Current income tax liabilities		**4,765**	4,503
		422,269	368,823
Total liabilities		**3,227,046**	2,827,752
Equity			
Unitholders' equity		**3,325,313**	3,106,904
Retained earnings		**1,248,890**	1,274,974
Accumulated other comprehensive income	11	**51,201**	70,863
Total equity		**4,625,404**	4,452,741
Total liabilities and equity		**$ 7,852,450**	$ 7,280,493

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" ***"Jennifer Scoffield"***

Vincenza Sera
Trustee

Jennifer Scoffield
Trustee

Condensed consolidated statements of comprehensive income

(in thousands of Canadian dollars)
(Unaudited)

	Note	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Investment properties revenue	12, 18	**$ 109,400**	$ 93,313	**$ 326,683**	$ 270,700
Investment properties operating expenses	18	**(24,896)**	(21,316)	**(77,684)**	(64,661)
Net rental income		**84,504**	71,997	**248,999**	206,039
Other income					
Share of net income from equity accounted investments	6	**10,154**	6,279	**3,500**	47,704
Interest income and other		**222**	99	**363**	612
		10,376	6,378	**3,863**	48,316
Other expenses					
General and administrative		**(8,058)**	(7,419)	**(23,772)**	(21,755)
Interest:					
Debt and other financing costs		**(14,365)**	(5,187)	**(38,859)**	(14,273)
Subsidiary redeemable units		**(2,336)**	(3,246)	**(8,221)**	(9,739)
		(24,759)	(15,852)	**(70,852)**	(45,767)
Fair value adjustments and net gain (loss) on transactions and other activities					
Fair value adjustments to investment properties	4	**(33,522)**	43,133	**(22,745)**	428,528
Fair value adjustments to financial instruments	13	**15,094**	30,481	**(40,364)**	142,384
Net gain (loss) on transactions and other activities	14	**141**	(1,929)	**(2,631)**	(8,132)
		(18,287)	71,685	**(65,740)**	562,780
Income before income taxes		**51,834**	134,208	**116,270**	771,368
Current and deferred income tax expenses, net	9	**(1,340)**	(8,545)	**(3,154)**	(31,336)
Net income		**$ 50,494**	$ 125,663	**$ 113,116**	$ 740,032
Other comprehensive income (loss)					
Items that will be reclassified subsequently to net income:					
Unrealized loss on foreign currency translation of foreign operations	11	**$ (21,555)**	$ (13,261)	**$ (22,871)**	$ (137,578)
Unrealized gain on hedging instruments	11	**7,716**	54,521	**3,603**	144,577
Share of other comprehensive income (loss) from equity accounted investment	11	**5,879**	17,749	**(394)**	22,695
		(7,960)	59,009	**(19,662)**	29,694
Comprehensive income		**$ 42,534**	$ 184,672	**$ 93,454**	$ 769,726

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of changes in equity

(all dollar amounts in thousands of Canadian dollars)
(Unaudited)

		Attributable to unitholders of the Trust				
Nine months ended September 30, 2023	Note	Number of REIT Units	Unitholders' equity	Retained earnings	Accumulated other comprehensive income	Total equity
Balance at January 1, 2023		**256,604,207**	**$ 3,106,904**	**$ 1,274,974**	**$ 70,863**	**$ 4,452,741**
Net income for the period		**—**	**—**	**113,116**	**—**	**113,116**
Distributions paid and payable	15	**—**	**—**	**(139,200)**	**—**	**(139,200)**
Public offerings of REIT Units	16	**7,510,426**	**107,147**	**—**	**—**	**107,147**
Exchange of subsidiary redeemable units to REIT Units	16	**5,205,283**	**74,019**	**—**	**—**	**74,019**
Distribution Reinvestment Plan	15	**2,689,104**	**37,699**	**—**	**—**	**37,699**
REIT Units issued for vested deferred trust units and Unit Purchase Plan		**113,781**	**1,687**	**—**	**—**	**1,687**
Issue costs and other		**—**	**(2,143)**	**—**	**—**	**(2,143)**
Other comprehensive loss	11	**—**	**—**	**—**	**(19,662)**	**(19,662)**
Balance at September 30, 2023		**272,122,801**	**$ 3,325,313**	**$ 1,248,890**	**$ 51,201**	**$ 4,625,404**

		Attributable to unitholders of the Trust				
Nine months ended September 30, 2022	Note	Number of REIT Units	Unitholders' equity	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Balance at January 1, 2022		233,864,845	$ 2,756,156	$ 746,848	$ (3,581)	$ 3,499,423
Net income for the period		—	—	740,032	—	740,032
Distributions paid and payable	15	—	—	(132,631)	—	(132,631)
Public offerings of REIT Units	16	19,588,300	320,146	—	—	320,146
Distribution Reinvestment Plan	15	2,204,756	30,947	—	—	30,947
REIT Units issued for vested deferred trust units and Unit Purchase Plan		125,097	1,881	—	—	1,881
Issue costs and other		—	(11,653)	—	—	(11,653)
Other comprehensive income	11	—	—	—	29,694	29,694
Balance at September 30, 2022		255,782,998	$ 3,097,477	$ 1,354,249	$ 26,113	$ 4,477,839

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of cash flows

(in thousands of Canadian dollars)
(Unaudited)

	Note	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Generated from (utilized in) operating activities					
Net income		**$ 50,494**	$ 125,663	**$ 113,116**	$ 740,032
Non-cash items:					
Share of net income from equity accounted investments	6	**(10,154)**	(6,279)	**(3,500)**	(47,704)
Fair value adjustments to investment properties	4	**33,522**	(43,133)	**22,745**	(428,528)
Fair value adjustments to financial instruments	13	**(15,094)**	(30,481)	**40,364**	(142,384)
Depreciation and amortization		**1,106**	624	**2,545**	1,744
Other adjustments	17	**1,350**	10,259	**7,004**	41,525
Change in non-cash working capital	17	**(1,050)**	(4,477)	**(6,998)**	(15,752)
Investment in lease incentives and initial direct leasing costs		**(2,451)**	(2,807)	**(6,915)**	(11,640)
Interest expense on debt and other financing costs		**14,365**	5,187	**38,859**	14,273
		72,088	54,556	**207,220**	151,566
Generated from (utilized in) investing activities					
Investment in building improvements and other development and pre-development costs		**(55,868)**	(31,918)	**(115,134)**	(94,527)
Acquisitions, deposits and transaction costs of investment properties (net of cash acquired)		**(2,942)**	(37,969)	**(5,249)**	(544,829)
Dispositions of investment properties (net of assumed mortgages and transaction costs)		**—**	—	**3,781**	68,157
Distributions from equity accounted investments		**3,000**	—	**3,000**	967
Contributions to equity accounted investments	6	**(8,858)**	(1,075)	**(499,520)**	(90,063)
		(64,668)	(70,962)	**(613,122)**	(660,295)
Generated from (utilized in) financing activities					
Borrowings	8	**263,082**	84,651	**1,116,697**	284,651
Lump sum repayments	8	**(297,228)**	(22,779)	**(675,355)**	(22,779)
Principal repayments	8	**(1,261)**	(21,943)	**(5,142)**	(26,169)
Financing costs additions		**(4,809)**	(66)	**(6,636)**	(1,216)
Interest and other financing costs paid on debt		**(12,644)**	(3,334)	**(36,920)**	(11,967)
Interest paid on subsidiary redeemable units		**(2,335)**	(3,246)	**(8,524)**	(9,739)
Distributions paid on REIT Units	15	**(33,042)**	(35,490)	**(100,596)**	(100,405)
Cash proceeds on issuance of REIT Units	16	**107,157**	—	**107,172**	320,162
Issue costs paid on REIT Units		**(2,143)**	(553)	**(2,143)**	(11,947)
Other adjustments to financing activities		**(66)**	(54)	**(173)**	(207)
		16,711	(2,814)	**388,380**	420,384
Increase (decrease) in cash and cash equivalents		**24,131**	(19,220)	**(17,522)**	(88,345)
Foreign exchange loss on cash held in foreign currency		**(2,674)**	(2,000)	**(1,332)**	(15,579)
Cash and cash equivalents, beginning of period		**43,491**	81,311	**83,802**	164,015
Cash and cash equivalents, end of period		**$ 64,948**	$ 60,091	**$ 64,948**	$ 60,091

See accompanying notes to the condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

(All dollar amounts in thousands of Canadian dollars, except for per REIT Unit amounts, or unless otherwise stated)
(Unaudited)

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, manages and operates industrial properties in key markets across Canada, Europe and the U.S.

