Dream Industrial REIT

Annual Report 2023

Hans-Böckler-Strasse 35
Minden, Germany

dream industrial REIT

Dream Industrial REIT co-owns and manages a 71 million square foot[1] portfolio of high quality distribution and urban logistics assets across North America and Europe.

Our goal is to deliver strong total returns to our unitholders through secure distributions as well as growth in net asset value and cash flow per unit underpinned by our high-quality portfolio and an invesment grade balance sheet.

(1) Reflects 100% of the investment properties in equity accounted investment as at December 31, 2023.

Cover image: 441 Chrislea Road, Vaughan, Ontario

Letter to Unitholders

Dream Industrial REIT achieved significant milestones in 2023. Over the past several years, we have laid out the building blocks of our cash flow and net asset value growth. Those drivers have included our expansion into Europe, the launch of our development program and the establishment of private capital partnerships. The successful execution of these strategic initiatives has allowed us to report FFO per unit of 98 cents, over 10% higher than in 2022, marking the third consecutive year of double digit FFO per unit growth for DIR.

During 2023, we increased our average in-place rents by over 11% and delivered 11% CP NOI growth, which was a key driver of our strong year-over-year FFO per unit growth. Our high-quality portfolio is well-positioned to continue driving organic growth going forward. Our in-place rents remain over 40% below market in Canada and approximately 10% below market in Europe, which, along with contractual rent growth embedded in our leases, should continue benefiting our overall results.

Our development pipeline is progressing well, and we are on target to achieve forecasted development yields. The development program will enhance the overall quality and sustainability profile of our portfolio while achieving attractive returns on invested capital. We currently have 6 projects totaling over 1.9 million square feet underway across our target markets. Our new projects are designed to accommodate a wide range of tenant sizes and configurations while providing modern and functional distribution and urban logistics space to our occupiers.

2023 was also significant for our private capital partnership strategy. With this strategy, we are able to continue adding scale to our platform by acquiring high quality real estate alongside global institutional partners while generating new sources of income for our business. With the formation of the Dream Summit venture, our industrial platform has grown to one of the largest in Canada with over 44 million square feet of co-owned and managed industrial properties. We welcomed 40 new talented colleagues from the former Summit II REIT team, who have been instrumental in the successful integration of the portfolio. With this new platform, we are now focusing on providing an enhanced offering to our largest occupiers across multiple locations in North America and in Europe.

Sustainability remained a key priority for Dream Industrial in 2023. We advanced many of our sustainability goals including the completion of new solar projects, continuous deployment of capital towards eligible projects under our Green Financing Framework and upgrades to our properties such as LED lighting retrofits. While our renewable energy program is less than two years old, it has already contributed over $1 million to our NOI. We will continue to pursue additional opportunities as they arise to further scale to this initiative.

Our strong and flexible balance sheet has been a key factor in our strong results. Throughout 2023, we executed on multiple financing transactions to enhance our liquidity, extend our debt maturities and diversify our funding sources. We raised over $100 million of equity through our at-the-market program, which we used to pay down floating rate debt, generating immediate FFO per unit accretion. This had the dual benefit of enhancing our flexibility to continue funding development projects and co-investments in our private ventures, which are expected to generate attractive returns. During the year, Dream Industrial also issued $400 million of unsecured debt at an average rate of 5.2%, finalized over $330 million of mortgage financings at an average interest rate of 4.9% and extended the term of our $500 million revolving credit facility to five years.

Looking ahead, the opportunities for our business remain robust and we are well-positioned to continue to create value for all our stakeholders. On behalf of our management team and our Board of Trustees, I would like to thank you for your interest and support of our business.

Sincerely,

"***Alexander Sannikov***"

Alexander Sannikov
President & Chief Executive Officer

February 13, 2024

Stevinlaan 4
Ede, Netherlands

Dream Industrial REIT

At a Glance

Dream Industrial REIT co-owns and manages a 71 million square foot portfolio of high quality distribution and urban logistics assets in some of the strongest markets globally. The REIT's properties are managed by a vertically integrated industrial platform of over 195 professionals. Dream Industrial focuses on creating value for its unitholders through disciplined allocation of capital and delivering superior operating results.

$6.9 billion

Investment properties fair value

10.1%

2023 YoY diluted FFO per Unit growth(1)

36.0%

Net total debt-to total assets (net of cash and cash equivalents) ratio(2)

BBB(mid)

DBRS issuer rating

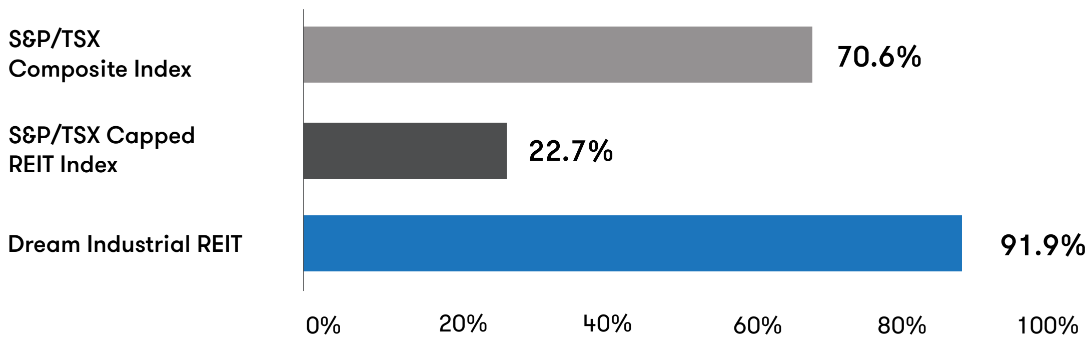
11.3%

YoY CP NOI 2022 growth(3)

5.2%

Distribution yield(4)

5-Year Cumulative Total Return



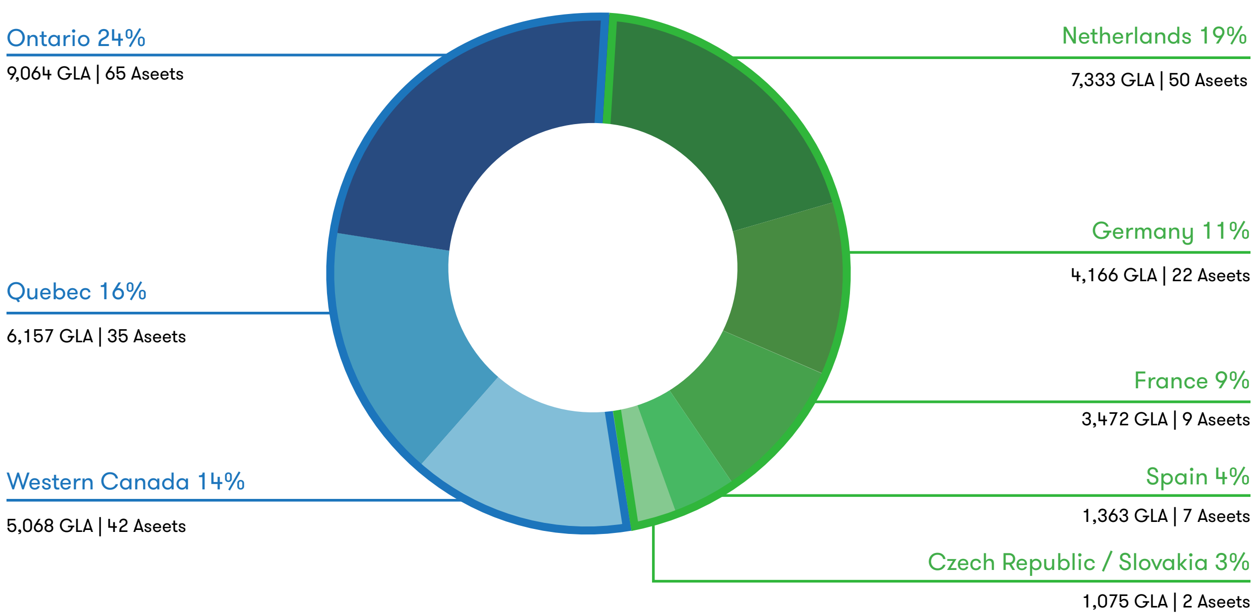
* All figures as at December 31, 2023.
(1) Diluted FFO per Unit is a non-GAAP ratio. Diluted FFO per Unit is comprised of FFO (a non-GAAP financial measure) divided by the weighted average number of Units. For more information, refer to the non-GAAP ratios section in the MD&A.
(2) Net total debt-to-total assets (net of cash and cash equivalents) ratio is a non-GAAP ratio.
(3) Comparative properties net operating income ("CP NOI") (constant currency basis) and is a non-GAAP financial measure. The most directly comparable financial measure to CP NOI (constant currency basis) is net rental income. For more information, refer to the non-GAAP financial measures section in the MD&A.
(4) Distribution yield is calculated as annual distribution per unit divided by unit price as of February 12, 2024.

Im Grund 3
Burgbernheim, Germany

Portfolio Overview

With a global acquisition platform, we have local, on-the-ground teams with a proven 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 allow us to source high-quality and accretive acquisitions with long-term cash flow and net asset value growth potential.

Owned Portfolio



71.4 million
SF total GLA(1)

4.3 million
Total acres including properties under development(1)

96.2%
In place and committed occupancy(2)

33.7%
Market rent spread

4.2 years
WALT(2)

1,538
Total tenants(3)

Private Capital Partnerships

We continue to focus on our private capital partnerships, leveraging our existing operating platform to upgrade the quality of our portfolio and generate a growing and recurring property management fee stream.

4
Partnerships

$8 billion
Total gross asset value

33.8 million
SF total GLA

Dream Summit

A transformative joint venture formed between Dream Industrial and GIC. The venture acquired Summit Industrial Income REIT in February 2023 in an all-cash transaction valued at C$5.9 billion. The formation of the Dream Summit venture added 23 million square feet of industrial assets in Canada and a 5 million square foot development pipeline. The transaction was immediately accretive to Dream Industrial's total return profile through the potential for growing cash flows as in-place leases are below market rents as well as a meaningful property management and leasing fee stream.

This venture also serves as a new investment vehicle for capital deployment opportunities in Canada with approximately $360 million ($36 million at Dream Industrial's share) of acquisitions completed in 2023, which added over 1 million square feet of income producing assets and 41 acres of development land located in the GTA.

(1) Includes the Trust's owned and managed properties as at December 31, 2023.
(2) Excludes the Trust's share of equity accounted investment as at December 31, 2023.
(3) Includes tenants occupying investment properties that are owned and managed by the Trust.

Portfolio Allocation

Significant drivers of value-creation underpinned by a global, high-quality portfolio of high-grade functional assets in prime locations and occupied by renowned companies.

Distribution[1]

21.3	112	1,040
Million sf	Assets	Acres

Urban Logistics[1]

11.3	86	625
Million sf	Assets	Acres

Light Industrial[1]

5.1	34	301
Million sf	Assets	Acres

Industry Exposure by Annualized Gross Rent[2]

- Logistics 21%
- Consumer Goods 13%
- Food and Beverage 13%
- Diversified Industries 8%
- Residential 5%
- Auto 6%
- Paper, Printing and Packgaing 5%
- Technology 5%
- Other 24%

Use of Space by Annualized Gross Rent[2]

- Distribution and Warehousing 70%
- Light Industrial 19%
- Office 5%
- Cold Storage 2%
- Other 4%

(1) Excludes investment properties in equity accounted investments as at December 31, 2023.
(2) Includes tenants occupying investment properties that are owned and managed as at December 31, 2023.

Development

Increasing focus on developments as a complement to our acquisition strategy to add high-quality brand-new logistics space to the portfolio in predominantly urban markets.

Mississauga, ON

Courtneypark

Courtneypark is a 209,000 sf redevelopment project located in the Greater Toronto Area. The original site comprised three buildings situated on 10 acres of land in the Mississauga area. The new building will be a high-quality, net zero ready urban logistics product with 40' clear height.

Expected yield on construction cost: ~6.3% on the full project including land.

Anticipated construction completion date: H1 2024

Near Term Development Projects

	Number of projects	GLA (in thousands of sq ft.)[1]	Estimated unlevered yield
Total complete/substantially complete	7	880	7.4%
Total projects underway	5	1,700	6.4%
Total projects in planning	1	208	~7.3%
Total near-term development pipeline	13	2,788	~6.8%

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

ESG Highlights


Handelsweg 30
Ridderkerk, Netherlands

Net Zero 2035 Action Plan

As part of the Dream group of companies, Dream Industrial issued its Net Zero by 2035 Action Plan↗, which was one of the first of its kind in the Canadian real estate market and outlines our interim targets, the steps we intend to take to get to net zero, and how we will measure and verify our progress. The comprehensive plan details our commitment, investment and emissions boundaries, actionable delivery strategy, and oversight and transparency plans.

The plan serves as an update to the science-based targets made in 2021, including the commitment to achieving net zero by 2035 and the commitment made by Dream Unlimited, on behalf of Dream Industrial, to join the Net Zero Asset Managers initiative, which represents asset managers around the world aligned with net zero targets of 2050 or sooner. In developing our Net Zero Action Plan, we considered peer commitments and investor expectations, current and proposed government regulations, existing technologies, and leading science-based standards and frameworks as well as our ESG strategy and current reporting obligations.

Dream Industrial is targeting net zero Scope 1 and 2 greenhouse gas (GHG) emissions (operational and development) by 2035, and net zero select Scope 3 emissions by 2050. The commitment is focused on material emissions sources within our operational control and prioritizes emission reduction activities where we can have the greatest impact.

In 2023, Dream Industrial made progress on its Net Zero by 2035 Action Plan by further incorporating net zero capital projects into the capital planning process, completed an additional 4 renewable energy projects representing 3.7 megawatts ("MW") of system capacity and developed new proprietary net zero asset planning tools. We will continue to report on our progress towards meeting our targets and milestones in our annual Corporate Sustainability Report and through our commitment to the Net Zero Asset Managers initiative.

Sustainability Report

See our 2022 Sustainability Report under the Sustainability section of our website at: www.sustainability.dream.ca↗

Green Lease Leader

In 2023 Dream Industrial REIT achieved Platinum Level recognition by the Green Lease Leaders ("GLL") program, organized by the the Institute for Market Transformation and the U.S. Department of Energy's Better Buildings Alliance. Dream Industrial launched its Green Lease program in 2022 and achieved Gold Level recognition in its inaugural submission to the GLL, and within a year has achieved Platinum, which is the highest level of recognition. The Trust incorporated commitments to tenant energy disclosures, low carbon construction practices, the purchase of on-site renewable energy (if available), tenant energy efficiency engagement and training, and cost recovery clauses for energy efficiency upgrades as a part of its green lease program.

Environmental

$850 million

In green bonds have been issued to date, over $690 million in eligible green projects have been deployed including approximately $275 million in eligible green projects completed in 2023, and $300 million in eligible green projects are either underway, planned or in preliminary stages

1.9 million sf

Of green building certifications were completed in 2023 including existing buildings, expansions and new developments, increasing our portfolio of green building certifications by 120% in GLA

14 MW

Of system capacity in 18 solar projects that have been completed to date, representing $15 million in upfront capital investment and generating over $1 million in revenue in 2023

Social

Women Lead Here

Selected as an honouree for the fourth year in a row for the Globe and Mail's Report on Business Women Lead Here program that benchmarks executive gender parity

Great Place to Work

Certified as a Great Place to Work™. This certification is based on direct feedback from employees, provided as part of an extensive and anonymous survey in 2021, 2022 and 2023 about their workplace experience

Green Lease Leader

Recognized as Platinum-level Green Lease Leader by the Institute for Market Transformation and the U.S. Department of Energy's Better Buildings Alliance

Governance

GRESB [1]

Achieved Full Marks

In the Leadership, Policies, Reporting and Targets modules in our second annual GRESB assessment

75%

Of the Trustees are independent[2]

38%

Of the Trustees are female[2]

ESG Top-Rated

Received an ESG Risk Rating of 10.6 and was assessed by Morningstar Sustainalytics to be at Low Risk of experiencing material financial impacts from ESG factors[3]

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(2) As at December 31, 2023.
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ESG Commitments

Our overarching commitment to Building Better Communities requires us to address climate change. In addition to the ESG metrics, targets and impact verticals built into each of our projects, we are committed to an overall thoughtful and specific approach to reducing carbon emissions in line with international standards and commitments.

Dream Industrial has committed to supporting the following international initiatives to demonstrate our commitment to climate action and responsible investing:

United Nations Principles for Responsible Investment↗

The United Nations Principles for Responsible Investment (PRI) is the world's leading responsible investor collaboration, covering over 3,000 investment managers and U.S.$112 trillion of assets under management. It supports its signatories to incorporate environmental, social and governance factors into their investment and ownership decisions. Signatories commit to follow PRI's six principles and report annually on their progress through the PRI Reporting Framework. Dream Unlimited, with support from Dream Industrial, became a signatory to the PRI in 2021 and began reporting on its responsible investment activities in 2023. The strong first year submission results validated our overall responsible investment approach, our real estate management practices and our governance over these approaches and practices.

Taskforce on Climate-related Financial Disclosures↗

In 2017, the Taskforce on Climate-related Financial Disclosures (TCFD) released climate-related financial disclosure recommendations designed to help companies provide better information to support market transparency and more informed capital allocation. The TCFD recommendations are structured around four core reporting areas: governance, strategy, risk management and metrics and targets. Dream Industrial is proud to have been reporting in alignment with the TCFD since 2019 and in 2021 was one of the first Canadian public real estate companies to become an official supporter of the TCFD. In 2023, the International Financial Reporting Standards (IFRS) assumed responsibility over the TCFD and published the IFRS S2 standard, which incorporates the TCFD recommendations. Dream Industrial is well prepared for upcoming climate-related disclosure requirements and continues to evaluate, manage and report on climate-related financial risks and opportunities associated with our business.

GRESB[1]

GRESB↗

Global Real Estate Sustainability Benchmark (GRESB) is an independent organization that validates ESG performance data. It is the global standard for ESG benchmarking and reporting for listed property companies, private property funds, developers and investors that invest directly in real estate. For the second year in a row, Dream Industrial scored full marks in the Leadership, Policies, Reporting and Targets categories. In addition, our score improvement in 2023 earned us a Green Star designation.

NET ZERO ASSET MANAGERS INITIATIVE

NZAM↗

The Net Zero Asset Managers (NZAM) initiative is an alliance of global asset managers committing to supporting the goal of net zero GHG emissions by 2050 or sooner, in line with the global efforts to limit warming to 1.5 degrees Celsius. The initiative covers 315 signatories and U.S.$57 trillion in assets under management. Dream Unlimited, with the support of Dream Industrial, was one of the first Canadian companies to join the NZAM initiative in 2021 and made its initial target disclosure in 2022. In 2023, we continued our participation and reporting to NZAM in alignment with our Net Zero by 2035 Action Plan.