The principal office and centre of administration of the Trust is at 30 Adelaide Street East, Suite 301, 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, 2023 were authorized for issuance by the Board of Trustees on November 7, 2023, after which they may be amended only 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" ("IAS 34"), 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, 2022, 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, 2022.

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. 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, 2022.

Note 3

FUTURE ACCOUNTING POLICY CHANGES

Amendments to IAS 1, "Presentation of Financial Statements"

The IASB has issued amendments to IAS 1, "Presentation of Financial Statements" ("IAS 1"). The amendments to IAS 1 clarify how to classify debt and other liabilities as current or non-current. The amendments to IAS 1 apply to annual reporting periods beginning on or after January 1, 2024. As a result of these amendments, effective January 1, 2024, the subsidiary redeemable units will be presented as a current liability in the condensed consolidated financial statements.

Note 4

INVESTMENT PROPERTIES

		Nine months ended September 30, 2023			Year ended December 31, 2022		
	Note	**Income-producing properties**	**Properties held for development**	**Investment properties**	Income-producing properties	Properties held for development	Investment properties
Balance at beginning of period		**$ 6,652,838**	**$ 106,587**	**$ 6,759,425**	$ 5,618,966	$ 77,641	$ 5,696,607
Additions (deductions):							
Acquisitions of investment properties and land	5	**5,661**	**—**	**5,661**	574,222	25,718	599,940
Building improvements		**27,554**	**—**	**27,554**	50,904	—	50,904
Lease incentives and initial direct leasing costs		**6,915**	**—**	**6,915**	17,518	—	17,518
Development costs, pre-development costs and capitalized interest		**14,267**	**90,347**	**104,614**	76,297	24,493	100,790
Income-producing properties transferred to/from properties held for development[1]		**12,314**	**(12,314)**	**—**	(41,899)	41,899	—
Investment properties disposed	5	**(3,781)**	**—**	**(3,781)**	(5,422)	(97,293)	(102,715)
Fair value adjustments to investment properties		**(22,745)**	**—**	**(22,745)**	328,288	34,129	362,417
Change in straight-line rent		**4,611**	**—**	**4,611**	6,217	—	6,217
Amortization of lease incentives		**(2,530)**	**—**	**(2,530)**	(3,073)	—	(3,073)
Foreign currency translation adjustments		**(25,234)**	**—**	**(25,234)**	30,820	—	30,820
Balance at end of period		**$ 6,669,870**	**$ 184,620**	**$ 6,854,490**	$ 6,652,838	$ 106,587	$ 6,759,425
Change in unrealized income included in net income							
Change in fair value of investment properties[2]		**$ (23,098)**	**$ —**	**$ (23,098)**	$ 327,774	$ 485	$ 328,259

(1) For the nine months ended September 30, 2023, an income-producing property was transferred to property held for development due to redevelopment activities, and one property was transferred from property held for development to income-producing property as the development was substantially completed. For the year ended December 31, 2022, three Ontario income-producing properties were transferred to properties held for development due to redevelopment activities.

(2) Excludes the fair value adjustments to investment properties recognized on disposed investment properties during the respective periods.

Investment properties include $22,625 (December 31, 2022 – $18,039) related to straight-line rent receivables.

Valuations of externally appraised investment properties

For the nine months ended September 30, 2023, there were 63 investment properties valued by qualified external valuation professionals representing 16.0% of total investment property values, excluding acquired properties (for the year ended December 31, 2022 – 82 investment properties were externally appraised representing 27.4% of total investment property values, excluding acquired properties).

Fair value adjustments to investment properties

When performing fair value assessments for its investment properties, the Trust incorporates a number of factors, including recent market transactions, recent leasing activity, market vacancy, leasing costs and other information obtained from market research and recently completed leases and acquisitions. The fair value of the investment properties as at September 30, 2023 and December 31, 2022 represents the Trust's best estimate based on the internally and externally available information as at the end of each reporting period.

Significant assumptions used in the valuation of investment properties

As at September 30, 2023 and December 31, 2022, the Trust's investment properties were valued using the capitalization ("cap") rate and discounted cash flow methods, except for income-producing properties acquired during the respective quarters as applicable and properties held for development. As at September 30, 2023 and December 31, 2022, development land included in the properties held for development were valued at the acquisition price plus capitalized interest, planning and pre-development costs incurred to date and revalued using a comparable sales approach. Income-producing properties transferred to properties held for development were initially valued at carrying value, which approximated fair value. The significant and unobservable Level 3 valuation metrics used in the methods as at September 30, 2023 and December 31, 2022 are set out in the table below:

	September 30, 2023[1]		December 31, 2022[1]	
	Range (%)	**Weighted average (%)**[2]	Range (%)	Weighted average (%)[2]
Cap rate method				
Stabilized cap rate	**4.45–8.65**	**5.91**	4.30–8.50	5.61
Discounted cash flow method				
Discount rate	**5.10–9.75**	**6.94**	5.05–9.50	6.54
Terminal cap rate	**4.35–8.75**	**6.10**	4.30–8.75	5.79

(1) Excludes properties held for development and investment properties acquired during the respective quarter as applicable.

(2) Weighted average percentage 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 properties held for development, ground leases and 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, 2023:

	Impact to change in weighted average stabilized cap rates	
Cap rate method	+25 bps	–25 bps
(Decrease) increase in value	$ (268,914)	$ 292,678

	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	$ (132,793)	$ 136,014	$ (174,442)	$ 189,927

Note 5

INVESTMENT PROPERTY ACQUISITIONS AND DISPOSITIONS

Acquisitions

Detailed below are the investment property acquisitions completed for the nine months ended September 30, 2023:

		Fair value of investment property[1]	Date acquired
15203 – 128th Avenue, Edmonton, Alberta[2]	$	150	February 23, 2023
Oberhausener Str. 20, Dusseldorf, Germany		4,847	August 1, 2023
Total	**$**	**4,997**	

(1) Fair value of investment property is at the acquisition date. Excludes transaction costs of $664.

(2) Acquisition of a 0.4 acre parcel of land immediately adjacent to our property located at 15303 – 128th Avenue in Edmonton, Alberta for a purchase price of $0.2 million in order to facilitate the parking requirements at the property.

For the year ended December 31, 2022, the Trust acquired investment properties for gross proceeds net of adjustments and before transaction costs totalling $565,266.