Edisonstraat 2
Oldenzaal, Netherlands

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Dream Industrial REIT

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Zevenaar, Netherlands

Management's discussion and analysis (Revised)

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	
	December 31, 2023	December 31, 2022
Total portfolio		
Number of assets[1][2]	**327**	257
Investment properties fair value	**$ 6,924,274**	$ 6,759,425
Gross leasable area ("GLA") (in millions of sq. ft.)[2]	**71.4**	47.3
Occupancy rate – in-place and committed (period-end)[3]	**96.2%**	98.9%
Occupancy rate – in-place (period-end)[3]	**96.0%**	97.9%
Average in-place and committed base rent per sq. ft. (period-end)[4]		
Canadian portfolio	**$ 9.54**	$ 8.46
European portfolio (€)	**€ 5.49**	€ 5.12
Estimated market rent to in-place and committed base rent spread (%) (period-end)[4]		
Canadian portfolio	**46.1%**	52.7%
European portfolio	**8.6%**	10.4%
Weighted average lease term ("WALT") (years)[4]	**4.2**	4.7

	Three months ended		Year ended	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022
Operating results				
Net rental income	**$ 85,181**	$ 75,548	**$ 334,180**	$ 281,587
Comparative properties net operating income ("NOI") (constant currency basis)[3][5]	**85,578**	78,054	**310,035**	278,463
Net income	**(8,817)**	(34,147)	**104,299**	705,885
Funds from operations ("FFO")[5]	**69,286**	64,033	**274,634**	240,493
Per Unit amounts				
FFO – diluted[6][7]	**$ 0.24**	$ 0.23	**$ 0.98**	$ 0.89
Distribution rate	**$ 0.17**	$ 0.17	**$ 0.70**	$ 0.70

		As at
	December 31, 2023	December 31, 2022
Financing		
Credit rating – DBRS	**BBB (mid)**	BBB (mid)
Net total debt-to-total assets (net of cash and cash equivalents) ratio(6)	**36.0%**	31.7%
Net total debt-to-normalized adjusted EBITDAFV ratio (years)(6)	**7.7**	8.3
Interest coverage ratio (times)(6)	**6.0**	12.3
Weighted average face interest rate on debt(8)	**2.35%**	1.21%
Secured debt as a percentage of total assets(9)	**7.4%**	7.3%
Unencumbered investment properties as a percentage of investment properties(9)	**78.0%**	78.6%
Total assets	**$ 7,858,340**	$ 7,280,493
Cash and cash equivalents	**$ 49,916**	$ 83,802
Available liquidity(5)	**$ 491,868**	$ 529,587
Capital		
Total equity (per consolidated financial statements)	**$ 4,574,897**	$ 4,452,741
Total equity (including LP B Units)(5)	**$ 4,761,215**	$ 4,669,612
Total number of Units (in thousands)(10)	**286,590**	275,156
Net asset value ("NAV") per Unit(6)	**$ 16.61**	$ 16.97
Unit price	**$ 13.96**	$ 11.69

(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 December 31, 2023 and December 31, 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 December 31, 2023 and December 31, 2022. The occupancy rate as at December 31, 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 December 31, 2023 and December 31, 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.

(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.

(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") achieved significant milestones in 2023 and ended the year with another successful quarter. Our robust leasing momentum and execution of growth opportunities within our portfolio have allowed us to generate strong year-over-year comparative properties NOI ("CP NOI") (constant currency basis) growth of 9.6% and FFO per Unit growth of 3.9% for the quarter. For the full year, we have generated CP NOI (constant currency basis) growth of 11.3% and FFO per Unit growth of 10.1% compared to 2022.

During the year, we advanced our development pipeline with the completion of over 300,000 square feet of projects including our 154,000 square foot greenfield development, which has become a meaningful driver of NAV and cash flow growth. Our sustainability initiatives are progressing well with the completion of four solar projects, expansion of our green certified building portfolio by over 120% in GLA and deployment of approximately $275 million of Green Bonds (see "Our Financing" section) towards eligible projects in 2023. At the same time, we leveraged the strength of our existing property management platform and ramped up our private capital partnerships with the formation and integration of the Dream Summit JV.

Despite the higher interest rate environment, we remained focused on optimizing our cost of debt and maintaining a strong and flexible balance sheet. During the year, we issued $400 million of unsecured debt and €229 million of European mortgages at a weighted average effective interest rate of 5.2%. We also took advantage of an opportunity to access the equity markets during the summer and raised $107 million of equity through our at-the-market program ("ATM Program"). At the end of 2023, our total available liquidity was approximately $500 million, positioning us well to address our near-term debt maturities and execute on our strategic capital deployment opportunities. Subsequent to year end, we closed an additional $200 million of bonds through the reopening of our Series F debentures.

Operations update

Continued strong leasing momentum at attractive rental spreads – From the end of Q3 2023 until January 31, 2024, we have transacted approximately 1.3 million square feet of leases across our portfolio at an average rental rate spread of 41.6% over prior or expiring rents.

- In Canada, we signed 948,000 square feet of leases, achieving an average rental rate spread to expiry of 50.3% and an annual contractual rent growth of over 3%.
- In Europe, we signed 368,000 square feet of leases at an average rental rate spread of 7%. All of the leases are fully indexed to local consumer price indices ("CPI") or have contractual rent steps of 2%.

As at December 31, 2023, estimated market rents exceeded the average in-place rent by nearly 34% across our overall portfolio, excluding U.S. assets held in the U.S. Fund and assets held in the Dream Summit JV.

Since the closing of the Dream Summit JV transaction in February 2023, we have successfully integrated the Dream Summit JV's operations with our operating platform and completed or finalized terms on approximately 2.3 million square feet of new leases and renewals at an average spread of 90% over prior and expiring rents.

Continued growth in net rental income for the quarter and year-to-date – Net rental income for the three months and year ended December 31, 2023 was $85.2 million and $334.2 million, respectively, representing an increase of $9.6 million, or 12.8%, and $52.6 million, or 18.7%, relative to the prior year comparative periods. For the quarter, net rental income increased by 12.8% in Ontario, 4.3% in Québec, 8.1% in Western Canada and 13.5% in Europe, excluding disposed investment properties. For the year, net rental income increased by 20.5% in Ontario, 10.1% in Québec, 5.6% in Western Canada and 22.7% in Europe. The increase was mainly driven by strong CP NOI (constant currency basis) growth in 2023, the impact of acquired investment properties in the past year and higher net property management fees.

Solid pace of CP NOI (constant currency basis) growth – CP NOI (constant currency basis) for the three months and year ended December 31, 2023 was $85.6 million and $310.0 million, respectively. For the same periods in 2022, CP NOI (constant currency basis) was $78.1 million and $278.5 million, respectively. This represents an increase of 9.6% and 11.3% for the three months and year ended December 31, 2023, respectively, compared to the prior year comparative periods.

The Canadian portfolio posted a year-over-year CP NOI (constant currency basis) growth of 11.1% for the three months ended December 31, 2023, driven by 14.1%, 11.5% and 5.5% CP NOI growth in Ontario, Québec and Western Canada, respectively. For the year, CP NOI (constant currency basis) growth was 12.6% compared to 2022, driven by 18.3%, 10.0% and 6.6% 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, which increased the average in-place base rent by 15.5% and 15.2% for the three months and year ended December 31, 2023, respectively.
- In Québec, year-over-year CP NOI (constant currency basis) growth was primarily driven by higher average in-place base rents of 15.9% and 14.7% for the three months and year ended December 31, 2023, respectively, in addition to the lease-up of two completed expansions in the Greater Montréal Area.
- In Europe, year-over-year CP NOI (constant currency basis) growth was 8.5% and 10.5% for the three months and year ended December 31, 2023, respectively. The increase was driven by the lease-up of expansions at our properties in Dresden, Germany, and The Hague, Netherlands, in addition to CPI indexation, resulting in a 11.0% and 8.9% increase in in-place base rent for the three months and year ended December 31, 2023, 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 7.8% and 9.2% for three months and year ended December 31, 2023, respectively.

Strong occupancy levels – Our in-place and committed occupancy remained strong at 96.2% as at December 31, 2023, compared to 97.2% as at September 30, 2023 and 98.9% as at December 31, 2022. The decrease was primarily attributable to the recently completed 154,000 square foot development in Caledon, which is 55% leased, and transitory vacancies, including the 225,000 square foot vacancy near the Port of Montréal and expected expiries in Europe. We are in discussions with prospective tenants and we expect significant opportunities to capture strong income growth as these spaces are leased.

Over the next two years, we have nearly 8.4 million square feet of GLA maturing. Approximately 6 million square feet of this space is located in Canada, of which approximately 73% is located in Ontario and Québec where the average market rent is approximately double that of in-place rent.

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 six income-producing assets located in the GTA totalling 0.9 million square feet. Furthermore, the Dream Summit JV is in exclusive negotiations or under contract to acquire ten assets totalling 2.5 million square feet.

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 18 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 92% 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 (defined below). With total estimated costs to completion of $125 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 6–18 months and we are currently engaging with prospective tenants. We recently signed a 10-year conditional lease at our 209,000 square foot redevelopment project in Mississauga for over 60% of the space, achieving a starting rent of over $20 per square foot with annual contractual rent growth of approximately 4%.

Capital strategy – We continue to maintain significant financial flexibility as we execute on our strategy to grow and upgrade portfolio quality. Our proportion of secured debt is 7.4% of total assets and represents 20.5% of total debt (a non-GAAP financial measure; see the "Non-GAAP Financial Measures" section for additional information). Our unencumbered asset pool totalled $5.4 billion as at December 31, 2023, representing 78.0% of our investment properties value as at December 31, 2023.

We ended 2023 with available liquidity of $492 million, including $50 million of cash and cash equivalents, and an additional $250 million that could be exercised through the accordion on our unsecured credit facility. Subsequent to year end, we closed on our additional issuance of $200 million Series F unsecured debentures at an offering yield to maturity of 5.259%. The proceeds will be utilized to repay existing mortgage maturities and reduce the outstanding balance on our credit facility that bore an average interest rate of approximately 6.9%, as well as for general Trust purposes. Our net debt-to-total asset (net of cash and cash equivalents) ratio was 36.0% as at December 31, 2023, compared to 35.1% as at September 30, 2023.

Sustainability update

In 2023 we achieved significant environmental, social and governance ("ESG") milestones and continued to execute our sustainability action plan and commitments, including the issuance of our 2022 Corporate Sustainability Report, our second submission to the Global Real Estate Sustainability Benchmark ("GRESB"), and our achievement of Platinum-level recognition in the Green Lease Leader program, organized by the Institute for Market Transformation and the U.S. Department of Energy's Better Buildings Alliance.

We continue to expand our robust renewable energy program. In 2023, we completed three rooftop solar projects in the Netherlands and one solar project in Alberta, representing a total capital investment of $4 million and 3.7 million megawatts ("MW") of system capacity. To date, we have completed 18 renewable energy projects representing a total system capacity of 14 MW. We own and manage these solar panel installations directly as well as the associated revenue stream, which exceeded $1 million in 2023. We currently have construction underway on four additional solar projects - two projects in the Netherlands and two projects in Alberta - representing 7 MW of renewable energy capacity. In addition, feasibility assessments are underway on ten potential projects in Ontario and Europe.

In 2023, we expanded our portfolio of green certified buildings by 120%, increasing the total GLA of green certifications from 1.6 to over 3.5 million square feet. In the quarter, the Abbotside development and East Beaver Creek expansion totalling 197,000 square feet both received Silver certification for Leadership in Energy and Environmental Design ("LEED") v4 Building Design and Construction: Core and Shell Development. In our existing portfolio, over 2.6 million square feet achieved green building certification accreditation in the quarter, including 14 assets in the Netherlands that achieved Building Research Establishment Environmental Assessment Methodology ("BREEAM") In-Use accreditation, and a building in Ontario that achieved Silver certification for LEED v4.1 Building Operations and Maintenance: Existing Building. We also successfully recertified a 350,000 square foot building in Calgary to Building Owners and Managers Association ("BOMA") BEST Silver in the quarter.

We have upgraded over 1.2 million square feet of GLA to LED lighting in 2023. In addition to upgrading lighting on lease expiry, we are proactively approaching larger tenants to identify opportunities to upgrade lighting in the medium term.

As part of the Net Zero by 2035 Action Plan, which was issued with the Dream group of companies in 2022, we have committed to Net Zero Scope 1 and 2 greenhouse gas ("GHG") emissions (operational and development) by 2035 and Net Zero Select Scope 3 GHG emissions (operational) by 2050. The commitment is focused on material emissions sources within our operational control and prioritizes emission reduction activities where we can have the greatest impact. We continue to report on our progress towards meeting our targets and milestones in our annual Sustainability Report and through our commitment to the Net Zero Asset Managers initiative.

The 2022 Green Bond Use of Proceeds report was issued in the quarter and verifies the allocation of $121 million in investments in green buildings, renewable energy, and energy efficiency, with impact metric disclosures for each category. A total of $416 million has been deployed towards the $846 million of net proceeds from Green Bonds that have been issued to date, inclusive of $121 million of eligible green projects in 2022 and $295 million in 2021. A total of $430 million in net proceeds remain outstanding, and we have identified approximately $600 million in green building certifications and renewable energy projects that are either completed or underway, of which approximately $275 million in eligible projects were completed in 2023, and an additional $225 million are expected to be deployed in 2024. Approximately $90 million in eligible projects are expected to be deployed in 2025, and $10 million of additional eligible projects are currently in feasibility or preliminary stages.

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, 2023. Such consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The Canadian dollar is the functional and reporting currency for purposes of preparing the 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 February 13, 2024. 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 and opportunities provided therefrom; 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 intention to keep projects unlevered, 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; the use of proceeds from the reopening of the Series F Debentures; 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 and sustainability initiatives; the Trust's GHG reduction commitments and related reporting activities; 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 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 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 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; 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 that 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 February 13, 2024. 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 December 31, 2023, we own, manage and operate a global portfolio of well-located, diversified industrial properties comprising 327 assets totalling approximately 71.4 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 distributions as well as growth in net asset value and cash flow per unit underpinned by our high-quality portfolio and an investment grade balance sheet. 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 ensuring 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 327 assets (543 industrial buildings) totalling approximately 71.4 million square feet of GLA in key markets across Canada, Europe and the U.S. as at December 31, 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.

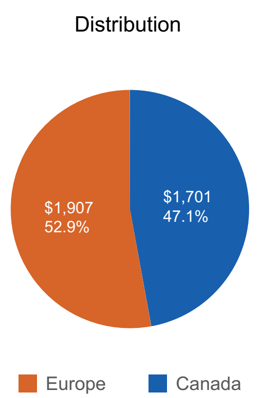
Focused portfolio strategy

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.

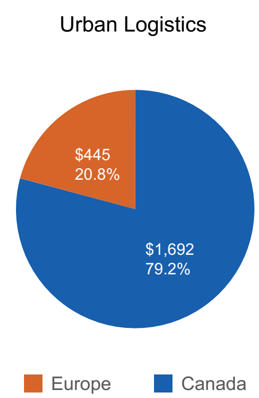
In Europe, our goal is to acquire mid- to large-bay properties in major Western European markets. Across these markets there is growing demand for urban logistics space, increased user demand relative to supply of quality industrial product, attractive going-in capitalization rates and upside potential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

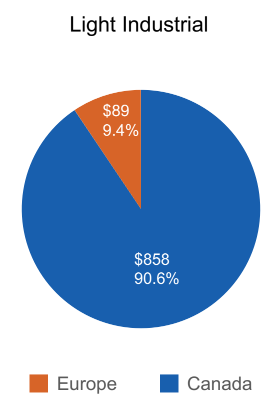
As at December 31, 2023, our investment property value (excluding the U.S. portfolio, Dream Summit JV, Development JV and properties under development) by building type allocated by region is as follows(1):



54% of Investment Property Value



32% of Investment Property Value



14% of Investment Property Value

(1) All dollar amounts in these charts are presented in millions.

Key property statistics by building type as at December 31, 2023 are summarized in the table below:

	December 31, 2023			
	Distribution	Urban logistics	Light industrial	Total
Number of assets(1)(2)	194	91	42	327
Number of buildings(2)	304	177	62	543
Total GLA (thousands of sq. ft.)(2)	52,233	12,749	6,466	71,448
Owned GLA (thousands of sq. ft.)(3)	25,690	11,659	5,210	42,559
Site area (in acres)(2)	2,909	783	396	4,088

(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 December 31, 2023.

(3) Includes the Trust's share of equity accounted investments as at December 31, 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** – Capitalize on opportunities 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. The completed projects are fully leased, and approximately 55% of the substantially completed project has been leased up to date. We also 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 18 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 2.9 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 1.1 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 – Phase 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	47.0	15.7	62.7	H1 2024	6.1%	New development
Cambridge, ON[3]	Ontario	109	18.9	6.2	25.1	H1 2024	6.6%	New development
Mississauga, ON	Ontario	209	64.8	0.1	64.9	H1 2024	6.3%	Redevelopment
Balzac, AB	Alberta	650	57.4	47.7	105.1	H2 2024	6.3%	New development
Whitby, ON	Ontario	389	38.7	55.0	93.7	H1 2025	6.9%	Redevelopment
Total underway		1,700	$ 226.8	$ 124.7	$ 351.5		6.4%	
Planning								
Brampton, ON[3]	Ontario	208	14.9	37.6	52.4	H1 2025	7.3%	New development
Total planning		208	$ 14.9	$ 37.6	$ 52.4			
Total near-term development pipeline		2,788	$ 389	$ 165	$ 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 December 31, 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%.

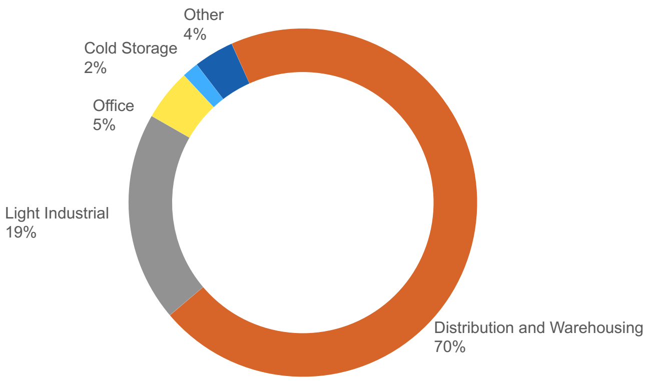
We currently estimate that our excess land portfolio provides opportunities to add approximately 3 million square feet of high-quality industrial space over time.

Tenant base profile

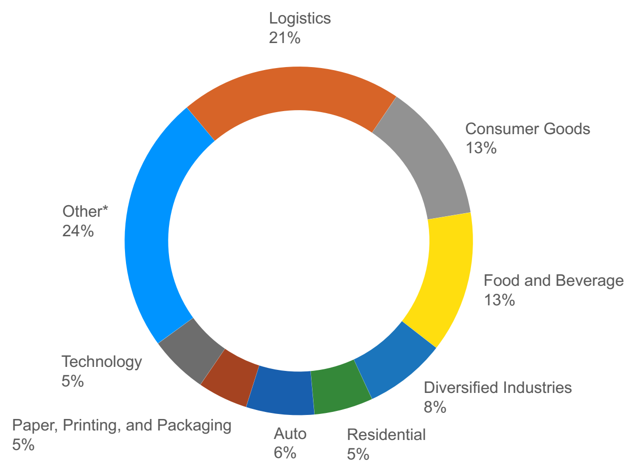
Our portfolio comprises primarily functional distribution and warehousing space occupied by tenants from various industries, with no single industry accounting for more than 21% of annualized gross rent. As at December 31, 2023, we had approximately 1,500 tenants (including those tenants occupying investment properties that are owned and managed).

The following charts show the industries in which our tenants operate, and their use of space based on annualized gross rental revenue, as at December 31, 2023:

Use of Space by Annualized Gross Rent



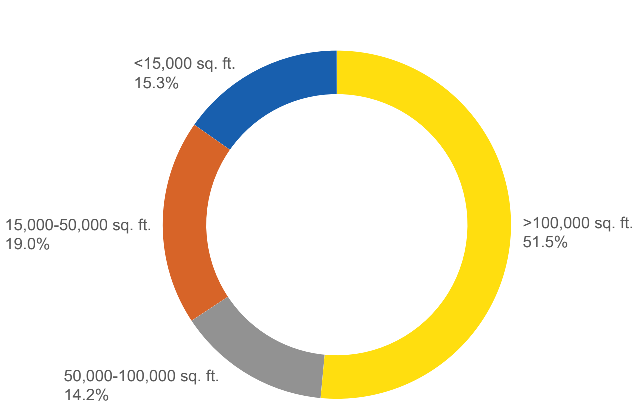
Industry Exposure by Annualized Gross Rent



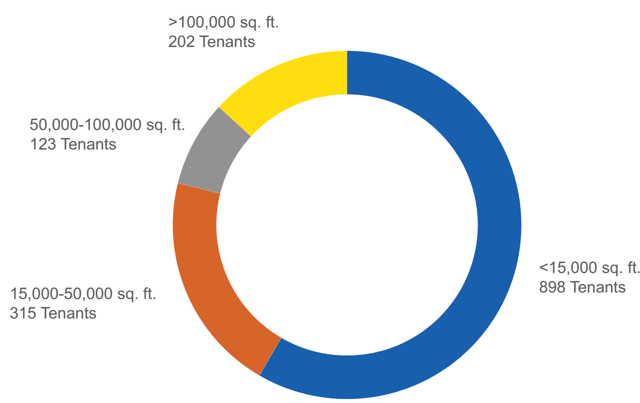
*Comprises 16 sectors each representing 5% or less

The following charts show the tenant size breakdown by annualized gross rental revenue, and the tenant size breakdown by number of tenants, as at December 31, 2023:

Tenant Size Breakdown by Annualized Gross Rent



Tenant Size Breakdown by Number of Tenants



Approximately 85% of our annualized gross rental revenue was derived from 640 tenants, each occupying over 15,000 square feet with an average size of approximately 104,000 square feet. The remaining annualized gross rental revenue was derived from 898 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 December 31, 2023. Our top ten tenants have a WALT of 5.0 years.

Rank	Tenant	Use of space	Gross rental revenue	Thousands of sq. ft.
1.	Auchan	Distribution & warehousing	2.6%	1,577
2.	ID Logistics	Distribution & warehousing	1.2%	818
3.	Drakkar Logistique	Distribution & warehousing	1.1%	341
4.	ESM Ertl Systemlogistik	Distribution & warehousing	1.0%	472
5.	Robert Transport	Distribution & warehousing	0.9%	456
6.	Tengelmann Group	Distribution & warehousing	0.9%	597
7.	Kuehne + Nagel	Distribution & warehousing	0.9%	489
8.	Tayco	Distribution & warehousing	0.9%	217
9.	DHL	Distribution & warehousing	0.8%	661
10.	Amazon	Distribution & warehousing	0.8%	382
	Total		11.1%	6,010

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

Each asset (also known as an investment property) comprises 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 single assets 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 December 31, 2023 and December 31, 2022:

	December 31, 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	**102**	**90**	**17,409**	**17,409**	105	91	17,420	17,420
Total before equity accounted investments	**333**	**232**	**37,698**	**37,698**	336	233	37,621	37,621
Dream Summit JV portfolio(3)	**172**	**71**	**2,334**	**24,025**	—	—	—	—
U.S. portfolio	**38**	**24**	**2,527**	**9,725**	38	24	2,472	9,720
Total portfolio	**543**	**327**	**42,559**	**71,448**	374	257	40,093	47,341

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

(2) Includes the Trust's share of equity accounted investments as at December 31, 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)	**December 31, 2023**	September 30, 2023	December 31, 2022
Ontario	**96.4**	97.6	99.1
Québec	**94.3**	94.8	98.8
Western Canada	**97.6**	96.8	97.0
Canadian portfolio	**96.1**	96.6	98.5
European portfolio	**96.3**	98.0	99.3
Total before equity accounted investments	**96.2**	97.2	98.9
Dream Summit JV portfolio(1)(2)	**97.7**	98.1	N/A
U.S. portfolio(1)	**95.6**	95.6	100.0
Total portfolio(1)	**96.2**	97.2	98.9

(1) Includes the Trust’s share of equity accounted investments as at December 31, 2023, September 30, 2023 and December 31, 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 totalling approximately 79,000 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 96.2%, compared to 97.2% as at September 30, 2023, and 98.9% as at December 31, 2022. The decrease is primarily attributable to the recently completed development and transitory vacancies, for which 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 96.4%, compared to 97.6% as at September 30, 2023 and 99.1% as at December 31, 2022. The decrease is primarily driven by our recently completed 154,000 square foot development in Caledon which is currently 55% leased and transitory vacancies in the GTA. We are in discussions with a prospective tenant for a 100,000 square foot property and we estimate the market rent is significantly higher than the expiring rent for these spaces.

In-place and committed occupancy in Québec was 94.3%, compared to 94.8% as at September 30, 2023 and 98.8% as at December 31, 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.

In-place and committed occupancy in Western Canada increased to 97.6%, compared to 96.8% as at September 30, 2023 and 97.0% as at December 31, 2022. 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 was 96.3%, compared to 98.0% as at September 30, 2023 and 99.3% as at December 31, 2022, primarily attributable to transitory vacancies in Spain and France. We are actively working on re-leasing two buildings in Spain that have recently become vacant. We are also in discussions with prospective tenants for the 140,000 square foot vacancy in France and estimate the market rent is approximately 10% higher than the prior rent.

In-place and committed occupancy in the Dream Summit JV remained steady at 97.7% compared to 98.1% as at September 30, 2023.

In-place and committed occupancy in the U.S. was 95.6%, consistent with the prior quarter. The decrease of 440 basis points compared to December 31, 2022 is primarily due to net negative leasing absorptions during the year.

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 months and year ended December 31, 2023:

	Three months ended December 31, 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	19,590	96.6%	17,093	98.1%	36,683	97.2%
Vacancy committed for future occupancy	(128)	(0.7%)	—	—%	(128)	(0.3%)
Occupancy (in-place) at beginning of period	19,462	95.9%	17,093	98.1%	36,555	96.9%
Occupancy related to disposed properties	—		(26)		(26)	
Occupancy related to acquired properties and remeasurements	1		(1)		—	
Occupancy (in-place) at beginning of period – adjusted	19,463	95.9%	17,066	98.1%	36,529	96.9%
Natural expiries and relocations	(1,276)	(6.2%)	(447)	(2.6%)	(1,723)	(4.6%)
Early terminations	(134)	(0.7%)	—	—%	(134)	(0.4%)
New leases	229	1.1%	15	0.1%	244	0.7%
Renewals and relocations	1,130	5.6%	124	0.7%	1,254	3.3%
Occupancy (in-place) at period-end, before impact of completed/ substantially completed expansion and development	19,412	95.7%	16,758	96.3%	36,170	95.9%
Impact of completed/substantially completed expansion and development	—	—%	—	—%	—	—%
Occupancy (in-place) at period-end	19,412	95.7%	16,758	96.3%	36,170	95.9%
Vacancy committed for future occupancy	79	0.4%	—	—%	79	0.3%
Occupancy (in-place and committed) at period-end	19,491	96.1%	16,758	96.3%	36,249	96.2%

	Year ended December 31, 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	(1)		48		47	
Occupancy related to disposed properties	—		(61)		(61)	
Impact of completed/substantially completed expansions and development(2)		(1.5%)		—%		(0.8%)
Occupancy (in-place) at beginning of period – adjusted	19,527	96.2%	17,040	97.9%	36,567	97.0%
Natural expiries and relocations	(4,119)	(20.3%)	(1,826)	(10.5%)	(5,945)	(15.8%)
Early terminations	(395)	(1.9%)	—	—%	(395)	(1.0%)
New leases	1,089	5.4%	496	2.9%	1,585	4.2%
Renewals and relocations	3,310	16.3%	1,048	6.0%	4,358	11.5%
Occupancy (in-place) at period-end, before impact of completed/ substantially completed expansion and development	19,412	95.7%	16,758	96.3%	36,170	95.9%
Impact of completed/substantially completed expansion and development	—	—%	—	—%	—	—%
Occupancy (in-place) at period-end	19,412	95.7%	16,758	96.3%	36,170	95.9%
Vacancy committed for future occupancy	79	0.4%	—	—%	79	0.3%
Occupancy (in-place and committed) at period-end	19,491	96.1%	16,758	96.3%	36,249	96.2%

(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 100% leased for occupancy in Q2 2023, and Terrebonne, Québec, which was 100% leased for occupancy in Q4 2023, and the development project at Caledon, Ontario, which was partially leased for occupancy in Q3 2023.

The overall tenant retention ratio across our Canadian portfolio for the three months and year ended December 31, 2023 was 88.6% and 80.4%, respectively (2022 – 90.9% and 80.1% respectively). The overall tenant retention ratio across our European portfolio for the three months and year ended December 31, 2023 was 27.7% and 57.4%, respectively (2022 – 23.1% and 66.7%, 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 October 1, 2023 to January 31, 2024 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	251	91.7%
Québec	471	52.3%
Western Canada	226	10.1%
Canadian portfolio	948	50.3%
European portfolio	368	7.0%

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

The following table details the new lease, renewal and relocation spreads for deals transacted from January 1, 2023 to January 31, 2024 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	1,410	73.7%
Québec	872	49.7%
Western Canada	1,011	6.8%
Canadian portfolio	3,293	47.4%
European portfolio	1,184	7.7%

(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 October 1, 2023 to January 31, 2024, our leasing team transacted approximately 1.3 million square feet of new leases and renewals. Rental spreads were 91.7% and 52.3% in Ontario and Québec, respectively, reflecting the robust demand for industrial space in those regions. From January 1, 2023 to January 31, 2024, our leasing team transacted approximately 4.5 million square feet with rental spreads of 73.7% and 49.7% 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 2.7%. 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	**December 31, 2023**	September 30, 2023	December 31, 2022
Ontario	**$ 10.25**	$ 9.97	$ 8.64
Québec	**8.86**	8.77	7.84
Western Canada	**9.08**	8.99	8.85
Canadian portfolio	**$ 9.54**	$ 9.37	$ 8.46
European portfolio (€)	**€ 5.49**	€ 5.42	€ 5.12

As at December 31, 2023, the average in-place and committed base rent for our Canadian portfolio was $9.54 per square foot, compared to $9.37 per square foot as at September 30, 2023 and $8.46 per square foot as at December 31, 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 December 31, 2023, the average in-place and committed base rent for our European portfolio was €5.49 per square foot, compared to €5.42 per square foot as at September 30, 2023 and €5.12 per square foot as at December 31, 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 local 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 December 31, 2023:

				December 31, 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	$ 10.25	$ 16.37	59.7%	4.0
Québec	8.86	14.19	60.2%	3.1
Western Canada	9.08	9.34	2.9%	3.6
Canadian portfolio	**$ 9.54**	**$ 13.94**	**46.1%**	**3.6**
European portfolio	**€ 5.49**	**€ 5.96**	**8.6%**	**4.9**
Total portfolio WALT (excluding the U.S. portfolio and Dream Summit JV) (years)				**4.2**

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 December 31, 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	2024	2025	2026	2027	2028	2029+	Total
Ontario	324	709	1,242	1,581	1,308	1,559	2,341	9,064
Québec	350	1,103	1,327	939	780	777	881	6,157
Western Canada	124	703	911	802	653	559	1,316	5,068
Canadian portfolio	798	2,515	3,480	3,322	2,741	2,895	4,538	20,289
European portfolio	651	411	1,967	3,028	1,126	2,375	7,851	17,409
Canadian and European portfolios total GLA	1,449	2,926	5,447	6,350	3,867	5,270	12,389	37,698
Percentage of Canadian and European total GLA	3.8%	7.8%	14.4%	16.8%	10.3%	14.0%	32.9%	100.0%

Over the next two years, the Trust has over 8.4 million square feet of GLA maturing. Around 6 million square feet of this space is located in Canada, of which approximately 73% is located in Ontario and Québec where the average market rent is around 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 9% higher than the in-place rent.

The following table details the weighted average in-place and committed base rents per square foot for expiring leases for our Canadian and European portfolios by region (excluding the U.S. portfolio and Dream Summit JV) as at December 31, 2023. The base rents presented in this table are subject to adjustments for rent escalations and CPI indexation in future periods, as applicable.

	Weighted average in-place and committed base rent (per sq. ft.)					
Canadian and European portfolios	2024	2025	2026	2027	2028	2029+
Western Canada	$ 9.05	$ 9.43	$ 9.42	$ 9.21	$ 9.83	$ 8.26
Ontario	9.47	7.51	9.50	10.45	13.89	9.92
Québec	7.74	7.94	9.44	7.82	11.85	9.33
Canadian portfolio	**$ 8.59**	**$ 8.17**	**$ 9.46**	**$ 9.41**	**$ 12.56**	**$ 9.32**
European portfolio	**€ 4.96**	**€ 5.27**	**€ 5.38**	**€ 6.35**	**€ 5.71**	**€ 5.72**

Canadian and European portfolios lease expiry profile for 2024

The following table details our Canadian and European portfolios lease maturity profile for 2024, 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
2024 expiries (as at December 31, 2023)	(866)	(1,262)	(880)	(3,008)	(1,468)	(4,476)
Expiries committed for renewals	157	159	177	493	1,057	1,550
Expiries, net of committed renewals	(709)	(1,103)	(703)	(2,515)	(411)	(2,926)
Commitment as a % of expiries	18.1%	12.6%	20.1%	16.4%	72.0%	34.6%
Current vacancies	(350)	(350)	(177)	(877)	(651)	(1,528)
Current vacancies committed for future occupancy	26	—	53	79	—	79
Current vacancies, net of commitments for future occupancy	(324)	(350)	(124)	(798)	(651)	(1,449)

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 months and years ended December 31, 2023 and December 31, 2022, refer to the section "Our Results of Operations".

	Three months ended December 31,				Year ended December 31,			
	2023		2022		**2023**		2022	
	Amount	**%**	Amount	%	**Amount**	**%**	Amount	%
Ontario	**$ 25,004**	**29%**	$ 22,170	29%	**$ 95,447**	**29%**	$ 79,190	28%
Québec	**13,404**	**16%**	12,851	17%	**52,934**	**16%**	48,063	17%
Western Canada	**12,342**	**14%**	11,417	15%	**46,724**	**14%**	44,252	16%
Canadian portfolio	**50,750**	**59%**	46,438	61%	**195,105**	**59%**	171,505	61%
European portfolio	**31,965**	**38%**	28,161	38%	**129,657**	**39%**	105,647	38%
Dream Summit JV portfolio	**5,549**	**7%**	—	—%	**18,192**	**5%**	—	—%
U.S. portfolio	**4,433**	**5%**	4,149	5%	**16,839**	**5%**	14,831	5%
Net property management and other income	**2,390**	**3%**	729	1%	**9,113**	**2%**	3,594	1%
Net rental income from disposed properties	**76**	**—%**	220	—%	**305**	**0%**	841	0%
Less: Net rental income from equity accounted investments	**(9,982)**	**(12%)**	(4,149)	(5%)	**(35,031)**	**(10%)**	(14,831)	(5%)
Net rental income	**$ 85,181**	**100%**	$ 75,548	100%	**$ 334,180**	**100%**	$ 281,587	100%

Net rental income for the three months and year ended December 31, 2023 increased by $9.6 million, or 12.8%, and $52.6 million, or 18.7%, 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 months and years ended December 31, 2023 and December 31, 2022:

	Three months ended						
	December 31, 2023	December 31, 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	**$ 23,088**	$ 20,243	$ 2,845	14.1%	(1.9%)	15.5%	8,693
Québec	**13,664**	12,258	1,406	11.5%	(3.8%)	15.9%	6,156
Western Canada	**12,529**	11,871	658	5.5%	(0.1%)	3.5%	5,069
Canadian portfolio	**49,281**	44,372	4,909	11.1%	(2.0%)	12.4%	19,918
European portfolio (constant currency basis)	**32,326**	29,795	2,531	8.5%	(1.9%)	11.0%	17,367
U.S. portfolio (constant currency basis)	**3,971**	3,887	84	2.2%	(4.5%)	8.3%	2,361
CP NOI (constant currency basis)	**85,578**	78,054	7,524	9.6%	(2.1%)	11.8%	39,646
Impact of foreign currency translation on CP NOI	**—**	(1,608)	1,608				
NOI from acquired properties – Canada	**928**	419	509				
NOI from acquired properties – Europe	**103**	—	103				
NOI from acquired properties – Dream Summit JV	**5,549**	—	5,549				
NOI from acquired properties – U.S.	**370**	28	342				
NOI from disposed properties	**76**	220	(144)				
Net property management and other income	**2,283**	729	1,554				
Straight-line rent	**1,356**	2,709	(1,353)				
Amortization of lease incentives	**(744)**	(1,321)	577				
Lease termination fees and other	**6**	551	(545)				
Bad debt provisions	**(661)**	(446)	(215)				
NOI from properties transferred from/to properties held for development	**319**	362	(43)				
Less: NOI from equity accounted investments	**(9,982)**	(4,149)	(5,833)				
Net rental income	**$ 85,181**	$ 75,548	$ 9,633	12.8%			

	Year ended				Change in weighted average occupancy %	Change in in-place base rent %	Owned and managed GLA (thousands of sq. ft.)
	December 31, 2023	December 31, 2022	Change in $	Change in %			
Ontario	**$ 82,841**	$ 70,026	$ 12,815	18.3%	(0.3%)	15.2%	8,064
Québec	**51,435**	46,772	4,663	10.0%	(5.8%)	14.7%	6,052
Western Canada	**48,977**	45,963	3,014	6.6%	0.7%	2.4%	5,069
Canadian portfolio	**183,253**	162,761	20,492	12.6%	(1.8%)	11.5%	19,185
European portfolio (constant currency basis)	**113,673**	102,858	10,815	10.5%	(0.3%)	8.9%	15,613
U.S. portfolio (constant currency basis)	**13,109**	12,844	265	2.1%	(2.8%)	6.2%	2,170
CP NOI (constant currency basis)	**310,035**	278,463	31,572	11.3%	(1.1%)	10.4%	36,968
Impact of foreign currency translation on CP NOI	**—**	(6,780)	6,780				
NOI from acquired properties – Canada	**10,092**	4,738	5,354				
NOI from acquired properties – Europe	**15,735**	8,626	7,109				
NOI from acquired properties – Dream Summit JV	**18,192**	—	18,192				
NOI from acquired properties – U.S.	**3,359**	1,579	1,780				
NOI from disposed properties	**305**	841	(536)				
Net property management and other income	**9,006**	3,594	5,412				
Straight-line rent	**6,857**	7,596	(739)				
Amortization of lease incentives	**(3,119)**	(3,073)	(46)				
Lease termination fees and other	**460**	(38)	498				
Bad debt provisions	**(2,292)**	(1,074)	(1,218)				
NOI from properties transferred from/to properties held for development	**581**	1,946	(1,365)				
Less: NOI from equity accounted investments	**(35,031)**	(14,831)	(20,200)				
Net rental income	**$ 334,180**	$ 281,587	$ 52,593	18.7%			

For the three months ended December 31, 2023, CP NOI (constant currency basis) was $85.6 million, compared to $78.1 million in the prior year comparative quarter, representing an increase of $7.5 million or 9.6%.