Detailed below are the considerations paid for the acquired investment properties for the nine months ended September 30, 2023 and year ended December 31, 2022:

		Nine months ended September 30, 2023		Year ended December 31, 2022
Cash paid (net of cash acquired)	**$**	**4,992**	$	562,825
Deposits paid in prior period and released to seller on closing		**5**		2,600
Assumed non-cash working capital and capital expenditure obligations		**—**		(159)
Transaction costs and land transfer taxes		**664**		34,674
Total cost of acquisitions	**$**	**5,661**	$	599,940

On February 17, 2023, pursuant to the Arrangement (see Note 6), the Trust acquired Dream Summit Industrial Management Corp. ("DSIM", formerly Summit Industrial Income Management Corp.) for nominal consideration, and has consolidated the financial results of DSIM for the nine months ended September 30, 2023. DSIM assists a subsidiary of the Trust in providing property management and leasing services to Dream Summit JV (see Note 6).

Dispositions

The following disposition was completed during the nine months ended September 30, 2023:

		Fair value of investment properties[1]	Date disposed
Hilversum Cluster, Netherlands[2]	$	3,781	March 22, 2023
Total	**$**	**3,781**	

(1) Fair value of investment properties is as at the respective disposition date.

(2) Disposition in Europe was settled in euros and translated into Canadian dollars as at the respective transaction date.

For the year ended December 31, 2022, the Trust disposed of investment properties located in the Netherlands and Ontario totalling $103,440.

Note 6

EQUITY ACCOUNTED INVESTMENTS

On February 17, 2023, Dream Summit Industrial LP, a limited partnership owned by a joint venture ("Dream Summit JV") between GIC and the Trust in which the Trust has a 10% interest, completed the previously announced statutory arrangement (the "Arrangement") involving Summit Industrial Income REIT ("Summit REIT") and Summit Industrial Income Management Corp. Pursuant to the Arrangement, Dream Summit Industrial LP acquired all of the assets and assumed all of the liabilities of Summit REIT, including the assumption of certain debt. The Trust contributed equity of $473.2 million to Dream Summit JV, which was funded with proceeds from a new $200 million unsecured term loan, the unsecured revolving credit facility and available cash on hand. A subsidiary of Dream Asset Management Inc. (“DAM”) is the asset manager of Dream Summit JV and the Trust will pay fees on its interest in Dream Summit JV under the North America Asset Management Agreement.

As at September 30, 2023, the Trust holds an equity accounted investment in Dream Summit JV, a private U.S. industrial fund (the “U.S. Fund”), and a GTA Development joint venture (the “Development JV”); the equity accounted investments are related parties of the Trust (see Note 19).

During the three months ended September 30, 2023, the Trust contributed capital of $5,535 in the Dream Summit JV. During the three and nine months ended September 30, 2023, the Trust earned fees totalling $4,366 and $11,589, respectively (for the three and nine months ended September 30, 2022, $1,219 and $4,203, respectively) for providing property management and accounting, construction management and leasing services to the U.S. Fund and Dream Summit JV (see Note 12).

Equity accounted investments continuity

				Nine months ended September 30, 2023	Year ended December 31, 2022
	Dream Summit JV	Development JV	U.S. Fund	**Total**	Total
Balance at beginning of period	$ —	$ 32,812	$ 280,715	**$ 313,527**	$ 139,355
Capital contributions	482,441	4,025	7,242	**493,708**	122,511
Capitalized transaction costs	6,818	504	192	**7,514**	—
Distributions earned	(3,000)	—	(7,976)	**(10,976)**	(6,026)
Share of net (loss) income	(5,744)	(7)	9,251	**3,500**	38,482
Foreign currency translation adjustments	—	—	(394)	**(394)**	19,205
Balance at end of period	$ 480,515	$ 37,334	$ 289,030	**$ 806,879**	$ 313,527
Percentage of ownership, end of period	10.0%	25.0%	25.8%		

Note 7

DERIVATIVES AND OTHER NON-CURRENT ASSETS

	Note	**September 30, 2023**	December 31, 2022
Restricted cash and other assets		**$ 2,821**	$ 2,939
Fair value of interest rate swaps		**9,322**	12,484
Fair value of cross-currency interest rate swaps (“CCIRS”)	21	**64,935**	76,593
Total		**$ 77,078**	$ 92,016

Note 8

DEBT

	September 30, 2023	December 31, 2022
Mortgages[1]	**$ 572,990**	$ 529,600
Unsecured revolving credit facility[1]	**30,546**	50,742
Unsecured term loans[1][2]	**532,653**	338,057
Unsecured debentures[1]	**1,694,641**	1,494,549
Total debt	**2,830,830**	2,412,948
Less: Current portion	**(308,515)**	(275,536)
Non-current debt	**$ 2,522,315**	$ 2,137,412

(1) Net of unamortized financing costs and unamortized fair value adjustments, as applicable.

(2) The unsecured term loans are denominated in U.S. dollars and are translated into Canadian dollars at the foreign exchange rate in accordance with the Trust's accounting policy.

Continuity of total debt

The following tables provide a continuity of total debt for the nine months ended September 30, 2023 and year ended December 31, 2022:

					September 30, 2023
	Mortgages[1]	**Unsecured revolving credit facility[1]**	**Unsecured term loans[1]**	**Unsecured debentures**	**Total**
Total debt as at January 1, 2023	**$ 529,600**	**$ 50,742**	**$ 338,057**	**$ 1,494,549**	**$ 2,412,948**
Cash items:					
Borrowings	**231,082**	**485,615**	**200,000**	**200,000**	**1,116,697**
Lump sum repayments	**(171,536)**	**(503,819)**	**—**	**—**	**(675,355)**
Principal repayments	**(5,142)**	**—**	**—**	**—**	**(5,142)**
Financing cost additions	**(4,402)**	**(753)**	**(500)**	**(1,327)**	**(6,982)**
Non-cash items:					
Foreign currency translation adjustments	**(5,144)**	**(1,597)**	**(5,139)**	**—**	**(11,880)**
Other adjustments[2]	**(1,468)**	**358**	**235**	**1,419**	**544**
Total debt as at September 30, 2023	**$ 572,990**	**$ 30,546**	**$ 532,653**	**$ 1,694,641**	**$ 2,830,830**

(1) The unsecured term loans denominated in U.S. dollars, the unsecured revolving credit facility and the mortgages denominated in euros are translated into Canadian dollars at the foreign exchange rate in accordance with the Trust's accounting policy.

(2) Includes amortization of financing costs of $2,084, amortization of fair value adjustments on assumed debt and cost of reopening Series A Debentures of $(1,540).

					December 31, 2022
	Mortgages[1]	Unsecured revolving credit facility[1]	Unsecured term loan[1]	Unsecured debentures	Total
Total debt as at January 1, 2022	$ 561,681	$ (464)	$ 189,705	$ 1,294,074	$ 2,044,996
Cash items:					
Borrowings	—	293,233	135,780	200,000	629,013
Lump sum repayments	(19,778)	(249,539)	—	—	(269,317)
Principal repayments	(8,973)	—	—	—	(8,973)
Financing cost additions	(66)	(851)	(558)	(1,150)	(2,625)
Non-cash items:					
Foreign currency translation adjustments	(322)	8,107	12,651	—	20,436
Other adjustments[2]	(2,942)	256	479	1,625	(582)
Total debt as at December 31, 2022	$ 529,600	$ 50,742	$ 338,057	$ 1,494,549	$ 2,412,948

(1) The unsecured term loan denominated in U.S. dollars, the unsecured revolving credit facility and the mortgages denominated in euros are translated into Canadian dollars at the foreign exchange rate in accordance with the Trust's accounting policy.