For the year ended December 31, 2023, CP NOI (constant currency basis) was $310.0 million, compared to $278.5 million in the prior year, representing an increase of $31.6 million or 11.3%.

For the three months ended December 31, 2023, CP NOI (constant currency basis) in Ontario increased by $2.8 million or 14.1%, compared to the prior year comparative quarter, primarily due to an increase in the average in-place base rent of 15.5%, which was primarily driven by increasing rental spreads on new and renewed leases and contractual rent escalations. For the year ended December 31, 2023, CP NOI (constant currency basis) in Ontario increased by $12.8 million or 18.3%, compared to the prior year, mainly due to increases in the average in-place base rent of 15.2%.

For the three months ended December 31, 2023, CP NOI (constant currency basis) in Québec increased by $1.4 million or 11.5%, compared to the prior year comparative quarter. For the year ended December 31, 2023, CP NOI (constant currency basis) in Québec increased by $4.7 million or 10.0%. This was primarily due to an increase in the average in-place base rent of 15.9% and 14.7%, respectively, driven by higher rental rates on new and renewed leases and the lease-up of completed expansions in the Greater Montréal Area.

For the three months ended December 31, 2023, CP NOI (constant currency basis) in Western Canada increased by $0.7 million or 5.5%, compared to the prior year comparative quarter, driven by increases in average in-place rental rates of 3.5%. For the year ended December 31, 2023, CP NOI (constant currency basis) in Western Canada increased by $3.0 million or 6.6%, compared to the prior year due to an increase in weighted average occupancy of 0.7% and in average in-place rental rates of 2.4%.

For the three months ended December 31, 2023, CP NOI (constant currency basis) in Europe increased by $2.5 million or 8.5%, compared to the prior year comparative quarter, primarily attributable to an 11.0% 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 year ended December 31, 2023, CP NOI (constant currency basis) in Europe increased by $10.8 million or 10.5%, compared to the prior year for similar reasons as discussed. CPI indexation contributed approximately a 7.2% increase in CP NOI for the quarter and 6.5% for the year-to-date.

For the three months and year ended December 31, 2023, we earned net property management and other income from the U.S. Fund and Dream Summit JV totalling $2.3 million and $9.0 million, respectively. This represents an increase of $1.6 million and $5.4 million, respectively, compared to the prior year comparative periods, primarily attributable to earned property management and leasing fees from the Dream Summit JV and property management fees from the U.S. Fund, partially offset by lower leasing fees in the U.S. Fund due to lower volume of leasing activity.

OUR RESULTS OF OPERATIONS

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Investment properties revenue	**$ 110,918**	$ 98,867	**$ 437,601**	$ 369,567
Investment properties operating expenses	**(25,737)**	(23,319)	**(103,421)**	(87,980)
Net rental income	**85,181**	75,548	**334,180**	281,587
Other income				
Share of net income from equity accounted investments	**1,441**	(9,222)	**4,941**	38,482
Interest income and other	**209**	62	**572**	674
	1,650	(9,160)	**5,513**	39,156
Other expenses				
General and administrative	**(8,376)**	(8,509)	**(32,148)**	(30,264)
Interest:				
Debt and other financing costs(1)	**(15,520)**	(6,349)	**(54,379)**	(20,622)
Subsidiary redeemable units	**(2,336)**	(3,247)	**(10,557)**	(12,986)
Debt settlement costs	**—**	(257)	**—**	(257)
	(26,232)	(18,362)	**(97,084)**	(64,129)
Fair value adjustments and net (loss) gain on transactions and other activities				
Fair value adjustments to investment properties	**(43,944)**	(65,503)	**(66,689)**	363,025
Fair value adjustments to financial instruments	**(27,695)**	(19,852)	**(68,059)**	122,532
Net loss on transactions and other activities	**(2,131)**	(8,673)	**(4,762)**	(16,805)
	(73,770)	(94,028)	**(139,510)**	468,752
Income before income taxes	**(13,171)**	(46,002)	**103,099**	725,366
Current and deferred income tax recovery (expense), net	**4,354**	11,855	**1,200**	(19,481)
Net (loss) income	**$ (8,817)**	$ (34,147)	**$ 104,299**	$ 705,885
Other comprehensive income (loss)				
Items that will be reclassified subsequently to net income:				
Unrealized gain on foreign currency translation of foreign operations	**$ 44,708**	$ 161,699	**$ 21,837**	$ 24,121
Unrealized (loss) gain on hedging instruments	**(46,419)**	(113,459)	**(42,816)**	31,118
Share of other comprehensive (loss) income from equity accounted investments	**(6,160)**	(3,490)	**(6,554)**	19,205
	(7,871)	44,750	**(27,533)**	74,444
Comprehensive (loss) income	**$ (16,688)**	$ 10,603	**$ 76,766**	$ 780,329

(1) For the three months and year ended December 31, 2023, the mark-to-market amortization netted against interest expense on debt and other financing costs was $166 and $1,706, respectively (for the three months and year ended December 31, 2022 – $798 and $3,072, 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 Dream Summit JV and U.S. Fund, the impact of straight-line rent adjustments, lease termination fees and other adjustments.

Investment properties revenue for the three months ended December 31, 2023 increased by $12.1 million, or 12.2%, when compared to the prior year comparative quarter. The increase was driven by organic growth in the portfolio (+$8.9 million), the impact of acquired properties in 2023 and 2022 (+$0.5 million) and higher property management and leasing fees (+$2.7 million).

Investment properties revenue for the year ended December 31, 2023 increased by $68.0 million, or 18.4%, when compared to the prior year. The increase was driven by organic growth in the portfolio (+$38.1 million), the impact of acquired properties in 2023 and 2022 (+$19.8 million) and higher property management fees (+$10.1 million).

Investment properties operating expenses

Investment properties operating expenses comprise recoverable 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 December 31, 2023 increased by $2.4 million, or 10.4%, over the prior year comparative quarter. The increase was driven by growth in the existing portfolio (+$1.3 million) and property management expenses (+$1.1 million).

Investment properties operating expenses for the year ended December 31, 2023 increased by $15.4 million, or 17.6%, over the prior year. The increase was driven by growth in the existing portfolio (+$6.4 million), the impact of acquired properties in 2023 and 2022 (+$4.5 million) and property management expenses (+$4.5 million).

General and administrative ("G&A") expenses

The following table summarizes our G&A expenses for the three months and years ended December 31, 2023 and December 31, 2022:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Asset management fee	**$ (3,666)**	$ (3,269)	**$ (14,428)**	$ (12,579)
Professional fees and general corporate expenses[1]	**(3,864)**	(4,577)	**(13,779)**	(14,324)
Deferred compensation expense	**(846)**	(663)	**(3,941)**	(3,361)
Total	**$ (8,376)**	$ (8,509)	**$ (32,148)**	$ (30,264)

(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 months ended December 31, 2023 decreased by $0.1 million, or (1.6)%, when compared to the prior year, mainly driven by savings in consulting fees, partially offset by higher asset management fees due to acquired properties in 2023. G&A expenses for the year ended December 31, 2023 increased by $1.9 million, or 6.2%, when compared to the prior year, mainly driven by increases in asset management fees due to acquired properties 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 Dream Summit JV and the Development 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 months and year ended December 31, 2023, our share of net (loss) income from the U.S. Fund was $(4.3) million and $4.9 million, respectively (for the three months and year ended December 31, 2022 – $(11.4) million and $36.3 million, respectively). Net income from the U.S. Fund for the three months ended December 31, 2023 increased over the prior year comparative period primarily due to fair value adjustments to investment properties. Net income for the year ended December 31, 2023 decreased over the prior year comparative period primarily due to fair value adjustments to 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 months and year ended December 31, 2023, our share of net income (loss) from the Dream Summit JV was $4.2 million and $(1.5) million, respectively (for the three months and year ended December 31, 2022 – $nil). The net loss for the year ended December 31, 2023 was mainly related to the write-off of capitalized transaction costs.

For the three months and year ended December 31, 2023, our share of net income from the Development JV was $1.5 million and $1.5 million, respectively (for the three months and year ended December 31, 2022 – $nil). Net income increased for the three months and year ended December 31, 2023 due to fair value adjustments to investment properties.

Interest expense on debt and other financing costs

Interest expense on debt and other financing costs increased by $9.2 million and $33.8 million for the three months and year ended December 31, 2023, respectively, when compared to the prior year comparative periods. The increase was primarily driven by higher interest rates and higher average debt outstanding in connection with funding our investment in the Dream Summit JV and our acquisitions during 2023 and 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 months and year ended December 31, 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 months and years ended December 31, 2023 and December 31, 2022:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Remeasurement of carrying value of subsidiary redeemable units	**$ (14,948)**	$ (17,810)	**$ (43,466)**	$ 102,592
Remeasurement of carrying value of deferred trust units	**(1,934)**	(1,364)	**(4,028)**	4,834
Remeasurement of interest rate swaps	**(8,710)**	23	**(12,153)**	15,807
Amortization of fair value adjustments to CCIRS	**(2,103)**	(701)	**(8,412)**	(701)
Total	**$ (27,695)**	$ (19,852)	**$ (68,059)**	$ 122,532

Net loss on transactions and other activities

The following table summarizes our net loss on transactions and other activities for the three months and years ended December 31, 2023 and December 31, 2022:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Internal leasing costs	**$ (1,396)**	$ (908)	**$ (4,620)**	$ (4,128)
Foreign exchange (loss) gain	**(140)**	(7,801)	**1,249**	(11,976)
Transaction costs on acquisitions and dispositions	**(498)**	(80)	**(1,316)**	(560)
Other	**(97)**	116	**(75)**	(141)
Total	**$ (2,131)**	$ (8,673)	**$ (4,762)**	$ (16,805)

Current and deferred income tax expenses

Current income tax expense for the three months and year ended December 31, 2023 was $0.3 million and $2.6 million, respectively, which was relatively consistent compared to $0.6 million and $3.4 million in prior comparative periods.

Deferred income tax (recovery) expense for the three months and year ended December 31, 2023 was $(4.7) million and $(3.8) million, respectively, compared to $(12.5) million and $16.0 million in prior comparative periods. The changes are primarily due to changes in fair value adjustments to investment properties.

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 months and year ended December 31, 2023 and December 31, 2022 are shown in the table below:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Net (loss) income	**$ (8,817)**	$ (34,147)	**$ 104,299**	$ 705,885
FFO	**$ 69,286**	$ 64,033	**$ 274,634**	$ 240,493
Weighted average number of Units (in thousands)	**286,736**	275,305	**280,784**	270,710
FFO per Unit – diluted	**$ 0.24**	$ 0.23	**$ 0.98**	$ 0.89
Net (loss) income per Unit – diluted	**$ (0.03)**	$ (0.12)	**$ 0.37**	$ 2.61

Diluted FFO per Unit for the three months and year ended December 31, 2023 was $0.24 and $0.98, respectively, compared to $0.23 and $0.89 for the three months and year ended December 31, 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 ("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 months and years ended December 31, 2023 and December 31, 2022:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Incurred under the North American AMA and European AMA:				
Asset management fee (included in G&A expenses)	**$ (3,666)**	$ (3,269)	**$ (14,428)**	$ (12,579)
Asset management fee (included in properties under development)	**(140)**	(57)	**(443)**	(135)
Capital expenditures fee (included in investment properties)	**(1,986)**	(1,496)	**(6,662)**	(3,689)
Acquisition fee (included in investment properties and equity accounted investments)	**(102)**	(333)	**(3,848)**	(4,090)
Expense reimbursements related to financing arrangements	**(182)**	(126)	**(549)**	(653)
Total costs incurred under the North American AMA and European AMA	**$ (6,076)**	$ (5,281)	**$ (25,930)**	$ (21,146)
Total costs reimbursed under the Shared Services and Cost Sharing Agreement	**$ (412)**	$ (243)	**$ (1,767)**	$ (1,428)

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 ($1.03 as of December 31, 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 December 31, 2023, no incentive fee under the North American AMA has been paid or is payable by the Trust to DAM.

As at December 31, 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 of $6.9 billion reported as at December 31, 2023, and based on the Trust's actual financial results for the trailing 12 months, the estimated overall incentive fee payable would have been $271.4 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 months and years ended December 31, 2023 and December 31, 2022 pursuant to the terms of the Services Agreement:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Total costs reimbursed under the Services Agreement	**$ (2,172)**	$ (2,087)	**$ (8,238)**	$ (7,799)

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 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 months and years ended December 31, 2023 and December 31, 2022:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Interest paid and payable to Dream Office REIT on subsidiary redeemable units	**$ (2,336)**	$ (3,247)	**$ (10,557)**	$ (12,986)
Distributions paid and payable to Dream Office REIT on REIT Units	**(33)**	(1,409)	**(1,902)**	(5,637)
Interest and distributions paid and payable to Dream Office REIT	**$ (2,369)**	$ (4,656)	**$ (12,459)**	$ (18,623)

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 months and years ended December 31, 2023 and December 31, 2022:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Total costs incurred under the Sub Property Management Agreement(1)	**$ (117)**	$ (86)	**$ (429)**	$ (265)

(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 months and years ended December 31, 2023 and December 31, 2022:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Total fees earned under the Property Management Agreements(1)	**$ 3,788**	$ 1,377	**$ 15,343**	$ 5,580

(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 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 months and year ended December 31, 2023 are summarized in the following tables:

						Three months ended
	September 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	December 31, 2023
Ontario	$ 2,354,908	$ —	$ 3,084	$ (9,823)	$ 706	$ —	$ 2,348,875
Québec	1,213,778	—	2,352	1,148	116	—	1,217,394
Western Canada	679,741	—	5,642	(738)	(375)	—	684,270
Canadian portfolio	4,248,427	—	11,078	(9,413)	447	—	4,250,539
European portfolio	2,421,443	(3,140)	9,770	(40,915)	54,466	—	2,441,624
Total income-producing properties	6,669,870	(3,140)	20,848	(50,328)	54,913	—	6,692,163
Properties held for development[1]	184,620	—	41,107	6,384	—	—	232,111
Total investment properties	$ 6,854,490	$ (3,140)	$ 61,955	$ (43,944)	$ 54,913	$ —	$ 6,924,274

(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 totalling $54,610.

	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]	Year ended December 31, 2023
Ontario	$ 2,307,048	$ —	$ 13,900	$ 12,927	$ 2,686	$ 12,314	$ 2,348,875
Québec	1,133,225	—	18,938	63,488	1,743	—	1,217,394
Western Canada	685,255	177	16,649	(15,932)	(1,879)	—	684,270
Canadian portfolio	4,125,528	177	49,487	60,483	2,550	12,314	4,250,539
European portfolio	2,527,310	(1,437)	20,097	(133,556)	29,210	—	2,441,624
Total income-producing properties	6,652,838	(1,260)	69,584	(73,073)	31,760	12,314	6,692,163
Properties held for development[1]	106,587	—	131,454	6,384	—	(12,314)	232,111
Total investment properties	$ 6,759,425	$ (1,260)	$ 201,038	$ (66,689)	$ 31,760	$ —	$ 6,924,274

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

(2) During the year ended December 31, 2023, acquisition-related costs totalling $664 were written off and included in fair value adjustments to 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 totalling $29,376.

(4) For the year ended December 31, 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 December 31, 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 December 31, 2023 and December 31, 2022:

	Total portfolio[1]			
	December 31, 2023		December 31, 2022	
Stabilized cap rates	**Range (%)**	**Weighted average (%)[2]**	Range (%)	Weighted average (%)[2]
Ontario	**5.50–8.75**	**6.01**	4.75–8.50	5.52
Québec	**5.75–7.50**	**6.30**	5.00–7.25	5.89
Western Canada	**6.00–8.00**	**6.58**	5.75–7.50	6.46
Canadian portfolio	**5.50–8.75**	**6.19**	4.75–8.50	5.78
European portfolio	**4.50–8.50**	**5.84**	4.30–8.25	5.32
Total portfolio	**4.50–8.75**	**6.06**	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 December 31, 2023 and December 31, 2022 are set out in the table below:

	Total portfolio[1]			
	December 31, 2023		December 31, 2022	
	Range (%)	**Weighted average (%)[2]**	Range (%)	Weighted average (%)[2]
Discount rate	**5.25–10.00**	**7.14**	5.05–9.50	6.54
Terminal cap rate	**4.50–9.00**	**6.27**	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 year ended December 31, 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 December 31, 2023 and December 31, 2022:

	Total portfolio[1]			
	December 31, 2023		December 31, 2022	
	Implied cap rate (%)	**Value per sq. ft.**	Implied cap rate (%)	Value per sq. ft.
Ontario	**4.36**	**$ 256**	3.88	$ 248
Québec	**4.46**	**202**	4.42	193
Western Canada	**7.58**	**134**	6.93	135
Canadian portfolio	**4.91**	**$ 209**	4.55	$ 203
European portfolio (value per sq. ft. in €)	**5.35**	**€ 94**	4.79	€ 102
Total portfolio (value per sq. ft. in $)	**5.07**	**$ 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 year ended December 31, 2023, we completed $5.0 million of acquisitions (excluding transaction costs) bringing total investment properties to $6.9 billion.

The following acquisitions were completed during the year ended December 31, 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) Our 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 year ended December 31, 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 totalling $565.3 million.

Disposition

The following dispositions were completed during the year ended December 31, 2023:

		Fair value of investment properties[1]	Date disposed
Hilversum Cluster, Netherlands[2]	$	3,781	March 22, 2023
Meidoornkade 18, Houten, Netherlands[2]		3,140	December 6, 2023
Total	**$**	**6,921**	

(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 totalling $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 1.7 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, 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:

- During the year in Europe, three rooftop solar projects were completed and we have two additional projects currently underway. Eight approved solar projects were completed during 2022.
- During the year in Western Canada, we completed one rooftop solar project and we have two additional projects currently underway. Six approved solar projects were substantially completed in 2022.

The following table summarizes total capital expenditures incurred for the three months and years ended December 31, 2023 and December 31, 2022:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Recoverable capital expenditures	**$ 3,881**	$ 13,288	**$ 20,411**	$ 27,101
Non-recoverable capital expenditures	**7,838**	856	**13,351**	5,105
Recoverable and non-recoverable capital expenditures	**11,719**	14,144	**33,762**	32,206
Development capital expenditures	**964**	20,329	**14,976**	76,297
Value-add capital expenditures	**4,470**	5,682	**9,981**	18,698
Capital expenditures on income-producing properties(1)	**$ 17,153**	$ 40,155	**$ 58,719**	$ 127,201
Capital expenditures on properties held for development(2)	**38,757**	13,849	**125,314**	23,553
Total capital expenditures	**$ 55,910**	$ 54,004	**$ 184,033**	$ 150,754

(1) For the three months and year ended December 31, 2023, excludes capitalized interest of $192 and $447, respectively ($nil for the three months and year ended December 31, 2022).

(2) For the three months and year ended December 31, 2023, excludes capitalized interest of $2,350 and $6,140, respectively (for the three months and year ended December 31, 2022, excludes capitalized interest of $356 and $958, respectively).

Total capital expenditures for the three months and year ended December 31, 2023 increased by $1.9 million and $33.3 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. Non-recoverable capital expenditures increased due to roofing upgrades in the European portfolio. 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 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 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 months and years ended December 31, 2023 and December 31, 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 December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Lease incentives and initial direct leasing costs	**$ 3,503**	$ 4,045	**$ 10,418**	$ 17,518

Lease incentives and initial direct leasing costs for the three months and year ended December 31, 2023 decreased by $0.5 million and $7.1 million, respectively, compared to the prior year comparative periods. The $7.1 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 year ended December 31, 2023, 74 investment properties were valued by qualified external valuation professionals representing 20.9% 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 December 31, 2023, we recorded a fair value loss to investment properties of $43.9 million, mainly driven by fair value losses in Europe due to cap rate expansion. Fair values in Canada were approximately flat with fair value losses in Ontario partially offset by a fair value gain on a development project in Western Canada.

For the year ended December 31, 2023, we recorded a fair value loss to investment properties of $66.7 million, predominantly driven by fair value losses in Europe of $133.6 million due to cap rate expansion. Fair value increases in the Ontario and Québec regions totalling $76.4 million were 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 exposure. 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 consolidated financial statements.

	As at	
	December 31, 2023	December 31, 2022
Financing metrics and other information		
Credit rating – DBRS	**BBB (mid)**	BBB (mid)
Net total debt-to-total assets (net of cash and cash equivalents) ratio(1)	**36.0%**	31.7%
Net total debt-to-normalized adjusted EBITDAFV ratio (years)(1)	**7.7**	8.3
Interest coverage ratio (times)(1)	**6.0**	12.3
Weighted average face interest rate on debt (period-end)(2)	**2.35%**	1.21%
Weighted average remaining term to maturity on debt (years)	**2.7**	3.0
Non-current debt	**$ 2,537,090**	$ 2,137,412
Total assets	**$ 7,858,340**	$ 7,280,493
Interest expense on debt and other financing costs	**$ 54,379**	$ 20,622
Total debt(3)	**$ 2,839,753**	$ 2,337,367
Unsecured debt(4)	**$ 2,257,354**	$ 1,807,767
Secured debt as a percentage of total assets(4)	**7.4%**	7.3%
Unencumbered investment properties (period-end)(4)	**$ 5,401,880**	$ 5,313,083
Unencumbered investment properties as a percentage of investment properties(4)	**78.0%**	78.6%
Cash and cash equivalents	**$ 49,916**	$ 83,802
Available liquidity (period-end)(3)	**$ 491,868**	$ 529,587

(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.

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

(4) 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.

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 within one year total $3.3 million, and debt maturities that are due within one year total $308.3 million. The debt maturities are typically refinanced with mortgages or debt issuances with terms between five and ten years or repaid. With our balanced debt maturity schedule, undrawn unsecured revolving credit facility of $442.0 million, cash and cash equivalents of $49.9 million and unencumbered investment properties pool of $5.4 billion, we have sufficient liquidity and capital resources as at December 31, 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 36.0% as at December 31, 2023.

Financing activities

Mortgages

During the three months ended December 31, 2023, we did not discharge any mortgages.

During the year ended December 31, 2023, we discharged one mortgage and repaid an additional eight mortgages in Europe totalling $164.3 million with a face interest rate of 1.26% per annum, by utilizing our unsecured revolving credit facility. Additionally, we closed on $231.1 million of new mortgages and refinanced $99.0 million 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 drawdown on the unsecured revolving credit facility.

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

Unsecured term loans

US$250 million Unsecured Term Loan

In November 2022, the Trust amended its unsecured term loan and increased its principal amount from US$150 million to US$250 million and extended the maturity date from January 31, 2024 to November 29, 2025 with two annual extension options subject to lender approval (the "US$250M Unsecured Term Loan"). We fully drew down on the incremental principal amount on November 29, 2022, which bears a floating interest rate at the secured overnight financing rate as administered by the Federal Reserve Bank of New York ("SOFR") plus spread per annum.

Concurrently, we amended the previously existing CCIRS with the same lender of the US$250M Unsecured Term Loan to increase the notional amount exchanged to euros from US$150 million to US$250 million, extended the maturity date on the amended CCIRS to November 29, 2025 and fixed the interest rate at 0.784%.

$200 million Unsecured Term Loan

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 Canadian bankers' acceptance rates ("BA rates") plus spread or Canadian prime rate plus spread on Canadian dollar draws, the 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 draw down and concurrently entered into a cross-currency interest rate swap 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, 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 is discontinued.

The amounts available and drawn under the revolving credit facility as at December 31, 2023 are as follows:

								December 31, 2023
	Maturity date		Borrowing capacity		Letter of credit amount		Principal outstanding	Amounts available to be drawn
Unsecured revolving credit facility(1)	August 9, 2028	$	500,000	$	8,048	$	50,000	$ 441,952

(1) The unsecured revolving credit facility has the ability to be drawn in Canadian dollars, U.S. dollars and euros. At December 31, 2023, the principal outstanding amount was $50 million.

As at December 31, 2022, $51.8 million was drawn on the unsecured revolving credit facility in addition to a letter of credit totalling $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"). Subsequent to the year ended December 31, 2023, the Trust completed an additional $200 million aggregate principal amount of bonds, through a reopening of the $200 million Series F Debentures (the "$200 million Series F Debentures (Reopening)" and together with the $200 million Series F Debentures, the "$400 million Series F Debentures").

The Trust has the following outstanding debentures, all rated BBB with Stable trends 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 $400 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"). In early February 2024, DBRS confirmed the Trust's Issuer Rating and the credit rating of its Debentures at BBB with Stable trends.

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.

$450 million Series A Debentures

The original $250 million Series A Debentures were reopened and the Trust issued an additional $200 million on June 17, 2021 at an issuance price of $999 per $1,000 principal amount (plus accrued interest from December 22, 2020), bear interest at a rate of 1.662% per annum and will mature on December 22, 2025. The Series A Debentures reopening has the same terms and conditions, and constitutes part of the same series, as the original $250 million aggregate principal amount of the Series A Debentures issued by the Trust on December 22, 2020. The $200 million Series A Debentures reopening has the same Committee on Uniform Securities Identification Procedures ("CUSIP") number as the original $250 million Series A Debentures issued on December 22, 2020. Interest is payable on the Series A Debentures on June 22 and December 22 of each year. Total financing costs related to the $450 million Series A Debentures (original and reopening) totalled $2.5 million.

$200 million Series B Debentures

The $200 million Series B Debentures were issued at a price equal to $1,000 per $1,000 principal amount, bear interest at a rate per annum equal to the Reference Rate Index for Canadian dollar bankers' acceptances with maturities of three months (three-month CDOR) plus 0.35% and will mature on June 17, 2024. Interest is payable on the $200 million Series B Debentures, and the Reference Rate Index will be adjusted on March 17, June 17, September 17 and December 17 of each year. The $200 million Series B 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 B Debentures offering totalled $0.8 million.

$400 million Series C Debentures (Series C Green Bonds)

The $400 million Series C Debentures were issued at a price equal to $1,000 per $1,000 principal amount, bear interest at a rate of 2.057% per annum and will mature on June 17, 2027. Interest is payable on the $400 million Series C Debentures on June 17 and December 17 of each year. The $400 million Series C 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 $400 million Series C Debentures offering totalled $1.7 million.

$250 million Series D Debentures (Series D Green Bonds)

The $250 million Series D Debentures were issued at a price equal to $1,000 per $1,000 principal amount, bear interest at a rate of 2.539% per annum and will mature on December 7, 2026. Interest is payable on the $250 million Series D Debentures on June 7 and December 7 of each year. The $250 million Series D 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 $250 million Series D Debentures offering totalled $1.5 million.

$200 million Series E Debentures (Series E Green Bonds)

The $200 million Series E Debentures were issued at a price equal to $1,000 per $1,000 principal amount, bear interest at a rate of 3.968% per annum and will mature on April 13, 2026. Interest is payable on the $200 million Series E Debentures on April 13 and October 13 of each year. The $200 million Series E 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 E Debentures offering totalled $1.2 million.

$400 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 totalled $1.3 million. The original $200 million Series F Debentures were reopened and the Trust issued an additional $200 million on January 4, 2024 at an issuance price of $1,004.51 per $1,000 principal amount (plus accrued interest from September 22, 2023), which bear interest at a rate of 5.383% per annum and will mature on March 22, 2028. The Series F Debentures reopening has the same terms and conditions, and constitutes part of the same series, as the original $200 million aggregate principal amount of the Series F Debentures issued by the Trust on March 22, 2023.

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 December 31, 2023 and December 31, 2022:

	Fair value as at December 31, 2023	Fair value as at December 31, 2022
Fair value through other comprehensive income		
Assets(1)	**$ 30,981**	$ 76,593
Liabilities	**(23,367)**	(1,012)
Fair value through profit or loss		
Assets(2)(3)	**6,813**	14,287
Liabilities	**(4,601)**	—

(1) As at December 31, 2023, $1,751 is due to mature in the next twelve months and is included in “Prepaid expenses and other assets” in the consolidated financial statements.

(2) As at December 31, 2023, $1,148 is due to mature in the next twelve months and is included in “Prepaid expenses and other assets” in the consolidated financial statements.

(3) As at December 31, 2022, $1,803 was due to mature in 2023 and is included in “Prepaid expenses and other assets” in the 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 December 31, 2023 and December 31, 2022.

				As at
	December 31, 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	**3.78%**	**3.78%**	1.84%	1.84%
Unsecured term loans	**2.32%**	**6.86%**	0.78%	3.87%
Unsecured debentures	**1.73%**	**3.08%**	0.99%	2.69%
Unsecured revolving credit facility	**6.89%**	**6.89%**	3.69%	3.69%
Total	**2.35%**	**3.98%**	1.21%	2.69%

Debt maturity profile

Our current total debt profile is balanced with maturities that are well distributed over the next five 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.

For the maturities in the next two years, all but $16.4 million of the $306.6 million 2024 maturities are euro equivalent debt, and in 2025, all $825.5 million of the maturities are euro equivalent debt.

The following is the total debt maturity profile as at December 31, 2023:

	Debt balance due at maturity	Scheduled principal repayments on debt maturing in future periods	Amount	Weighted average face interest rate
2024[(1)]	$ 306,582	$ 3,297	$ 309,879	3.56%
2025[(2)]	825,548	2,700	828,248	0.60%
2026[(3)]	646,697	2,798	649,495	2.29%
2027[(4)]	391,591	2,900	394,491	0.55%
2028[(5)]	610,037	3,005	613,042	5.22%
2029–2030	54,069	1,750	55,819	3.41%
Total	**$ 2,834,524**	**$ 16,450**	**$ 2,850,974**	**2.35%**
Unamortized financing costs			(11,410)	
Unamortized fair value adjustments			189	
Total debt[(6)]			**$ 2,839,753**	
Fair value of CCIRS[(7)]			7,614	
Less: Current debt			(310,277)	
Non-current debt (per consolidated financial statements)			**$ 2,537,090**	

(1) The debt balance due in 2024 includes debentures of $200,000, less a $1,751 CCIRS asset.

(2) The debt balance due in 2025 includes a term loan of $330,650, plus a $1,699 CCIRS liability, and debentures of $450,000, less a $15,342 CCIRS asset.

(3) The debt balance due in 2026 includes a term loan of $191,210 and debentures of $450,000, less a $1,156 CCIRS asset, plus a $6,643 CCIRS liability.

(4) The debt balance due in 2027 includes debentures of $400,000, less a $8,409 CCIRS asset.

(5) The debt balance due in 2028 includes an unsecured revolving credit facility of $50,000, debentures of $200,000, plus a $10,702 CCIRS liability, which 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.

(7) As at December 31, 2023, the CCIRS were in a net asset position and $30,981 was included in "Derivatives and other non-current assets" and $23,367 in "Derivatives and other non-current liabilities" in the 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 consolidated financial statements.

As at December 31, 2023, our remaining contractual commitments related to construction and development projects amounted to $96.5 million (December 31, 2022 – $44.6 million).

On January 6, 2022 and April 1, 2022, we funded capital contributions to the U.S. Fund totalling US$21.9 million and US$48.4 million, respectively, reducing the contractual commitment of capital contributions to US$9.7 million as at December 31, 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 consolidated financial statements.

						As at
	December 31, 2023			December 31, 2022		
	Number of Units		**Amount**	Number of Units		Amount
REIT Units and unitholders' equity	**273,243,349**	**$**	**3,339,660**	256,604,207	$	3,106,904
Retained earnings	**—**		**1,191,907**	—		1,274,974
Accumulated other comprehensive income	**—**		**43,330**	—		70,863
Total equity per consolidated financial statements	**273,243,349**		**4,574,897**	256,604,207		4,452,741
Add: LP B Units	**13,346,572**		**186,318**	18,551,855		216,871
Total equity (including LP B Units)[(1)]	**286,589,921**	**$**	**4,761,215**	275,156,062	$	4,669,612
NAV per Unit[(2)]		**$**	**16.61**		$	16.97

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

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

Total equity as per the consolidated financial statements as at December 31, 2023 was $4.6 billion compared to $4.5 billion as at December 31, 2022. The increase of $122.2 million was mainly generated from net income of $104.3 million, units issued pursuant to the ATM Program 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 $52.0 million, net of distributions of $187.4 million during the year ended December 31, 2023.

NAV per Unit as at December 31, 2023 decreased to $16.61 from $16.97 at December 31, 2022, largely due to an increase in the number of our REIT Units and a slight 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 December 31, 2023 and December 31, 2022:

	As at	
	December 31, 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 year ended December 31, 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	3,806,146	—	3,806,146
REIT Units issued pursuant to Deferred Unit Incentive Plan ("DUIP") and Unit Purchase Plan	117,287	—	117,287
Total Units outstanding as at December 31, 2023	273,243,349	13,346,572	286,589,921
Percentage of all Units	95.3%	4.7%	100.0%
REIT Units issued pursuant to DRIP	337,731	—	337,731
Units issued pursuant to DUIP and Unit Purchase Plan	153	—	153
Total Units outstanding as at February 12, 2024	273,581,233	13,346,572	286,927,805
Percentage of all Units	95.3%	4.7%	100.0%

Secondary offering of REIT Units and exchange of subsidiary redeemable units

On May 8, 2023, the Trust filed a prospectus supplement to its final base shelf prospectus dated November 26, 2021 to qualify the distribution of REIT Units by Dream Office REIT ("the Selling Unitholder"), and 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 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 December 31, 2023, 13,346,572 subsidiary redeemable units and Special Trust Units were issued and outstanding.

Short form base shelf prospectus

On March 2, 2022, we filed a prospectus supplement to our final base shelf prospectus dated November 26, 2021 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 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 December 31, 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 September 6, 2023, the Trust filed a prospectus supplement to the final short form base shelf prospectus dated September 5, 2023 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 year ended December 31, 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.

During the year ended December 31, 2022, the Trust issued 5,477,800 REIT Units under the ATM Program at a weighted average price of $16.46 per REIT Unit for gross proceeds of $90,145. Total costs related to the issuance of these REIT Units amounted to $1,803 and were charged directly to unitholders' equity. Accordingly, the net proceeds relating to the issuance of these REIT Units amounted to $88,342.

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 consolidated financial statements.

The following tables summarize the total distributions paid and payable on REIT Units for the three months and years ended December 31, 2023 and December 31, 2022:

	Three months ended December 31,	
	2023	2022
Distributions paid in cash on REIT Units	**$ (33,794)**	$ (35,656)
Paid by way of reinvestment in REIT Units	**(14,308)**	(9,424)
Less: Payable at September 30, 2023/September 30, 2022	**15,874**	14,920
Add: Payable at December 31, 2023/December 31, 2022	**(15,938)**	(14,968)
Total distributions paid and payable on REIT Units (per consolidated financial statements)	**$ (48,166)**	$ (45,128)

	Year ended December 31,	
	2023	2022
Distributions paid in cash on REIT Units	**$ (134,389)**	$ (136,061)
Paid by way of reinvestment in REIT Units	**(52,007)**	(40,371)
Less: Payable at December 31, 2022/December 31, 2021	**14,968**	13,641
Add: Payable at December 31, 2023/December 31, 2022	**(15,938)**	(14,968)
Total distributions paid and payable on REIT Units (per consolidated financial statements)	**$ (187,366)**	$ (177,759)

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 months and years ended December 31, 2023 and December 31, 2022:

		Three months ended December 31, 2023			Three months ended December 31, 2022	
		Amount	**% of total**		Amount	% of total
Distributions reinvested less 3% bonus distribution[1] (DRIP participation rate)[2]	**$**	**13,873**	**27.7%**	$	9,895	20.6%
Distributions paid in cash[1]		**36,212**	**72.3%**		38,206	79.4%
Total distributions excluding 3% bonus distribution		**50,085**	**100.0%**		48,101	100.0%
3% bonus distribution		**417**			274	
Total distributions[1]	**$**	**50,502**		$	48,375	

(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.

		Year ended December 31, 2023			Year ended December 31, 2022	
		Amount	**% of total**		Amount	% of total
Distributions reinvested less 3% bonus distribution[1] (DRIP participation rate)[2]	**$**	**51,561**	**26.3%**	$	39,510	20.8%
Distributions paid in cash[1]		**144,847**	**73.7%**		150,060	79.2%
Total distributions excluding 3% bonus distribution		**196,408**	**100.0%**		189,570	100.0%
3% bonus distribution		**1,515**			1,175	
Total distributions[1]	**$**	**197,923**		$	190,745	

(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 9 of the 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 months and years ended December 31, 2023 and December 31, 2022:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Cash generated from operating activities	**$ 95,172**	$ 66,828	**$ 302,392**	$ 218,394
Interest and other financing costs paid on debt	**(13,676)**	(7,359)	**(50,596)**	(19,326)
Net income	**(8,817)**	(34,147)	**104,299**	705,885
Total REIT Unit distributions paid and payable	**(48,166)**	(45,128)	**(187,366)**	(177,759)
Total distributions(1)	**(50,502)**	(48,375)	**(197,923)**	(190,745)

(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 December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Excess (shortfall) of net income over total distributions(1)(2)	**$ (59,319)**	$ (82,522)	**$ (93,624)**	$ 515,140
Excess of cash generated from operating activities less interest and other financing costs paid on debt over total distributions(2)(3)	**30,994**	11,094	**53,873**	8,323

(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 and year ended December 31, 2023, total distributions (a non-GAAP financial measure) exceeded net income by $59.3 million and $93.6 million, respectively, as a result of non-cash items such as share of net 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 months and year ended December 31, 2022, total distributions (a non-GAAP financial measure) exceeded net income by $82.5 million and net income exceeded total distributions (a non-GAAP financial measure) by $515.1 million, respectively.

For the three months and year ended December 31, 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 $31.0 million and $53.9 million, respectively.

For the three months and year ended December 31, 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 $11.1 million and 8.3 million, respectively.