(2) Includes amortization and write-off of financing costs of $2,490, amortization of fair value adjustments on assumed debt and cost of reopening Series A Debentures of $(3,072).

Mortgages

During the nine months ended September 30, 2023, the Trust discharged one mortgage and repaid an additional eight mortgages in Europe totaling $164,307 with a face interest rate of 1.26% per annum, by utilizing its unsecured revolving credit facility during the three months ended June 30, 2023.

During the three months ended September 30, 2023, the Trust closed on $231,082 of new mortgages and refinanced $99,015 of mortgages in Europe with weighted average face and effective interest rates of 4.93% and 5.20% per annum, respectively. The proceeds were used to repay the drawdowns on the unsecured revolving credit facility.

During the year ended December 31, 2022, the Trust discharged one mortgage in Europe totalling $19,778 with a face interest rate of 0.87% per annum.

Unsecured term loan ($200 million)

On February 14, 2023, the Trust closed on an unsecured term loan (the "$200M Unsecured Term Loan") with an equivalent principal amount of $200 million maturing on February 14, 2026 with a one-year extension option. The $200M Unsecured Term Loan Trust bears interest at Canadian bankers' acceptance rates ("BA rates") plus spread or Canadian prime rate plus spread on Canadian dollar draws, or the secured overnight financing rate ("SOFR") plus spread or base rate plus spread on U.S. dollar draws.

The Trust fully drew down on the principal amount on February 15, 2023 to finance part of the acquisition of Summit REIT. On March 15, 2023, the Trust rolled over the entire principal amount of the $200M Unsecured Term Loan into a US$145 million principal amount drawdown and concurrently entered into a CCIRS arrangement, maturing on March 15, 2028, to swap the U.S. dollar proceeds to Canadian dollars and fix the floating interest rate to 4.848%.

The Trust uses the CCIRS arrangement to hedge its U.S. dollar cash flows associated with the $200M Unsecured Term Loan, including the one-year extension option, and a highly probable incremental one-year extension of the loan at similar terms. The U.S. dollar cash flows of the $200M Unsecured Term Loan and expected extensions mirror the U.S. cash flows in the CCIRS. As all critical terms and underlying hedge risks are expected to match during the duration of the swap, the economic relationship was 100% effective.

Unsecured revolving credit facility

In October 2022, the Trust amended its $350 million unsecured revolving credit facility to increase the limit to $500 million and increase the accordion option limit from $150 million to $250 million, and extended the term from May 14, 2024 to January 31, 2026. In August 2023, the Trust extended the term of the unsecured revolving credit facility from January 31, 2026 to August 9, 2028. The unsecured revolving credit facility bears interest at the BA rates plus spread or Canadian prime rate plus spread on Canadian dollar draws, the SOFR plus spread or U.S. prime rate plus spread on U.S. dollar draws, or Euro Interbank Offered Rate ("EURIBOR") plus spread on euro draws.

It is currently expected that the administrator of the Canadian Dollar Offered Rate ("CDOR") will cease publication of CDOR by June 28, 2024, and the Canadian financial benchmark will be replaced by the Canadian Overnight Repo Rate Average ("CORRA"). The fallback provisions of the unsecured revolving credit facility have been appropriately updated to transition from CDOR to CORRA for Canadian drawdowns when CDOR will be discontinued.

The amounts available and drawn under the revolving credit facility as at September 30, 2023 are as follows:

	September 30, 2023				
	Maturity date	Borrowing capacity	Letters of credit amount	Principal outstanding	Amounts available to be drawn
Unsecured revolving credit facility(1)	August 9, 2028	$ 500,000	$ 6,293	$ 32,000	$ 461,707

(1) The unsecured revolving credit facility has the ability to be drawn in Canadian dollars, U.S. dollars and euros. As at September 30, 2023, the principal outstanding amounts was $32,000.

As at December 31, 2022, $51,801 was drawn on the unsecured revolving credit facility in addition to a letter of credit totalling $2,414.

Debentures

On March 22, 2023, the Trust completed a private placement offering of $200 million aggregate principal amount of Series F 5.383% Senior Unsecured Debentures maturing on March 22, 2028 (the "$200 million Series F Debentures").

The Trust has the following outstanding debentures, all rated BBB with a Stable Trend by DBRS Morningstar ("DBRS"): the $450 million 1.662% Series A Debentures due 2025, the $200 million Floating Rate Series B Debentures due 2024, the $400 million 2.057% Series C Debentures due 2027 (Series C Green Bonds), the $250 million 2.539% Series D Debentures due 2026 (Series D Green Bonds), the $200 million 3.968% Series E Debentures due 2026 (Series E Green Bonds), and the $200 million Series F Debentures due 2028 (collectively, the "Debentures" and the Series C Green Bonds, the Series D Green Bonds and the Series E Green Bonds, collectively, the "Green Bonds").

$200 million Series F Debentures

The $200 million Series F Debentures were issued at a price equal to $1,000 per $1,000 principal amount, bear interest at a rate of 5.383% per annum and will mature on March 22, 2028. Interest is payable on the $200 million Series F Debentures on March 22 and September 22 of each year commencing on September 22, 2023. The $200 million Series F Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the $200 million Series F Debentures offering totaled $1,327.

Debt weighted average effective interest rates and maturity profile

As at September 30, 2023, the weighted average effective interest rate on total debt was 2.38% (December 31, 2022 – 1.26%). The weighted average effective interest rate includes the impact of fair value adjustments on assumed debt, deferred financing costs and the impact of CCIRS.

The scheduled principal and interest repayments and debt maturities are as follows:

	Debt balance due at maturity	Scheduled principal repayments on debt maturing in future periods	Amount	Contractual interest payments	Total debt service requirements
Remainder of 2023	$ —	$ 1,262	$ 1,262	$ 15,746	$ 17,008
2024	306,309	3,283	309,592	58,423	368,015
2025	845,252	2,700	847,952	53,112	901,064
2026	645,460	2,798	648,258	37,560	685,818
2027	400,000	2,900	402,900	30,798	433,698
2028–2030	628,044	4,756	632,800	21,489	654,289
Total	$ 2,825,065	$ 17,699	$ 2,842,764	$ 217,128	$ 3,059,892
Unamortized financing costs			(12,278)		
Unamortized fair value adjustments			344		
Total debt			**$ 2,830,830**		

Note 9

INCOME TAXES

The Trust is subject to corporate income taxes in Canada, Europe and the U.S. through the Trust's wholly owned European subsidiaries and a U.S. subsidiary.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Current income tax expense	**$ (925)**	$ (1,534)	**$ (2,284)**	$ (2,822)
Deferred income tax expense, net	**(415)**	(7,011)	**(870)**	(28,514)
Deferred and current income tax expenses, net	**$ (1,340)**	$ (8,545)	**$ (3,154)**	$ (31,336)

Note 10

DERIVATIVES AND OTHER NON-CURRENT LIABILITIES

	Note	**September 30, 2023**	December 31, 2022
Tenant security deposits		**$ 29,945**	$ 29,553
Fair value of CCIRS	21	**2,669**	1,012
Fair value of interest rate swaps		**468**	—
Ground leases		**11,543**	11,843
Total		**$ 44,625**	$ 42,408

Note 11

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Nine months ended September 30,					
			2023			2022
	Opening balance January 1	**Net change during the period**	**Closing balance September 30**	Opening balance January 1	Net change during the period	Closing balance September 30
Unrealized loss on foreign currency translation of foreign operations	**$ (19,367)**	**$ (22,871)**	**$ (42,238)**	$ (43,488)	$ (137,578)	$ (181,066)
Unrealized gain on hedge of net investment	**29,930**	**25,724**	**55,654**	49,505	108,776	158,281
Unrealized gain (loss) on cash flow hedge	**(435)**	**435**	**—**	(435)	—	(435)
Unrealized gain (loss) on interest portion of hedging derivatives	**40,377**	**(22,556)**	**17,821**	(10,316)	35,801	25,485
Share of other comprehensive income (loss) from equity accounted investment	**20,358**	**(394)**	**19,964**	1,153	22,695	23,848
Accumulated other comprehensive income (loss)	**$ 70,863**	**$ (19,662)**	**$ 51,201**	$ (3,581)	$ 29,694	$ 26,113

Note 12

INVESTMENT PROPERTIES REVENUE

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Rental income	**$ 88,893**	$ 78,263	**$ 263,430**	$ 224,616
Recoveries revenue	**16,141**	13,831	**51,664**	41,881
Property management and other income	**4,366**	1,219	**11,589**	4,203
Total	**$ 109,400**	$ 93,313	**$ 326,683**	$ 270,700

Note 13

FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Remeasurement of carrying value of subsidiary redeemable units	**$ 16,950**	$ 25,046	**$ (28,518)**	$ 120,402
Remeasurement of carrying value of deferred trust units	**1,475**	1,336	**(2,094)**	6,198
Remeasurement of interest rate swaps	**(1,228)**	4,099	**(3,443)**	15,784
Amortization of fair value adjustments on CCIRS	**(2,103)**	—	**(6,309)**	—
Total	**$ 15,094**	$ 30,481	**$ (40,364)**	$ 142,384

Note 14

NET GAIN (LOSS) ON TRANSACTIONS AND OTHER ACTIVITIES

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Internal leasing costs	**$ (1,127)**	$ (1,056)	**$ (3,224)**	$ (3,220)
Foreign exchange gain (loss)	**1,341**	(761)	**1,389**	(4,175)
Transaction costs on acquisitions and dispositions	**(76)**	(35)	**(818)**	(480)
Other	**3**	(77)	**22**	(257)
Total	**$ 141**	$ (1,929)	**$ (2,631)**	$ (8,132)

Note 15

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 $0.175 and $0.525 for the three and nine months ended September 30, 2023 and September 30, 2022, respectively.

The following table summarizes distributions paid and payable for the nine months ended September 30, 2023 and September 30, 2022:

	Nine months ended September 30,	
	2023	2022
Paid in cash	**$ (100,596)**	$ (100,405)
Paid by way of reinvestment in REIT Units[(1)]	**(37,699)**	(30,947)
Less: Payable at December 31, 2022/December 31, 2021	**14,968**	13,641
Add: Payable at September 30, 2023/September 30, 2022	**(15,873)**	(14,920)
Total distributions paid and payable	**$ (139,200)**	$ (132,631)

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

The following table summarizes our monthly distributions paid and payable subsequent to September 30, 2023:

Date distribution announced	Record date	Date distribution was paid or is payable	Distribution per REIT A Unit	Total cash distributions paid	Total DRIP distributions
September 20, 2023	September 2023	October 13, 2023	$ 0.05833	$ 11,338	$ 4,533[(1)]

(1) $4,533 in distributions along with $136 in bonus distributions were reinvested in an additional 360,782 REIT Units (including 3% bonus distributions on Units reinvested pursuant to the DRIP).

On October 20, 2023, the Trust announced its October 2023 monthly distribution in the amount of $0.05833 per REIT Unit. The October 2023 distributions will be payable on November 15, 2023 to unitholders on record as at October 31, 2023.

Note 16

EQUITY

Secondary offering of REIT Units and exchange of subsidiary redeemable units

On May 16, 2023, the Trust closed on a secondary bought deal offering, along with Dream Office REIT ("the Selling Unitholder"), 12,500,000 REIT Units at a price of $14.20 per Unit, for a gross total proceeds of $177.5 million (the "Offering"). All proceeds were paid to the Selling Unitholder. The Trust did not receive any proceeds of the Offering.

In connection with the Offering, Dream Office REIT exercised its option to exchange 5,205,283 subsidiary redeemable units of Dream Industrial LP, a subsidiary of the Trust, for REIT Units on a one-for-one basis, and a corresponding number of Special Trust Units were automatically redeemed for a nominal amount and cancelled on exchange of such subsidiary redeemable units. The exchange of the subsidiary redeemable units to REIT Units was recorded based on the May 5, 2023 closing price of the Units on the TSX of $14.22 for a total of $74,019. As at September 30, 2023, 13,346,572 subsidiary redeemable units and Special Trust Units were issued and outstanding.

The following table summarizes the public offerings issued for the nine months ended September 30, 2022. Total costs related to the offerings were charged directly to unitholders' equity.

	Nine months ended September 30, 2022			
Date of public offering	Number of REIT Units	REIT Unit price	Gross proceeds	Issue costs
March 9, 2022[1]	14,110,500 $	16.30 $	230,001 $	9,850

(1) Includes 1,840,500 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

Short form base shelf prospectus

On November 26, 2021, the Trust filed and obtained a receipt for a final short form base shelf prospectus dated November 26, 2021 that 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 $2,500,000.

On March 2, 2022, the Trust filed a prospectus supplement to its final base shelf prospectus to qualify the distribution of 12,270,000 REIT Units at a price of $16.30 per Unit, and on March 9, 2022, the Trust completed an offering of 14,110,500 Units for aggregate gross proceeds of approximately $230,001, including 1,840,500 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters of such offering.

On May 8, 2023, the Trust filed a prospectus supplement to its final base shelf prospectus to qualify the distribution of 12,500,000 REIT Units at a price of $14.20 per Unit by Dream Office REIT, and on May 16, 2023, the Trust completed the secondary offering of 12,500,000 REIT Units for aggregate gross proceeds of approximately $177,500. The Trust did not receive the proceeds from such offering.

On September 6, 2023, the Trust filed and obtained a receipt for a final short form base shelf prospectus dated September 5, 2023 that is valid for a 25-month period, during which time the Trust may offer and issue, from time to time, REIT Units, subscription receipts and debt securities, or any combination thereof.

As at September 30, 2023, $635,010 of REIT Units have been issued under the short form base shelf prospectus dated November 26, 2021. No REIT Units have been issued under the short form base shelf prospectus dated September 5, 2023.

At-the-market equity program ("ATM Program")

On November 30, 2021, the Trust filed a prospectus supplement (the "ATM Program"), which qualified the Trust to issue REIT Units up to an aggregate sale price of $250,000 to the public from time to time at prevailing market prices, directly on the TSX or on other permitted marketplaces to the extent permitted. On September 6, 2023, the Trust filed a prospectus supplement to renew its ATM Program, which qualified the Trust to issue REIT Units up to an aggregate sale price of $250,000 to the public from time to time at prevailing market prices, directly on the TSX or on other permitted marketplaces to the extent permitted.

During the three and nine months ended September 30, 2023, the Trust issued 7,510,426 REIT Units under the ATM Program dated November 30, 2021 at a weighted average price of $14.27 per REIT Unit for gross proceeds of $107,147. Total costs related to the issuance of these REIT Units amounted to $2,143 and were charged directly to unitholders' equity. Accordingly, the net proceeds relating to the issuance of these REIT Units amounted to $105,004.