Of the total distributions (a non-GAAP financial measure) declared for the three months and year ended December 31, 2023, $14.3 million and $53.1 million, respectively, were reinvested through the DRIP (including 3% bonus distributions). Of the total distributions (a non-GAAP financial measure) declared for the three months and year ended December 31, 2022, $10.2 million and $40.7 million, respectively, were 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

SELECTED ANNUAL INFORMATION

The following table provides selected financial information for the past three years:

		2023		2022		2021
Investment properties revenue	**$**	**437,601**	$	369,567	$	289,815
Income before income taxes (continuing and discontinued operations)		**103,099**		725,366		638,602
Net income		**104,299**		705,885		608,345
Total assets		**7,858,340**		7,280,493		6,053,566
Non-current liabilities		**2,857,998**		2,458,929		2,419,298
Distributions per Unit	**$**	**0.70**	$	0.70	$	0.70
Distributions declared(1)	**$**	**197,923**	$	190,745	$	156,014
Units outstanding:						
REIT Units		**273,243,349**		256,604,207		233,864,845
LP B Units		**13,346,572**		18,551,855		18,551,855

(1) Includes distributions on LP B Units.

Over the past three years, our balance sheet and income statement have grown, reflecting our strategy to grow and upgrade the quality of our portfolio by investing in the Trust's target markets. Our acquisitions of investment properties and investments in joint ventures contributed to the Trust's increase in total assets. The expansion of a high-quality portfolio and strong organic growth contributed to the growth in investment properties revenue and total assets. Refer to the foregoing and remaining sections of the MD&A for more detailed analysis and discussions of the Trust's key financial information.

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 and years ended December 31, 2023 and December 31, 2022 are summarized in the table below:

	Three months ended December 31,			Year ended December 31,		
		2023	2022		2023	2022
CAD per US$1.00 (average during period)(1)	**$**	**1.3624**	$ 1.3578	**$**	**1.3498**	$ 1.3016
CAD per US$1.00 (period-end)(1)		**1.3226**	1.3544		**1.3226**	1.3544
CAD per €1.00 (average during period)(1)		**1.4660**	1.3862		**1.4597**	1.3697
CAD per €1.00 (period-end)(1)		**1.4626**	1.4458		**1.4626**	1.4458

(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 January 1, 2022.

Key portfolio, leasing, financing and capital information

					2023				2022
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Portfolio									
Number of assets[1][2]		**327**	322	321	321	257	258	257	244
GLA (in millions of sq. ft.)[3]		**71.4**	70.6	70.3	70.4	47.3	46.5	46.0	44.4
Leasing									
Occupancy rate – in-place and committed (period-end)[3]		**96.2%**	97.2%	98.0%	98.6%	98.9%	99.0%	99.1%	98.7%
Tenant retention ratio		**72.8%**	61.2%	87.3%	76.6%	82.0%	67.2%	59.2%	85.6%
Average in-place and committed base rent per sq. ft. (period-end)[4]									
Canadian portfolio	$	**9.54**	$ 9.37	$ 9.00	$ 8.71	$ 8.46	$ 8.24	$ 8.11	$ 7.95
European portfolio (€)	€	**5.49**	€ 5.42	€ 5.39	€ 5.32	€ 5.12	€ 5.10	€ 4.99	€ 4.80
Operating results									
Investment properties revenue	$	**110.9**	$ 109.4	$ 110.5	$ 106.8	$ 98.9	$ 93.3	$ 90.0	$ 87.4
Net rental income	$	**85.2**	$ 84.5	$ 83.0	$ 81.5	$ 75.5	$ 72.0	$ 68.7	$ 65.3
Net income (loss)	$	**(8.8)**	$ 50.5	$ 80.4	$ (17.7)	$ (34.1)	$ 125.7	$ 171.5	$ 442.9
Net income per Unit – diluted	$	**(0.03)**	$ 0.18	$ 0.29	$ (0.06)	$ (0.12)	$ 0.46	$ 0.63	$ 1.71
FFO[5]	$	**69.3**	$ 69.4	$ 67.8	$ 68.1	$ 64.0	$ 60.9	$ 58.9	$ 56.6
FFO per Unit – diluted[6][7]	$	**0.24**	$ 0.25	$ 0.25	$ 0.25	$ 0.23	$ 0.22	$ 0.22	$ 0.22
Financing									
Net total debt-to-total assets (net of cash and cash equivalents) ratio[7]		**36.0%**	35.1%	36.2%	36.0%	31.7%	29.2%	29.7%	26.2%
Net total debt-to-normalized adjusted EBITDAFV (years)[7]		**7.7**	8.2	9.0	9.3	8.3	7.8	7.8	6.9
Non-current debt	$	**2,537.1**	$ 2,522.3	$ 2,469.1	$ 2,554.3	$ 2,137.4	$ 2,006.2	$ 1,962.9	$ 1,912.2
Total debt[5]	$	**2,839.8**	$ 2,763.1	$ 2,814.7	$ 2,834.1	$ 2,337.4	$ 2,069.6	$ 2,087.4	$ 1,945.9
Unencumbered investment properties (in millions)[8]	$	**5,401.9**	$ 5,336.2	$ 5,869.6	$ 5,403.3	$ 5,313.1	$ 5,088.4	$ 4,916.7	$ 4,494.4
Investment properties	$	**6,924.3**	$ 6,854.5	$ 6,835.0	$ 6,835.1	$ 6,759.4	$ 6,509.6	$ 6,407.0	$ 6,025.7
Capital									
Total equity (per consolidated financial statements)	$	**4,574.9**	$ 4,625.4	$ 4,511.4	$ 4,427.3	$ 4,452.7	$ 4,477.8	$ 4,329.0	$ 4,194.9
NAV per Unit[7]	$	**16.61**	$ 16.80	$ 16.97	$ 17.03	$ 16.97	$ 17.05	$ 16.64	$ 16.48
Unit price	$	**13.96**	$ 12.84	$ 14.11	$ 14.70	$ 11.69	$ 10.73	$ 12.08	$ 16.14

(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 and Total debt are non-GAAP financial measures. See the "Non-GAAP Financial Measures" section for additional information.

(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.

(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 months and years ended December 31, 2023 and December 31, 2022:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Net income for the period	**$ (8,817)**	$ (34,147)	**$ 104,299**	$ 705,885
Add (deduct):				
Fair value adjustments to investment properties	**43,944**	65,503	**66,689**	(363,025)
Fair value adjustments to financial instruments	**27,695**	19,852	**68,059**	(122,532)
Share of net (income) loss from equity accounted investments	**(1,441)**	9,222	**(4,941)**	(38,482)
Interest expense on subsidiary redeemable units	**2,336**	3,247	**10,557**	12,986
Amortization and write-off of lease incentives	**710**	1,335	**3,240**	3,078
Internal leasing costs	**1,396**	908	**4,620**	4,128
Fair value adjustments to deferred trust units included in G&A	**(120)**	(173)	**(213)**	(223)
Foreign exchange loss (gain)	**130**	7,835	**(1,212)**	11,817
Share of FFO from equity accounted investments	**7,449**	2,836	**25,844**	10,126
Deferred income tax (recovery) expense, net	**(4,702)**	(12,471)	**(3,832)**	16,043
Current income tax expense related to dispositions	**142**	6	**142**	132
Transaction costs on acquisitions and dispositions and other	**564**	80	**1,382**	560
FFO for the period	**$ 69,286**	$ 64,033	**$ 274,634**	$ 240,493

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 December 31, 2023 and December 31, 2022, we exclude investment properties acquired on or after October 1, 2022. For the years ended December 31, 2023 and December 31, 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 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 months and years ended December 31, 2023 and December 31, 2022:

	Three months ended December 31,		Year ended December 31,	
Amounts included in consolidated financial statements	**2023**	2022	**2023**	2022
Distributions on REIT Units	**$ 48,166**	$ 45,128	**$ 187,366**	$ 177,759
Interest on subsidiary redeemable units	**2,336**	3,247	**10,557**	12,986
Total distributions	**$ 50,502**	$ 48,375	**$ 197,923**	$ 190,745

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 months and years ended December 31, 2023 and December 31, 2022.

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Distributions reinvested as included in consolidated financial statements	**$ 14,308**	$ 9,424	**$ 52,007**	$ 40,371
Less: Distributions reinvested pertaining to prior period	**(4,533)**	(2,703)	**(3,446)**	(3,134)
Add: Distributions reinvested on January 15, 2024 and January 13, 2023, respectively	**4,515**	3,448	**4,515**	3,448
Less: 3% bonus distribution	**(417)**	(274)	**(1,515)**	(1,175)
Distributions reinvested less 3% bonus distribution	**$ 13,873**	$ 9,895	**$ 51,561**	$ 39,510

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 months and years ended December 31, 2023 and December 31, 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 December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Distributions paid on REIT Units	**$ 33,792**	$ 35,656	**$ 134,389**	$ 136,061
Interest paid on LP B Units	**2,336**	3,247	**10,860**	12,986
Less: Distributions paid on REIT Units pertaining to prior period	**(11,336)**	(12,217)	**(11,519)**	(10,507)
Less: Interest paid on LP B Units pertaining to prior period	**(779)**	(1,082)	**(1,082)**	(1,082)
Add: Distributions paid on January 15, 2024 and January 13, 2023, respectively	**11,420**	11,520	**11,420**	11,520
Add: Interest paid on LP B Units on January 15, 2024 and January 13, 2023, respectively	**779**	1,082	**779**	1,082
Distributions paid in cash	**$ 36,212**	$ 38,206	**$ 144,847**	$ 150,060

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 December 31, 2023 and December 31, 2022:

	December 31, 2023	December 31, 2022
Cash and cash equivalents per consolidated financial statements	**$ 49,916**	$ 83,802
Undrawn unsecured revolving credit facility[1]	**441,952**	445,785
Available liquidity	**$ 491,868**	$ 529,587

(1) Net of letters of credit totalling $8,048 and $2,414 as at December 31, 2023 and December 31, 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 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 December 31, 2023 and December 31, 2022:

Amounts per consolidated financial statements	**December 31, 2023**	December 31, 2022
Non-current debt	**$ 2,537,090**	$ 2,137,412
Current debt	**310,277**	275,536
Fair value of CCIRS[1]	**(7,614)**	(75,581)
Total debt	**$ 2,839,753**	$ 2,337,367

(1) As at December 31, 2023, the CCIRS were in a net asset position and $29,230 was included in "Derivatives and other non-current assets", $1,751 in "Prepaid expenses and other assets" and $(23,367) in "Derivatives and other non-current liabilities" in the 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 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 heading "Net total debt-to-total assets (net of cash and cash equivalents) ratio" 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 December 31, 2023 and December 31, 2022:

	December 31, 2023	December 31, 2022
Non-current debt	**$ 2,537,090**	$ 2,137,412
Add (deduct):		
Current debt	**310,277**	275,536
Fair value of CCIRS	**(7,614)**	(75,581)
Unamortized financing costs	**11,410**	7,426
Unamortized fair value adjustments	**(189)**	(1,881)
Cash and cash equivalents	**(49,916)**	(83,802)
Net total debt	**$ 2,801,058**	$ 2,259,110
Total assets	**7,858,340**	7,280,493
Less: Fair value of CCIRS assets	**(30,981)**	(75,581)
Less: Cash and cash equivalents	**(49,916)**	(83,802)
Total assets (net of cash and cash equivalents)	**$ 7,777,443**	$ 7,121,110

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 investments, distributions from equity accounted investments, 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 and years ended December 31, 2023 and December 31, 2022:

	For the three months ended		For the year ended	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022
Net income (loss) for the period	**$ (8,817)**	$ (34,147)	**$ 104,299**	$ 705,885
Add (deduct):				
Fair value adjustments to investment properties	**43,944**	65,503	**66,689**	(363,025)
Fair value adjustments to financial instruments	**27,695**	19,852	**68,059**	(122,532)
Share of net (income) loss from equity accounted investments	**(1,441)**	9,222	**(4,941)**	(38,482)
Interest expense on debt and other financing costs	**15,520**	6,349	**54,379**	20,622
Interest expense on subsidiary redeemable units	**2,336**	3,247	**10,557**	12,986
Other items included in investment properties revenue[1]	**(238)**	(1,391)	**(3,655)**	(4,792)
Distributions from equity accounted investments	**14,543**	2,066	**25,519**	6,026
Deferred and current income tax (recovery) expense, net	**(4,354)**	(11,855)	**(1,200)**	19,481
Net loss on transactions and other activities	**2,131**	8,673	**4,762**	16,805
Debt settlement costs	**—**	257	**—**	257
Adjusted EBITDAFV for the period	**$ 91,319**	$ 67,776	**$ 324,468**	$ 253,231

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

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.

	December 31, 2023	December 31, 2022
Adjusted EBITDAFV – quarterly(1)	**$ 91,319**	$ 67,776
Add (deduct):		
Normalized NOI of acquisitions and dispositions in the quarter(2)	**(76)**	77
Normalized adjusted EBITDAFV – quarterly	**91,243**	67,853
Normalized adjusted EBITDAFV – annualized	**$ 364,972**	$ 271,412

(1) Adjusted EBITDAFV (a non-GAAP financial measure) for the three months ended December 31, 2023 and December 31, 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 three months and years ended December 31, 2023 and December 31, 2022:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
FFO(1)	**$ 69,286**	$ 64,033	**$ 274,634**	$ 240,493
Weighted average number of Units (in thousands)	**286,736**	275,305	**280,784**	270,710
FFO per Unit – diluted	**$ 0.24**	$ 0.23	**$ 0.98**	$ 0.89

(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 December 31, 2023 and December 31, 2022:

		December 31, 2023		December 31, 2022
Net total debt[(1)]	**$**	**2,801,058**	$	2,259,110
Total assets (net of cash and cash equivalents)[(1)(2)]		**7,777,443**		7,121,110
Net total debt-to-total assets (net of cash and cash equivalents) ratio		**36.0%**		31.7%

(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 $30,981 and $75,581 as at December 31, 2023 and December 31, 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 December 31, 2023 and December 31, 2022:

		December 31, 2023		December 31, 2022
Net total debt[(1)]	**$**	**2,801,058**	$	2,259,110
Normalized adjusted EBITDAFV – annualized[(2)]		**364,972**		271,412
Net total debt-to-normalized adjusted EBITDAFV ratio (years)		**7.7**		8.3

(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 years ended December 31, 2023 and December 31, 2022:

				Year ended December 31,
		2023		2022
Adjusted EBITDAFV[(1)]	**$**	**324,468**	$	253,231
Interest expense on debt and other financing costs		**54,379**		20,622
Interest coverage ratio (times)		**6.0**		12.3

(1) Adjusted EBITDAFV (a non-GAAP financial measure) for the years ended December 31, 2023 and December 31, 2022 has 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 months and years ended December 31, 2023 and December 31, 2022:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Distributions reinvested less 3% bonus distribution[(1)]	**$ 13,873**	$ 9,895	**$ 51,561**	$ 39,510
Distributions paid in cash[(1)]	**36,212**	38,206	**144,847**	150,060
Total distributions excluding 3% bonus distribution	**$ 50,085**	$ 48,101	**$ 196,408**	$ 189,570
DRIP participation rate	**27.7%**	20.6%	**26.3%**	20.8%

(1) Distributions reinvested less 3% bonus distribution (a non-GAAP financial measure) and distributions paid in cash (a non-GAAP financial measure) for the years ended December 31, 2023 and December 31, 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 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 December 31, 2023 and December 31, 2022:

Amounts included in consolidated financial statements	**December 31, 2023**	December 31, 2022
Investment properties	**$ 6,924,274**	$ 6,759,425
Less: Pledged as collateral	**(1,522,394)**	(1,446,342)
Unencumbered investment properties	**$ 5,401,880**	$ 5,313,083
Unencumbered investment properties as a percentage of investment properties	**78.0%**	78.6%

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 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 December 31, 2023 and December 31, 2022:

Amounts included in consolidated financial statements		December 31, 2023		December 31, 2022
Secured debt	$	582,399	$	529,600
Total assets		7,858,340		7,280,493
Secured debt as a percentage of total assets		**7.4%**		7.3%

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 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 December 31, 2023 and December 31, 2022:

Amounts included in consolidated financial statements		December 31, 2023		December 31, 2022
Unsecured revolving credit facility	$	48,695	$	50,742
Unsecured term loans		521,138		338,057
Unsecured debentures		1,695,135		1,494,549
Fair value of CCIRS[(1)]		(7,614)		(75,581)
Unsecured debt	$	**2,257,354**	$	1,807,767

(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 December 31, 2023, there were 671,964 unvested deferred trust units and associated income deferred trust units (December 31, 2022 – 552,281).

The table below summarizes the basic and diluted weighted average number of Units for the three months and years ended December 31, 2023 and December 31, 2022:

	Three months ended December 31,		Year ended December 31,	
Weighted average Units outstanding	**2023**	2022	**2023**	2022
Basic (in thousands)	**286,068**	274,756	**280,116**	270,215
Diluted (in thousands)	**286,736**	275,305	**280,784**	270,710

SECTION V

DISCLOSURE CONTROLS AND OUR PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

For the year ended December 31, 2023, the Chief Executive Officer and the Chief Financial Officer (the "Certifying Officers"), together with other members of management, have evaluated the design and operational effectiveness of Dream Industrial REIT's disclosure controls and procedures, as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). The Certifying Officers have concluded that the disclosure controls and procedures are adequate and effective in order to provide reasonable assurance that material information has been accumulated and communicated to management to allow timely decisions of required disclosures by Dream Industrial REIT and its consolidated subsidiary entities within the required time periods.

Dream Industrial REIT's internal control over financial reporting (as defined in NI 52-109) is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS. Using the framework established in the "2013 Committee of Sponsoring Organizations (COSO) Internal Control Framework", published by the Committee of Sponsoring Organizations of the Treadway Commission, the Certifying Officers, together with other members of management, have evaluated the design and operation of Dream Industrial REIT's internal control over financial reporting. Based on that evaluation, the Certifying Officers have concluded that Dream Industrial REIT's internal control over financial reporting was effective as at December 31, 2023.

There were no changes in Dream Industrial REIT's internal control over financial reporting during the financial year ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, Dream Industrial REIT's internal control over financial reporting.

SECTION VI

RISKS AND OUR STRATEGY TO MANAGE

In addition to the specific risks discussed in this Annual Report, we are exposed to various risks and uncertainties, many of which are beyond our control and could have an impact on our business, financial condition, operating results and prospects. Unitholders should consider these risks and uncertainties when assessing our outlook in terms of investment potential. For a further discussion of the risks and uncertainties identified by Dream Industrial REIT, please refer to our latest Annual Report and Annual Information Form filed on SEDAR+ at www.sedarplus.com.

Real estate ownership

Real estate ownership is generally subject to numerous factors and risks, including changes in general economic conditions (such as the availability, terms and cost of mortgage financings and other types of credit), local economic conditions (such as an 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.

An investment in real estate is relatively illiquid. Such illiquidity will tend to limit our ability to vary our portfolio promptly in response to changing economic or investment conditions. In recessionary times, it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable, and during an economic recession we may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for us to dispose of properties at lower prices in order to generate sufficient cash from operations and to make distributions and interest payments.