Note 17

SUPPLEMENTARY CASH FLOW INFORMATION

The components of other adjustments under operating activities include:

		Three months ended September 30,		Nine months ended September 30,	
	Note	**2023**	2022	**2023**	2022
Change in straight-line rent	4	**$ (1,068)**	$ (1,497)	**$ (4,611)**	$ (4,081)
Deferred unit compensation expense, net		**932**	703	**3,095**	2,698
Deferred income tax expense, net	9	**415**	7,011	**870**	28,514
Interest on subsidiary redeemable units		**2,336**	3,246	**8,221**	9,739
Foreign exchange (gain) loss	14	**(1,341)**	761	**(1,389)**	4,175
Transaction costs on acquisitions and dispositions	14	**76**	35	**818**	480
Total other adjustments		**$ 1,350**	$ 10,259	**$ 7,004**	$ 41,525

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Decrease (increase) in amounts receivable	**$ 539**	$ (2,731)	**$ (5,560)**	$ (17,145)
Decrease (increase) in prepaid expenses and other assets	**173**	811	**(8,265)**	(5,773)
(Increase) decrease in derivatives and other non-current assets	**(353)**	(179)	**272**	(1,409)
(Decrease) increase in amounts payable and accrued liabilities	**(4,096)**	(4,683)	**3,909**	1,839
Increase in derivatives and other non-current liabilities	**2,205**	1,351	**2,384**	4,760
Increase in current income tax liabilities	**482**	954	**262**	1,976
Change in non-cash working capital	**$ (1,050)**	$ (4,477)	**$ (6,998)**	$ (15,752)

Note 18

SEGMENTED INFORMATION

For the nine months ended September 30, 2023 and September 30, 2022, the Trust’s reportable operating segments of its investment properties and results of operations were segmented into the following components: Ontario, Québec, Western Canada, Europe, the U.S. and Dream Summit JV.

The chief operating decision-maker, determined to be the Chief Executive Officer (“CEO”) of the Trust, continues to take into consideration the operating performance of its retained interest in the U.S. portfolio after the sale to the U.S. Fund and in the properties held for developments sold to the Development JV when assessing the operating performance of the U.S. and Ontario segments, respectively.

The Trust’s segmented income included the Trust’s share of net rental income from the U.S. Fund while fair value adjustments on investment properties and internal leasing costs included in net loss on transactions and other activities exclude the equity accounted investment in the U.S. segment.

Effective April 29, 2022, the Trust’s segmented income included the Trust’s share of net rental income from the Development JV while fair value adjustments on investment properties and internal leasing costs included in net loss on transactions and other activities excluded the equity accounted investment in the Ontario segment.

Effective February 17, 2023, the Trust’s segmented income included the Trust’s share of net rental income from the Dream Summit JV while fair value adjustments on investment properties and internal leasing costs included in net loss on transactions and other activities excluded the equity accounted investment in the Dream Summit JV segment.

The chief operating decision-maker also considers the performance of assets held for sale (except for those where the Trust will continue to retain an interest) and disposed properties separately from the investment properties in the geographic segments, and discontinued operations, as applicable, 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 Trust's financing strategy is to optimize the overall borrowing costs and it is not typically determined on a segment basis. 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, 2023	Ontario	Québec	Western Canada	Europe	U.S.[(1)]	Dream Summit JV[(1)]	Segment total	Other[(2)]	Total
Investment properties revenue	**$ 30,689**	**$ 17,841**	**$ 17,827**	**$ 38,678**	**$ 5,632**	**$ 7,186**	**$ 117,853**	**$ (8,453)**	**$ 109,400**
Investment properties operating expenses	**(6,478)**	**(4,408)**	**(6,302)**	**(6,041)**	**(1,455)**	**(2,058)**	**(26,742)**	**1,846**	**(24,896)**
Net rental income (segmented income)	**$ 24,211**	**$ 13,433**	**$ 11,525**	**$ 32,637**	**$ 4,177**	**$ 5,128**	**$ 91,111**	**$ (6,607)**	**$ 84,504**
Fair value adjustments on investment properties	**$ 1,491**	**$ 11,845**	**$ (2,021)**	**$ (44,837)**	**$ —**	**$ —**	**$ (33,522)**	**$ —**	**$ (33,522)**
Net gain (loss) on transactions and other activities[(3)]	**(346)**	**(191)**	**(457)**	**(112)**	**—**	**—**	**(1,106)**	**1,247**	**141**

(1) U.S. and Dream Summit JV segments include the Trust's share of net rental income from the equity accounted investments while fair value adjustments on investment properties and net loss on transactions and other activities exclude the equity accounted investments in the U.S. and Dream Summit JV segments.

(2) Other includes the reversal of net rental income from the equity accounted investment included in segmented income, net property management and other income, and items included in net gain (loss) on transactions and other activities that were not segmented.

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

Three months ended September 30, 2022	Ontario	Québec	Western Canada	Europe	U.S.[(1)]	Segment total	Other[(2)]	Total
Investment properties revenue	$ 26,412	$ 16,059	$ 16,971	$ 32,650	$ 4,700	$ 96,792	$ (3,479)	$ 93,313
Investment properties operating expenses	(5,753)	(3,685)	(5,826)	(5,600)	(905)	(21,769)	453	(21,316)
Net rental income (segmented income)	$ 20,659	$ 12,374	$ 11,145	$ 27,050	$ 3,795	$ 75,023	$ (3,026)	$ 71,997
Fair value adjustments on investment properties	$ 25,988	$ 15,546	$ (2,583)	$ 4,182	$ —	$ 43,133	$ —	$ 43,133
Net loss on transactions and other activities[(3)]	(341)	(92)	(442)	—	—	(875)	(1,054)	(1,929)

(1) U.S. includes the Trust's share of net rental income from the equity accounted investment while fair value adjustments on investment properties and net loss on transactions and other activities exclude the equity accounted investment in the U.S. segment.

(2) Other includes the reversal of net rental income from the equity accounted investment included in segmented income, net property management and other income, and items included in net loss on transactions and other activities that were not segmented.

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

Nine months ended September 30, 2023	Ontario	Québec	Western Canada	Europe	U.S.[1]	Dream Summit JV[1]	Segment total	Other[2]	Total
Investment properties revenue	**$ 89,694**	**$ 52,823**	**$ 54,859**	**$ 117,646**	**$ 16,799**	**$ 17,381**	**$ 349,202**	**$ (22,519)**	**$ 326,683**
Investment properties operating expenses	**(19,251)**	**(13,293)**	**(20,477)**	**(19,799)**	**(4,393)**	**(4,738)**	**(81,951)**	**4,267**	**(77,684)**
Net rental income (segmented income)	**$ 70,443**	**$ 39,530**	**$ 34,382**	**$ 97,847**	**$ 12,406**	**$ 12,643**	**$ 267,251**	**$ (18,252)**	**$ 248,999**
Fair value adjustments on investment properties	**$ 22,750**	**$ 62,340**	**$ (15,194)**	**$ (92,641)**	**$ —**	**$ —**	**$ (22,745)**	**$ —**	**$ (22,745)**
Net gain (loss) on transactions and other activities[3]	**(1,001)**	**(563)**	**(1,348)**	**(263)**	—	**—**	**(3,175)**	**544**	**(2,631)**

(1) U.S. and Dream Summit JV segments include the Trust's share of net rental income from the equity accounted investment while fair value adjustments on investment properties and net loss on transactions and other activities excludes the equity accounted investments in the U.S. and Dream Summit JV segments.

(2) Other includes properties sold, the reversal of net rental income from the equity accounted investment included in segmented income, net property management and other income, and items included in net gain (loss) on transactions and other activities that were not segmented.

(3) Net gain (loss) on transactions and other activities allocated to the geographic segments represents internal leasing costs. The U.S. segment excludes the equity accounted investment.

Nine months ended September 30, 2022	Ontario	Québec	Western Canada	Europe	U.S.[1]	Segment total	Other[2]	Total
Investment properties revenue	$ 74,895	$ 46,044	$ 51,658	$ 93,899	$ 12,627	$ 279,123	$ (8,423)	$ 270,700
Investment properties operating expenses	(17,875)	(10,832)	(18,823)	(15,790)	(2,553)	(65,873)	1,212	(64,661)
Net rental income (segmented income)	$ 57,020	$ 35,212	$ 32,835	$ 78,109	$ 10,074	$ 213,250	$ (7,211)	$ 206,039
Fair value adjustments on investment properties[3]	$ 249,998	$ 138,318	$ 12,685	$ 27,527	$ —	$ 428,528	$ —	$ 428,528
Net loss on transactions and other activities[4]	(1,046)	(624)	(1,285)	(265)	—	(3,220)	(4,912)	(8,132)

(1) U.S. includes the Trust's share of net rental income from the equity accounted investment while fair value adjustments on investment properties and net loss on transactions and other activities exclude the equity accounted investment in the U.S. segment.

(2) Other includes properties sold, the reversal of net rental income from the equity accounted investment included in segmented income, net property management and other income, and items included in net loss on transactions and other activities that were not segmented.

(3) The Ontario segment includes fair value adjustments of $34,252 on the two properties held for development sold to the Development JV.

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

Investment properties and equity accounted investments

Nine months ended September 30, 2023	Ontario	Québec	Western Canada	Europe	U.S.	Dream Summit JV	Segment total	Other	Total
Investment properties[1]	**$ 2,456,308**	**$ 1,213,778**	**$ 762,961**	**$ 2,421,443**	**$ —**	**$ —**	**$ 6,854,490**	**$ —**	**$ 6,854,490**
Capital expenditures[2]	**46,307**	**16,586**	**65,863**	**10,327**	**—**	**—**	**139,083**	**—**	**139,083**
Equity accounted investments	**37,334**	**—**	**—**	**—**	**289,030**	**480,515**	**806,879**	**—**	**806,879**

(1) The Ontario segment and Western Canada segment include $101,400 and $83,220, respectively, of properties held for development.

(2) Includes building improvements, lease incentives, initial direct leasing costs and development costs. The Ontario segment and Western Canada segment include $35,491 and $54,856, respectively, of development costs, pre-development costs and capitalized interest. The U.S. and Dream Summit JV segments exclude the equity accounted investments.

Year ended December 31, 2022	Ontario	Québec	Western Canada	Europe	U.S.	Segment total	Other	Total
Investment properties[1]	$ 2,385,272	$ 1,133,225	$ 713,618	$ 2,527,310	$ —	$ 6,759,425	$ —	$ 6,759,425
Capital expenditures[2]	52,227	38,612	22,170	56,220	—	169,229	—	169,229
Equity accounted investments	32,812	—	—	—	280,715	313,527	—	313,527

(1) The Ontario segment and Western Canada segment include $78,224 and $28,363, respectively, of properties held for development.

(2) Includes building improvements, lease incentives, initial direct leasing costs and development costs. The Ontario segment and Western Canada segment include $22,277 and $2,233, respectively, of development costs, pre-development costs and capitalized interest. The U.S. segment excludes the equity accounted investment.

Note 19

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

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

Agreements with DAM

Under the asset management agreement ("AMA") between the Trust and DAM, DAM provides certain asset management services to the Trust and its subsidiaries. The AMA provides the Trust and DAM the opportunity to agree on additional services to be provided to the Trust for which DAM is to be reimbursed on a cost recovery basis.

The following table summarizes the fees paid to or received from DAM and its affiliates for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Incurred under the North American AMA and European AMA:				
Asset management fee (included in general and administrative expenses)	**$ (3,673)**	$ (3,194)	**$ (10,762)**	$ (9,310)
Asset management fee (included in properties under development)	**(138)**	(53)	**(303)**	(78)
Acquisition fee (included in investment properties and equity accounted investments)	**(69)**	(185)	**(3,746)**	(3,757)
Capital expenditures fee (included in investment properties)	**(2,717)**	(761)	**(4,676)**	(2,193)
Expense reimbursements related to financing arrangements	**(153)**	(180)	**(367)**	(527)
Total costs incurred under the North American AMA and European AMA	**$ (6,750)**	$ (4,373)	**$ (19,854)**	$ (15,865)
Total costs incurred under the Shared Services and Cost Sharing Agreement	**$ (486)**	$ (515)	**$ (1,355)**	$ (1,185)

Effective January 1, 2022, the Trust amended its asset management agreement with DAM, to clarify certain definitions and simplify the administration of the agreement.

The principal amendments to the agreement included:

- Change in fiscal year to calendar year to align with the Trust's year-end;
- Funds from operations per Unit ("FFO per Unit") replacing adjusted funds from operations per Unit ("AFFO per Unit") in calculations;
- Incorporation of development activities so the historical purchase price of the properties for the purposes of determining certain fees now includes development costs; and
- Separate contracts for North America ("North American AMA") and Europe ("European AMA") to align with the Trust's expansion into Europe.

The overall economics to the Trust and DAM due to the separation of the contracts for North America and Europe will approximate the aggregate fees payable under the prior agreement, as described in more detail as follows.

North American AMA

The North American AMA entitles DAM to the same fees as the original AMA in respect of the Trust's North American properties: a base annual management fee, capital expenditure fee, acquisition fee, financing fee and incentive fee. The incentive fee calculation has been modified to be based on an amount equal to 15% of the Trust's FFO per Unit from the Trust's North American investment properties and gains on the disposition of any North American investment properties in the year in excess of the North American hurdle amount (the "North American Hurdle Amount"), multiplied by the number of Units outstanding, less the amount of any shortfall in the Incentive Distribution (as defined below) in respect of the European portfolio as described below. The North American Hurdle Amount was initially set as at January 1, 2020 as the product of (i) $0.95 per Unit (increasing annually by 50% of the increase in the consumer price index ("CPI") as defined in the North American AMA ($1.00 as of January 1, 2023)) multiplied by (ii) the proportion of the Trust's total portfolio represented by the North American investment properties (based on the historic cost of the Trust's investment properties).

The North American AMA had 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 North American AMA may be terminated by DAM at any time after the initial term. Other than in respect of termination resulting from certain events of default of DAM, on termination of the North American AMA, all accrued fees under the North American AMA, including the incentive fee, become payable to DAM. In such circumstances, or if the Trust is acquired, the incentive fee is calculated as if all the Trust's North American investment properties were sold on the applicable date.

European AMA

The European AMA applies only to the Trust's European investment properties. Under the European AMA, a subsidiary of DAM ("Europe Asset Manager") is entitled to a base annual management fee, capital expenditure fee, acquisition fee and financing fee. In addition, a subsidiary of DAM ("DAM Europe") holds LP Class B Units of a subsidiary of the Trust through which the Trust holds the European investment properties. These LP Class B Units entitle DAM Europe to an annual distribution (the "Incentive Distribution") equal to 15% of the Trust's European FFO per Unit in excess of the European hurdle amount (the "European Hurdle Amount"), multiplied by the number of Units outstanding. The calculation of the European FFO per Unit includes the Trust's FFO from the European investment properties and gains on the disposition of any European investment properties in the year. The European Hurdle Amount was initially set as at January 1, 2020 as the product of (i) $0.95 per Unit (increasing annually by 50% of the increase in the CPI as defined in the European AMA ($1.00 as of January 1, 2023)) multiplied by (ii) the proportion of the Trust's total portfolio represented by the European investment properties (based on the historic cost of the Trust's investment properties).