Certain significant expenditures (e.g., property taxes, maintenance costs, mortgage payments, insurance costs and related charges) must be made throughout the period of ownership of real property, regardless of whether the property is producing sufficient income to pay such expenses. 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. Maintaining a rental property in accordance with market standards can entail significant costs that we may not be able to pass on to our tenants. Numerous factors, including the age of the relevant building structure, the material and substances used at the time of construction, or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment or modernization. In the course of acquiring a property, undisclosed defects in design or construction or other risks might not have been recognized or correctly evaluated during the pre-acquisition due diligence process. These circumstances could lead to additional costs and could have an adverse effect on our proceeds from sales and rental income of the relevant properties.

Rollover of leases

Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. Furthermore, the terms of any subsequent lease may be less favourable than those of the existing lease. Our cash flows and financial position would be adversely affected if our tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in our properties could not be leased on economically favourable lease terms. In the event of default by a tenant, we may experience delays or limitations in enforcing our rights as lessor and incur substantial costs in protecting our investment. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws, which could result in the rejection and termination of the lease of the tenant and thereby cause a reduction in the cash flows available to us.

Concentration of properties and tenants

Currently, our properties are located in Canada, Europe and the U.S. and, as a result, are impacted by economic and other factors specifically affecting the real estate markets in Canada, Europe and the U.S. These factors may differ from those affecting the real estate markets in other regions. Due to the concentrated nature of our properties, a number of our properties could experience any of the same conditions at the same time. If real estate conditions in Canada, Europe or the U.S. decline relative to real estate conditions in other regions, our cash flows and financial condition may be more adversely affected than those of companies that have more geographically diversified portfolios of properties.

Development

Delays and cost over-runs may occur in completing the construction of development projects, prospective projects and future projects that may be undertaken. A number of factors that could cause delays or cost over-runs include, but are not limited to, permitting delays, changing engineer and design requirements, the performance of contractors, labour and supply chain disruptions generally or due to public health crises, pandemics or epidemics such as the COVID-19 pandemic, adverse weather conditions and availability of financing.

Financing

We require access to capital to maintain our properties as well as to fund our growth strategy and significant capital expenditures. There is no assurance that capital will be available when needed or on favourable terms. Our access to third-party financing will be subject to a number of factors, including general market conditions, the market's perception of our growth potential, our current and expected future earnings, our cash flow and cash distributions and cash interest payments, and the market price of our REIT Units.

A significant portion of our financing is debt. Accordingly, we are subject to the risks associated with debt financing, including the risk that our cash flows may be insufficient to meet required payments of principal and interest, and that, on maturities of such debt, we may not be able to refinance the outstanding principal under such debt or that the terms of such refinancing will be more onerous than those of the existing debt. If we are unable to refinance debt at maturity on terms acceptable to us or at all, we may be forced to dispose of one or more of our properties on disadvantageous terms, which may result in losses and could alter our debt-to-equity ratio or be dilutive to unitholders. Such losses could have a material adverse effect on our financial position or cash flows.

The degree to which we are leveraged could have important consequences on our operations. A high level of debt will: reduce the amount of funds available for the payment of distributions to unitholders and interest payments on our debentures; limit our flexibility in planning for and reacting to changes in the economy and in the industry, and increase our vulnerability to general adverse economic and industry conditions; limit our ability to borrow additional funds, dispose of assets, encumber our assets and make potential investments; place us at a competitive disadvantage compared to other owners of similar real estate assets that are less leveraged and, therefore, may be able to take advantage of opportunities that our indebtedness would prevent us from pursuing; make it more likely that a reduction in our borrowing base following a periodic valuation (or redetermination) could require us to repay a portion of then outstanding borrowings; and impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general trust or other purposes.

Interest rates

When entering into financing agreements or extending such agreements, we depend on our ability to agree on terms for interest payments that will not impair our desired profit, and on amortization schedules that do not restrict our ability to pay distributions on our REIT Units and interest payments on our debentures. In addition to existing variable rate portions of our financing agreements, we may enter into future financing agreements with variable interest rates. There is a risk that interest rates will continue to increase. A further increase in interest rates could result in a significant increase in the amount we pay to service debt, which could limit our ability to pay distributions to unitholders and could impact the market price of the REIT Units. Increases in interest rates generally cause a decrease in demand for properties. Higher interest rates and more stringent borrowing requirements, whether mandated by law or required by lenders, could have a significant negative effect on our ability to sell any of our properties.

Economic environment risks

Uncertainty over whether the economy will be adversely affected by inflation or stagflation, and the systemic impact of volatile energy costs, may contribute to increased market volatility. Such economic uncertainties and market challenges, which may result from a continued or exacerbated general economic slowdown, and their effects could materially and adversely affect the Trust's ability to generate revenues, thereby reducing its operating income and earnings. A difficult operating environment could also have a material adverse effect on the ability of the Trust to maintain occupancy rates at its properties, which could harm the Trust's financial condition. Under such economic conditions, the Trust's tenants may be unable to meet their rental payments and other obligations due to the Trust, which could have a material adverse effect on the Trust's financial position.

Further increases to inflation or prolonged inflation above central banks' targets could lead to further increases to interest rates by central banks, which would have a more pronounced negative impact on any variable rate debt the Trust is subject to or incur in the future and on its results of operations. Similarly, during periods of high inflation, contractual annual rent increases may be less than the rate of inflation on a continual basis. Substantial inflationary pressures and increased costs may have an adverse impact on the Trust's tenants if increases in their operating expenses exceed increases in revenue. This may adversely affect the tenants' ability to pay rent, and the Trust's ability to increase rents on lease rollovers, which could negatively affect the Trust's financial condition.

Increased inflation could lead to higher costs on future development projects, which could reduce the profitability of the planned development projects to the extent that higher rents cannot be obtained from prospective tenants.

In respect of the Trust's real estate purchases, the Trust is also subject to the risk that if the real estate market ceases to attract the same level of capital investment in the future that it attracts at the time of its purchases, or the number of investors seeking to acquire properties decreases, the value of the Trust's investments may not appreciate or may depreciate. Accordingly, the Trust's operations and financial condition could be materially and adversely affected to the extent that an economic slowdown or downturn occurs, is prolonged or becomes more severe.

Currency risk

Some of our investments and operations are conducted in euros and U.S. dollars; however, we pay distributions to unitholders in Canadian dollars. As a result, fluctuations in the euro and U.S. dollar against the Canadian dollar could have a material adverse effect on our financial results, which are denominated and reported in Canadian dollars, and on our ability to pay cash distributions to unitholders. The Trust's exposure to currency exchange risk could increase if the proportion of income from properties located in Europe or income through our equity accounted investment in the U.S. increases as a result of future property acquisitions or investments.

Hedging instruments

The Trust uses CCIRS to hedge currency risk on European investments, and interest rate exposure on certain financing agreements. Hedge ineffectiveness for CCIRS can result from (i) fair value measurements on hedging instruments, which are not matched by the hedged item; and (ii) changes to critical underlying terms and conditions in the CCIRS or respective financing agreements.

Changes in law

We are subject to applicable federal, provincial or state, municipal, local and common laws and regulations governing the ownership and leasing of real property, employment standards, environmental matters, taxes and other matters. It is possible that future changes in such laws or regulations, or changes in their application, enforcement or regulatory interpretation, could result in changes in the legal requirements affecting us (including with retroactive effect). In addition, the political conditions in the jurisdictions in which we operate are also subject to change. Any changes in investment policies or shifts in political attitudes may adversely affect our investments. Any changes in the laws to which we are subject in the jurisdictions in which we operate could materially affect our rights and title in and to the properties and the revenues we are able to generate from our investments.

Tax considerations

We intend to continue to qualify as a "unit trust" and a "mutual fund trust" for purposes of the *Income Tax Act* (Canada). There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the Canada Revenue Agency respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the unitholders. If we cease to qualify as a "mutual fund trust" under the *Income Tax Act* (Canada), the income tax considerations applicable to us would be materially and adversely different in certain respects, including that the REIT Units may cease to be qualified investments for registered plans under the *Income Tax Act* (Canada).

Although we have been structured with the objective of maximizing after-tax distributions, tax charges and withholding taxes in various jurisdictions in which we invest will affect the level of distributions made to us by our subsidiaries. No assurance can be given as to the level of taxation suffered by us or our subsidiaries. Currently, our revenues derive from our investments located in Canada, Europe and the U.S., which will subject us to legal and political risks specific to those countries, any of which could adversely impact our investments, cash flows, operating results or financial condition, our ability to make distributions on the REIT Units and our ability to implement our growth strategy. The taxable income portion of our distributions is affected by a variety of factors, including the amount of foreign accrual property income that we recognize annually, gains and losses, if any, from the disposition of properties and the results of our operations. These components will change each year and therefore, the taxable income allocated to our unitholders each year will also change accordingly.

Competition

The real estate markets in Canada, Europe and the U.S. are highly competitive and fragmented, and we compete for real property acquisitions with individuals, corporations, institutions and other entities that may seek real property investments similar to those we desire. An increase in the availability of investment funds or an increase in interest in real property investments may increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them. If competing properties of a similar type are built in the area where one of our properties is located or if similar properties located in the vicinity of one of our properties are substantially refurbished, the NOI derived from and the value of such property could be reduced.

Numerous other developers, managers and owners of properties will compete with us in seeking tenants. To the extent that our competitors own properties that are in better locations, of better quality or less leveraged than the properties owned by us, they may be in a better position to attract tenants who might otherwise lease space in our properties. To the extent that our competitors are better capitalized or financially stronger, they would be in a better position to withstand an economic downturn. The existence of competition for tenants could have an adverse effect on our ability to lease space in our properties and on the rents charged or concessions granted, and could materially and adversely affect our cash flows, operating results and financial condition.

Joint arrangements

We are a participant in joint arrangements with related parties. A joint arrangement involves certain additional risks, including:

(i) the possibility that such third parties may at any time have economic or business interests or goals that will be inconsistent with ours, or take actions contrary to our instructions or requests or to our policies or objectives with respect to our real estate investments;

(ii) the risk that such third parties could experience financial difficulties or seek the protection of bankruptcy, insolvency or other laws, which could result in additional financial demands on us to maintain and operate such properties or repay the third parties' share of property debt guaranteed by us or for which we will be liable, and/or result in our suffering or incurring delays, expenses and other problems associated with obtaining court approval of the joint arrangement;

(iii) the risk that such third parties may, through their activities on behalf of or in the name of the joint arrangements, expose or subject us to liability; and

(iv) the need to obtain third parties' consents with respect to certain major decisions, including the decision to distribute cash generated from such properties or to refinance or sell a property. In addition, the sale or transfer of interests in certain of the joint arrangements may be subject to rights of first refusal or first offer, and certain of the joint venture and partnership agreements may provide for buy-sell or similar arrangements. Such rights may be triggered at a time when we may not desire to sell but may be forced to do so because we do not have the cash to purchase the other party's interests. Such rights may also inhibit our ability to sell an interest in a property or a joint arrangement within the time frame or otherwise on the basis we desire.

Our investment in properties through joint arrangements is subject to the investment guidelines set out in our Declaration of Trust.

Environmental and climate change-related risk

As an owner of real property, we are subject to various federal, provincial or state, and municipal laws relating to environmental matters. Such laws provide a range of potential liability, including potentially significant penalties, and potential liability for the costs of removal or remediation of certain hazardous substances. The presence of such substances, if any, could adversely affect our ability to sell or redevelop such real estate or to borrow using such real estate as collateral and, potentially, could also result in civil claims against us. In order to obtain financing for the purchase of a new property through traditional channels, we may be requested to arrange for an environmental audit to be conducted. Although such an audit provides us and our lenders with some assurance, we may become subject to liability for undetected pollution or other environmental hazards on our properties against which we cannot insure, or against which we may elect not to insure where premium costs are disproportionate to our perception of relative risk.

We have formal policies and procedures to review and monitor environmental exposure. These policies include the requirement to obtain a Phase I Environmental Site Assessment, conducted by an independent and qualified environmental consultant, before acquiring any real property or any interest therein. In 2021, we became an official supporter of the Task Force on Climate-related Financial Disclosures ("TCFD"), and will develop a plan to systematically assess climate change-related risk around the four TCFD core reporting areas, being governance, strategy, risk management, and metrics and targets.

Climate change continues to attract the focus of governments, investors and the general public as an important threat, given that the emission of GHGs and other activities continue to negatively impact the planet. We face the risk that our properties or tenants will be subject to government initiatives aimed at countering climate change, such as reduction of GHG emissions, which could impose constraints on our operational flexibility or cause us or our tenants to incur financial costs to comply with various reforms. Any failure to adhere and adapt to climate change reform could result in fines or adversely affect our reputation, operations or financial performance. Furthermore, our properties or tenants may be exposed to the impact of events caused by climate change, such as natural disasters and increasingly frequent and severe weather conditions. Such events could interrupt our operations and activities, damage our properties, and potentially decrease our property values or require us to incur additional expenses, including an increase in insurance costs to insure our properties against natural disasters and severe weather.

Insurance

We carry general liability, umbrella liability and excess liability insurance with limits that are typically obtained for similar real estate portfolios in Canada and Europe and are otherwise acceptable to our trustees. For the property risks, we carry "All Risks" property insurance including, but not limited to, flood, earthquake and loss of rental income insurance (with at least a 24-month indemnity period). We also carry boiler and machinery insurance covering all boilers; pressure vessels; heating, cooling and air conditioning (HVAC) systems; and equipment breakdown. However, certain types of risks (generally of a catastrophic nature such as from war or nuclear accident) are uninsurable under any insurance policy. Furthermore, there are other risks that are not economically viable to insure against at this time. We partially self-insure against terrorism risk for our entire portfolio. We have insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements. Should an uninsured or underinsured loss occur, we could lose our investment in, and anticipated profits and cash flows from, one or more of our properties, but we would continue to be obligated to repay any recourse mortgage indebtedness on such properties. We do not carry title insurance on all of our properties. If a loss occurs resulting from a title defect with respect to a property where there is no title insurance or the loss is in excess of insured limits, we could lose all or part of our investment in, and anticipated profits and cash flows from, such property.

Cyber security risks

As we continue to increase our dependence on information technologies to conduct our operations, the risks associated with cyber security also increase. We rely on management information systems and computer control systems. Business disruptions, utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm our operations and materially adversely affect our operating results. Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the misuse or loss of control over computer control systems, and breaches due to employee error. Our exposure to cyber security risks includes exposure through third parties on whose systems we place significant reliance for the conduct of our business. We have implemented security procedures and measures in order to help protect our systems and information from being vulnerable to cyber-attacks. However, we may not have the resources or technical sophistication to anticipate, prevent or recover from rapidly evolving types of cyber-attacks. Compromises to our information and control systems could have severe financial and other business implications.

Adverse global market, economic and political conditions

Adverse Canadian, European, U.S. and global market, economic and political conditions, including dislocations and volatility in the credit markets and general global economic uncertainty, unexpected or ongoing geopolitical events, including disputes between nations, war, terrorism or other acts of violence, and international sanctions, could have a material adverse effect on our business, results of operations and financial condition with the potential to impact, among others: (i) the value of our properties; (ii) the availability or the terms of financing that we have or may anticipate utilizing; (iii) our ability to make principal and interest payments on, or refinance, any outstanding debt when due; (iv) the occupancy rates in our properties; and (v) the ability of our tenants to enter into new leasing transactions or to satisfy rental payments under existing leases.

Public health risk

Public health crises, pandemics and epidemics could adversely impact our and our customers' businesses, and thereby our and our customers' ability to meet payment obligations, by disrupting supply chains and transactional activities, causing reduced traffic at our properties, leading to mobility restrictions and other quarantine measures, precipitating increased government regulation and negatively impacting local, national or global economies. Public health crises, pandemics and epidemics may also increase the volatility in financial markets and impact debt and equity markets, which could affect our ability to access capital. All of these factors may have a material adverse effect on our business, results of operations and our ability to make cash distributions to unitholders. The extent to which any public health crises, disease, epidemic or pandemic impacts business activity or financial results, and the duration of any such negative impact, will depend on future developments, which are highly uncertain.

SECTION VII

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Preparing the consolidated financial statements requires management to make significant accounting judgments, estimates and assumptions that affect the amounts reported. Management bases its significant accounting judgments, estimates and assumptions 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 significant accounting judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in future periods.

Significant accounting judgments

The following are the significant accounting judgments used in applying the Trust's accounting policies that have the most significant effect on the amounts in the consolidated financial statements:

Investment properties

Significant judgments are made in respect of the fair value of investment properties. The fair value of investment properties is reviewed at least quarterly by management with reference to independent property appraisals and market conditions existing at the reporting date, using generally accepted market practices. The independent appraisers are experienced, nationally recognized and qualified in the professional valuation of investment properties in their respective geographic areas. Judgment is applied in determining the extent and frequency of obtaining independent appraisals. At each reporting period, a select number of properties, determined on a rotational basis, are valued by independent appraisers. For investment properties not subject to independent appraisals, valuations are prepared internally during each reporting period.

Significant assumptions used in estimating the fair value of investment properties include cap rates, discount rates that reflect current market uncertainties, terminal cap rates and market rents. Other significant assumptions relating to the estimates of fair value of investment properties include components of stabilized NOI. The Trust examines the significant assumptions at the end of each reporting period and updates these assumptions based on recent leasing activity and external market data available at that time. If there is any change in these assumptions or in regional, national or international economic conditions, the fair value of investment properties may change materially.

The Trust makes judgments with respect to whether lease incentives provided in connection with a lease enhance the value of the leased space, which determines whether or not such amounts are treated as tenant improvements and added to investment properties. Lease incentives such as cash, rent-free periods and lessee- or lessor-owned improvements may be provided to lessees to enter into an operating lease. Lease incentives that do not provide benefits beyond the initial lease term are included in the carrying amount of investment properties and are amortized as a reduction of rental revenue on a straight-line basis over the term of the lease.

Judgment is also applied in determining whether certain costs are additions to the carrying amount of the investment property. For properties under development, the Trust exercises judgment in determining when development activities have commenced, when and how much borrowing costs are to be capitalized to the development project, and the point of practical completion.

Business combinations

When the Trust makes an acquisition, it may elect to apply the optional concentration test in IFRS 3, "Business Combinations", to assess whether an acquisition must be accounted for as a business combination. When substantially all of the fair value of the gross assets acquired is concentrated in a single asset (or a group of similar assets), the transaction is accounted for as an asset acquisition. The consideration paid is allocated to the identifiable assets and liabilities acquired on the basis of their relative fair value at the acquisition date. Where an acquisition does not satisfy the concentration test and the acquired set of activities meets the definition of a business, the Trust applies the acquisition method of accounting.

Under the acquisition method of accounting the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of the assets transferred and liabilities assumed, and any equity interests issued by the Trust in exchange for control of the acquiree.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition date fair value irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Trust's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Trust's share of the net assets acquired, the difference is recognized directly in the consolidated statements of comprehensive income for the period as an acquisition gain. Any transaction costs incurred with respect to the business combination are expensed in the period incurred.

Impairment

The Trust assesses the possibility and amount of any impairment loss or write-down as it relates to the equity accounted investments, amounts receivable, and property and equipment.

IAS 36, "Impairment of Assets", requires management to use judgment in determining the recoverable amount of assets and equity accounted investments that are tested for impairment. Judgment is also involved in estimating the value-in-use of the equity accounted investments, including estimates of future cash flows, discount rates and terminal cap rates. The values assigned to these significant assumptions reflect past experience and are consistent with external sources of information.