The European AMA has an initial term ending December 31, 2026 and is automatically renewed for further five-year terms unless and until terminated in accordance with its terms. The European AMA may be terminated by the Europe Asset Manager at any time after the initial term ends on December 31, 2026. Other than in respect of termination resulting from certain events of default of the Europe Asset Manager, on termination of the European AMA, all accrued fees under the European AMA become payable to the Europe Asset Manager. In such circumstances, or upon an acquisition of control of the Trust's subsidiary through which the Trust holds its European investment properties, the LP Class B Units will be redeemed at a redemption price equal to the Incentive Distribution calculated as if all of the European investment properties were sold at the applicable date.

Disposition gains in the Trust's FFO per Unit and European FFO per Unit calculations used for determining the incentive fee and Incentive Distribution are based on the fair value (or actual disposition value) of the Trust's North American and European investment properties, respectively, at the applicable date, relative to their historic purchase price.

As at September 30, 2023, no incentive fee under the North American AMA has been paid or is payable by the Trust to DAM.

As at September 30, 2023, the fair value of the LP Class B Units held by DAM Europe was $nil and no Incentive Distribution has been paid or is payable by the Trust to DAM Europe.

In the event that all of the Trust's investment properties had been sold or both the North American AMA and the European AMA had been terminated, based on the investment properties value reported as at September 30, 2023 of $6.9 billion, and based on the Trust's actual financial results for the trailing 12 months, the estimated overall incentive fee payable would have been $261.7 million. The actual incentive fee payable, if any, would be calculated as of each fiscal year-end and based on the Trust's actual financial results for the year ending December 31.

The amount of the North American incentive fee payable by the Trust and the Incentive Distribution and the redemption price of the LP Class B Units on any date will be contingent upon various factors, including, but not limited to, changes in the Trust's FFO (as defined in the North American AMA) and changes in the European FFO, 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.

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, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Total costs reimbursed under the Services Agreement	**$ (1,823)**	$ (1,962)	**$ (6,066)**	$ (5,712)

The following table summarizes our distributions and interest paid and payable to subsidiaries of Dream Office REIT for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Interest paid and payable to Dream Office REIT on subsidiary redeemable units	**$ (2,336)**	$ (3,246)	**$ (8,221)**	$ (9,739)
Distributions paid and payable to Dream Office REIT on REIT Units	**(34)**	(1,409)	**(1,869)**	(4,227)
Interest and distributions paid and payable to Dream Office REIT	**$ (2,370)**	$ (4,655)	**$ (10,090)**	$ (13,966)

Agreements with PAULS Corp, LLC ("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, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Total costs incurred under the Sub Property Management Agreement(1)	**$ (109)**	$ (61)	**$ (312)**	$ (179)

(1) Amounts include cost recovery for property management, leasing expenses and construction management.

Agreements and transactions with the associate and joint venture

The following table summarizes our fees earned from the associate and joint venture for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Total fees earned under the Property Management Agreements(1)	**$ 4,332**	$ 1,219	**$ 11,555**	$ 4,203

(1) Amounts include management fees, construction fees, leasing fees and cost recovery for property management and accounting related to the U.S. Fund and Dream Summit JV.

The following table summarizes our distributions received and receivable from the U.S. Fund, which are reinvested into the U.S. Fund, for the three and nine months ended September 30, 2023 and September 30, 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Total distributions received and receivable from the U.S. Fund	**$ 2,826**	$ 1,808	**$ 7,976**	$ 3,960

Amounts due from (to) related parties

Amounts due from related parties		September 30, 2023		December 31, 2022
U.S. Fund and Dream Summit JV(1)	$	4,047	$	2,273

(1) As at September 30, 2023, the balance includes $2,826 of distributions receivable from the U.S. Fund as at September 30, 2023 (December 31, 2022 – $2,066).

Amounts due to related parties		September 30, 2023		December 31, 2022
DAM	$	(7,236)	$	(5,593)
Dream Office REIT		(590)		(811)
PAULS Corp		(37)		(42)

Distributions and interest payable to Dream Office REIT

		September 30, 2023		December 31, 2022
Interest payable on subsidiary redeemable units to Dream Office REIT(1)	$	(779)	$	(1,082)
Distributions payable on REIT Units to Dream Office REIT(2)		(11)		(470)

(1) Interest payable on subsidiary redeemable units is in relation to the 13,346,572 and 18,551,855 subsidiary redeemable units held by Dream Office REIT as at September 30, 2023 and December 31, 2022, respectively.

(2) Distributions payable is in relation to the 192,735 and 8,052,451 REIT Units held by Dream Office REIT as at September 30, 2023 and December 31, 2022, respectively.

Note 20

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 consolidated financial statements.

As at September 30, 2023, the Trust's remaining contractual commitments related to construction and development projects amounted to $149,600 (December 31, 2022 – $44,623).

As at September 30, 2023, the Trust's remaining contractual commitment of capital contributions to the U.S. Fund amounted to US$9,731 (December 31, 2022 – US$9,731).

Note 21

OTHER FINANCIAL INSTRUMENTS

Interest rates and cross-currency interest rate swap arrangements

The following table summarizes the Trust's interest rates and CCIRS arrangements outstanding as at September 30, 2023 and December 31, 2022:

	Fair value as at September 30, 2023	Fair value as at December 31, 2022
Fair value through other comprehensive income		
Assets(1)	**$ 70,405**	$ 76,593
Liabilities	**(2,669)**	(1,012)
Fair value through profit or loss		
Assets(2)(3)	**$ 11,274**	$ 14,287
Liabilities	**(468)**	—

(1) As at September 30, 2023, $5,470 is due to mature in the next twelve months and is included in "Prepaid expenses and other assets" in the condensed consolidated financial statements.

(2) As at September 30, 2023, $1,952 is due to mature in the next twelve months and is included in "Prepaid expenses and other assets" in the condensed consolidated financial statements.

(3) As at December 31, 2022, $1,803 is due to mature in 2023 and is included in "Prepaid expenses and other assets" in the condensed consolidated financial statements.

Note 22

FAIR VALUE MEASUREMENTS

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

		Carrying value as at	Fair value as at September 30, 2023		
	Note	September 30, 2023	Level 1	Level 2	Level 3
Financial instruments at amortized cost					
Mortgages	8	**$ 572,990**	**$ —**	**$ —**	**$ 559,149**
Unsecured debentures	8	**1,694,641**	**—**	**1,559,620**	**—**

		Carrying value as at	Fair value as at December 31, 2022		
	Note	December 31, 2022	Level 1	Level 2	Level 3
Financial instruments at amortized cost					
Mortgages	8	$ 529,600	$ —	$ —	$ 508,144
Unsecured debentures	8	1,494,549	—	1,358,556	—

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. The unsecured revolving credit facility and unsecured term loan are carried at amortized cost, which approximates fair value given that these financial instruments have variable interest rates. In addition, subsidiary redeemable units and the DUIP are carried at amortized cost, which approximates fair value as they are readily redeemable financial instruments.

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 Trust measures its derivatives at fair value on a recurring basis. As at September 30, 2023, these have been classified as Level 2 in the fair value measurement hierarchy. The fair value measurements of the interest rate and CCIRS are calculated internally using external data provided by qualified professionals. These are based on the present value of the estimated future cash flows determined using observable yield curves and foreign currency rates as applicable.

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