IFRS 9 requires management to use judgment in determining if the Trust's financial assets are impaired. In making this judgment, the Trust evaluates, among other factors, the credit risk of the counterparty and whether there are indicators that credit risk on a financial instrument has changed significantly since initial recognition or the most recent reassessment of credit risk. Where the credit risk of a financial asset has increased significantly since initial recognition, the Trust records a loss allowance equal to the lifetime expected credit losses arising from that financial asset.

IAS 28, "Investments in Associates and Joint Ventures", requires management to use judgment in determining the recoverable amount of equity accounted investments that are tested for impairment. Judgment is also involved in estimating the value-in-use of the equity accounted investment, including estimates of future cash flows, discount rates and terminal cap rates. The values assigned to these significant assumptions reflect past experience and are consistent with external sources of information.

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 financial statements and consolidated financial statements. The Trust is currently assessing the other impacts of these amendments.

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.com.

Management's responsibility for the consolidated financial statements

The accompanying consolidated financial statements, the notes thereto and other financial information contained in this Annual Report have been prepared by, and are the responsibility of, the management of Dream Industrial Real Estate Investment Trust. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, using management's best estimates and judgments as appropriate.

The Board of Trustees is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit Committee, which comprises trustees, meets with management as well as the independent auditor to satisfy itself that management is properly discharging its financial responsibilities and to review its consolidated financial statements and the report of the independent auditor. The Audit Committee reports its findings to the Board of Trustees, which approves the consolidated financial statements.

PricewaterhouseCoopers LLP, the independent auditor, has audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards. The independent auditor has full and unrestricted access to the Audit Committee, with or without management present.

"Alexander Sannikov"

Alexander Sannikov
Chief Executive Officer

"Lenis Quan"

Lenis Quan
Chief Financial Officer

Toronto, Ontario, February 13, 2024

Independent auditor's report

To the Unitholders of Dream Industrial Real Estate Investment Trust

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Dream Industrial Real Estate Investment Trust and its subsidiaries (together, the Trust) as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited
The Trust's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2023 and 2022;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of income-producing properties included in investment properties *Refer to note 2 – Summary of material accounting policy information, note 4 – Investment properties and note 30 – Fair value measurements to the consolidated financial statements.* The Trust measures its investment properties at fair value and as at December 31, 2023, these assets were valued at $6.9 billion, which included $6.7 billion of income-producing properties. The fair values of the income-producing properties are reviewed by management with reference to independent property appraisals, if obtained, and market conditions existing at the reporting date, using generally accepted market practices. Valuations for the income-producing properties are prepared by applying the income approach. The income approach is derived from two methods: the capitalization rate (“cap rate”) method and the discounted cash flow method. For the cap rate method, the significant assumptions included cap rates and stabilized net operating income (“NOI”). For the discounted cash flow method, the significant assumptions included discount rates, terminal cap rates, and market rents. Significant judgments are made in respect of the fair values of investment properties. We considered this a key audit matter due to (i) the significant audit effort required to assess the fair value of a large number of income-producing properties; (ii) significant judgments made by management when determining the fair value, including the development of the significant assumptions; and (iii) a high degree of complexity in assessing audit evidence to support the significant assumptions made by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of real estate valuations.	Our approach to addressing the matter included the following procedures, among others: • For a sample of income-producing properties, tested how management determined the fair value, which included the following: – Evaluated the appropriateness of the valuation methods used (the cap rate method and the discounted cash flow method). – Tested the underlying data used in the valuations that are significant to the fair value of income-producing properties. – Evaluated the reasonableness of stabilized NOI used in the cap rate method by benchmarking it to the underlying accounting records and/or market information as applicable. – Evaluated the reasonableness of significant assumptions, such as discount rates, terminal cap rates, market rents, and cap rates by comparing to external market and industry data, where available. Professionals with specialized skill and knowledge in the field of real estate valuations further assisted us in evaluating the reasonableness of a sample of these significant assumptions, where applicable.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Carly Stallwood.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 13, 2024

Consolidated balance sheets

(in thousands of Canadian dollars)

	Note		**December 31, 2023**		December 31, 2022
Assets					
NON-CURRENT ASSETS					
Investment properties	4, 5	**$**	**6,924,274**	$	6,759,425
Equity accounted investments	6		**809,006**		313,527
Derivatives and other non-current assets	7		**37,577**		92,016
			7,770,857		7,164,968
CURRENT ASSETS					
Cash and cash equivalents			**49,916**		83,802
Amounts receivable	8		**31,694**		27,673
Prepaid expenses and other assets			**5,873**		4,050
			87,483		115,525
Total assets		**$**	**7,858,340**	$	7,280,493
Liabilities					
NON-CURRENT LIABILITIES					
Non-current debt	9	**$**	**2,537,090**	$	2,137,412
Subsidiary redeemable units	10		**186,318**		216,871
Deferred Unit Incentive Plan (“DUIP”)	11		**20,754**		14,369
Deferred income tax liabilities, net	12		**43,606**		47,869
Derivatives and other non-current liabilities	13		**70,230**		42,408
			2,857,998		2,458,929
CURRENT LIABILITIES					
Current debt	9		**310,277**		275,536
Amounts payable and accrued liabilities	14		**110,260**		88,784
Current income tax liabilities			**4,908**		4,503
			425,445		368,823
Total liabilities			**3,283,443**		2,827,752
Equity					
Unitholders’ equity			**3,339,660**		3,106,904
Retained earnings			**1,191,907**		1,274,974
Accumulated other comprehensive income	17		**43,330**		70,863
Total equity			**4,574,897**		4,452,741
Total liabilities and equity		**$**	**7,858,340**	$	7,280,493

See accompanying notes to the 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

Consolidated statements of comprehensive income

(in thousands of Canadian dollars)

		Year ended December 31,	
	Note	**2023**	2022
Investment properties revenue	18, 24	**$ 437,601**	$ 369,567
Investment properties operating expenses	24	**(103,421)**	(87,980)
Net rental income		**334,180**	281,587
Other income			
Share of net income from equity accounted investments	6	**4,941**	38,482
Interest income and other		**572**	674
		5,513	39,156
Other expenses			
General and administrative	19	**(32,148)**	(30,264)
Interest:			
Debt and other financing costs	20	**(54,379)**	(20,622)
Subsidiary redeemable units	20	**(10,557)**	(12,986)
Debt settlement costs		**—**	(257)
		(97,084)	(64,129)
Fair value adjustments and net (loss) gain on transactions and other activities			
Fair value adjustments to investment properties	4	**(66,689)**	363,025
Fair value adjustments to financial instruments	21	**(68,059)**	122,532
Net loss on transactions and other activities	22	**(4,762)**	(16,805)
		(139,510)	468,752
Income before income taxes		**103,099**	725,366
Current and deferred income tax recovery (expense), net	12	**1,200**	(19,481)
Net income		**$ 104,299**	$ 705,885
Other comprehensive income (loss)			
Items that will be reclassified subsequently to net income:			
Unrealized gain on foreign currency translation of foreign operations	17	**$ 21,837**	$ 24,121
Unrealized (loss) gain on hedging instruments	17	**(42,816)**	31,118
Share of other comprehensive (loss) income from equity accounted investments	17	**(6,554)**	19,205
		(27,533)	74,444
Comprehensive income		**$ 76,766**	$ 780,329

See accompanying notes to the consolidated financial statements.

Consolidated statements of changes in equity

(all dollar amounts in thousands of Canadian dollars)

		Attributable to unitholders of the Trust				
Year ended December 31, 2023	**Note**	**Number of REIT Units**	**Unitholders' equity**	**Retained earnings**	**Accumulated other comprehensive income (loss)**	**Total equity**
Balance at January 1, 2023		**256,604,207**	**$ 3,106,904**	**$ 1,274,974**	**$ 70,863**	**$ 4,452,741**
Net income		**—**	**—**	**104,299**	**—**	**104,299**
Distributions paid and payable	16	**—**	**—**	**(187,366)**	**—**	**(187,366)**
Public offerings of REIT Units	15	**7,510,426**	**107,147**	**—**	**—**	**107,147**
Exchange of subsidiary redeemable units to REIT Units	15	**5,205,283**	**74,019**	**—**	**—**	**74,019**
Distribution Reinvestment Plan	16	**3,806,146**	**52,007**	**—**	**—**	**52,007**
REIT Units issued for vested deferred trust units and Unit Purchase Plan		**117,287**	**1,726**	**—**	**—**	**1,726**
Issue costs and other		**—**	**(2,143)**	**—**	**—**	**(2,143)**
Other comprehensive loss	17	**—**	**—**	**—**	**(27,533)**	**(27,533)**
Balance at December 31, 2023		**273,243,349**	**$ 3,339,660**	**$ 1,191,907**	**$ 43,330**	**$ 4,574,897**

		Attributable to unitholders of the Trust				
Year ended December 31, 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		—	—	705,885	—	705,885
Distributions paid and payable	16	—	—	(177,759)	—	(177,759)
Public offerings of REIT Units	15	19,588,300	320,146	—	—	320,146
Distribution Reinvestment Plan	16	3,025,530	40,371	—	—	40,371
REIT Units issued for vested deferred trust units and Unit Purchase Plan		125,532	1,884	—	—	1,884
Issue costs and other		—	(11,653)	—	—	(11,653)
Other comprehensive income	17	—	—	—	74,444	74,444
Balance at December 31, 2022		256,604,207	$ 3,106,904	$ 1,274,974	$ 70,863	$ 4,452,741

See accompanying notes to the consolidated financial statements.

Consolidated statements of cash flows

(in thousands of Canadian dollars)

	Note	Year ended December 31, 2023	2022
Generated from (utilized in) operating activities			
Net income		**$ 104,299**	$ 705,885
Non-cash items:			
Share of net income from equity accounted investments	6	**(4,941)**	(38,482)
Fair value adjustments to investment properties	4	**66,689**	(363,025)
Fair value adjustments to financial instruments	21	**68,059**	(122,532)
Depreciation and amortization		**3,254**	3,073
Other adjustments	23	**5,109**	38,709
Change in non-cash working capital	23	**15,333**	(9,906)
Investment in lease incentives and initial direct leasing costs		**(9,789)**	(16,207)
Interest expense on debt and other financing costs	20	**54,379**	20,622
Debt settlement costs		**—**	257
		302,392	218,394
Generated from (utilized in) investing activities			
Investment in building improvements and other development and pre-development costs		**(186,549)**	(147,615)
Acquisitions, deposits and transaction costs of investment properties (net of cash acquired)		**(3,631)**	(615,438)
Dispositions of investment properties (net of assumed mortgages and transaction costs)		**6,921**	73,578
Distributions from equity accounted investments	6	**15,000**	967
Contributions to equity accounted investments	6	**(521,184)**	(91,850)
		(689,443)	(780,358)
Generated from (utilized in) financing activities			
Borrowings	9	**1,191,665**	629,013
Lump sum repayments	9	**(731,161)**	(269,317)
Principal repayments	9	**(6,418)**	(8,973)
Financing costs additions		**(6,508)**	(2,625)
Interest and other financing costs paid on debt	20	**(50,596)**	(19,326)
Interest paid on subsidiary redeemable units	20	**(10,860)**	(12,986)
Distributions paid on REIT Units	16	**(134,389)**	(136,061)
Cash proceeds on issuance of REIT Units	15	**107,172**	320,173
Issue costs paid on REIT Units		**(2,143)**	(11,653)
Other adjustments to financing activities		**(243)**	(292)
		356,519	487,953
Decrease in cash and cash equivalents		**(30,532)**	(74,011)
Foreign exchange loss on cash held in foreign currency		**(3,354)**	(6,202)
Cash and cash equivalents, beginning of year		**83,802**	164,015
Cash and cash equivalents, end of year		**$ 49,916**	$ 83,802

See accompanying notes to the consolidated financial statements.

Notes to the consolidated financial statements

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

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 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 consolidated financial statements for the year ended December 31, 2023 were authorized for issuance by the Board of Trustees on February 13, 2024, 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 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information used in the preparation of these consolidated financial statements is described below:

Basis of presentation and statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis of consolidation

The consolidated financial statements comprise the financial statements of Dream Industrial REIT and its subsidiaries. Subsidiaries are fully consolidated from the date of acquisition, the date on which the Trust obtains control, and continue to be consolidated until the date such control ceases. Control exists when the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intercompany balances, income and expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated in full.

Equity accounted investments

Equity accounted investments are investments over which the Trust has significant influence, but not control. Generally, the Trust is considered to exert significant influence when it holds more than a 20% interest in an entity or partnership. However, determining significant influence is a matter of judgment and specific circumstances and, from time to time, the Trust may hold an interest of more than 20% in an entity or partnership without exerting significant influence. Conversely, the Trust may hold an interest of less than 20% and exert significant influence through representation on boards, direction of management or contractual agreements.

The financial results of the Trust's equity accounted investments are included in the Trust's consolidated financial statements using the equity method, whereby the investment is carried on the consolidated balance sheets at cost, adjusted for the Trust's proportionate share of post-acquisition profits and losses, and for post-acquisition changes in excess of the Trust's carrying amount of its investment over the net assets of the equity accounted investments, less any identified impairment loss. The Trust's share of profits and losses is recognized in the share of income from equity accounted investments in the consolidated statements of comprehensive income.

At each reporting date, the Trust evaluates whether there is objective evidence that its interest in an equity accounted investment is impaired. The entire carrying amount of the equity accounted investment is compared to the recoverable amount, which is the higher of the value-in-use or fair value less costs to sell. The recoverable amount of each investment is considered separately.

Where the Trust transacts with its equity accounted investments, unrealized profits and losses are eliminated to the extent of the Trust's interest in the investment. Associates and joint ventures do not form part of the group and the procedures for eliminating intra-group balances, transactions, income and expenses (including leases) are not appropriate under the equity method. Unsettled balances from normal trading transactions should be included as current assets or liabilities. These balances should not be eliminated.

Joint arrangements

The Trust enters into joint arrangements via joint operations and joint ventures. A joint arrangement is a contractual arrangement pursuant to which the Trust and other parties undertake an economic activity that is subject to joint control, whereby the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control. Joint operations are co-ownership arrangements in which the parties have rights to the assets, and obligations for the liabilities, of the joint arrangement. Joint arrangements that involve the establishment of a separate entity or partnership in which each party to the venture has rights to the net assets of the arrangements are referred to as joint ventures.

The Trust reports its interests in joint ventures using the equity method of accounting as previously described under "Equity accounted investments". The Trust reports its interests in co-ownerships by accounting for its share of the assets, liabilities, revenues and expenses. Under this method, the Trust's consolidated financial statements reflect only the Trust's proportionate share of the assets; its proportionate share of any liabilities incurred jointly with the other venturers as well as any liabilities incurred directly; and its proportionate share of any revenues earned or expenses incurred by the joint operation and any expenses incurred directly.

Investment properties

Investment properties comprise income-producing properties and properties held for development and are initially recorded at cost, including related transaction costs in connection with asset acquisitions, and include properties held to earn rental income and/or for capital appreciation or held for redevelopment. Subsequent to initial recognition, investment properties are accounted for at fair value. At the end of each reporting period, the Trust determines the fair value of investment properties by:

- considering current contracted sales prices for properties that are available for sale;
- obtaining appraisals from qualified external professionals on a rotational basis for select properties; and
- using internally prepared valuations applying the income approach.

The income approach is derived from two methods: the capitalization rate ("cap rate") method and the discounted cash flow method. In applying the cap rate method specifically to income-producing properties, the stabilized net operating income ("stabilized NOI") of each property is divided by an appropriate cap rate with adjustments for items such as average lease-up costs, vacancy rates, non-recoverable capital expenditures, management fees, straight-line rents and other non-recurring items. In applying the discounted cash flow method specifically to income-producing properties, the cash flows of each property are projected over a ten-year term, a terminal value is applied, and the cash flows are discounted using an appropriate discount rate. Specific to properties held for development, the Trust uses comparable sales or the discounted cash flow method, net of costs to complete, to determine the fair value as at the end of each reporting period. On a quarterly basis, the Trust uses both the cap rate method and discounted cash flow method to evaluate the fair value of its investment properties.

Building improvements are added to the carrying amount of income-producing properties only when it is probable that future economic benefits associated with the expenditure will flow to the Trust and the cost of the item can be measured reliably. Repairs and maintenance costs are recorded in investment properties operating expenses when incurred.

Initial direct leasing costs incurred in negotiating and arranging tenant leases are added to the carrying amount of income-producing properties. Lease incentives, which include committed costs on commenced leases, costs incurred prior to lease commencement to make leasehold improvements to tenants' space, and cash allowances provided to tenants, are added to the carrying amount of income-producing properties and are amortized on a straight-line basis over the term of the lease as a reduction to investment properties revenue. Internal leasing costs are expensed in the period during which they are incurred.

Straight-line rent receivables are included in the carrying amount of income-producing properties.

Specific to properties held for development, operating costs such as property taxes and direct overhead costs, and borrowing costs associated with direct expenditures on properties held for development, are capitalized until completion of the development project. The amount of capitalized borrowing costs is determined first by reference to project-specific borrowings, where applicable, and otherwise by applying a weighted average cost of borrowings to eligible expenditures after adjusting for borrowings associated with other specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross cost incurred on those borrowings less any investment income arising on their temporary investment. Borrowing costs are capitalized from the commencement of classification into properties held for development until the date of practical completion when the property is substantially ready for its intended use. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Practical completion is when the property is capable of operating in the manner intended by management. Generally, this occurs on completion of construction and receipt of all necessary occupancy and other material permits. If the Trust has pre-leased space at or prior to the start of the development, practical completion is considered to occur on the lease commencement date.

Investment properties, including investment properties held for sale, are derecognized on disposal or when no future economic benefits are expected from their use or disposal. Any transaction costs arising on derecognition of an investment property are included in the consolidated statements of comprehensive income during the reporting period the asset is derecognized.

Cash and cash equivalents

Cash and cash equivalents include deposits held at call with financial institutions and all short-term investments with an original maturity of three months or less, and exclude cash subject to restrictions that prevent its use for current purposes.

Financial instruments

Classification and measurement of financial instruments

The following summarizes the Trust's classification and measurement of financial assets and financial liabilities in accordance with IFRS 9, "Financial Instruments" ("IFRS 9"):

	Classification and measurement
Financial assets	
Amounts receivable	Financial asset at amortized cost
Deposits on acquisitions of investment properties(1)	Financial asset at amortized cost
Cash and cash equivalents	Financial asset at amortized cost
Financial liabilities	
Mortgages(2)	Financial liability at amortized cost
Unsecured revolving credit facility(2)	Financial liability at amortized cost
Unsecured term loans(2)	Financial liability at amortized cost
Unsecured debentures(2)	Financial liability at amortized cost
Subsidiary redeemable units	Financial liability at amortized cost
Tenant security deposits(3)	Financial liability at amortized cost
Amounts payable and accrued liabilities	Financial liability at amortized cost
Financial assets/financial liabilities	
Derivative Instruments – not designated as hedges(4)	Fair value through profit and loss
Derivative Instruments – designated as hedges(4)	Fair value through other comprehensive income

(1) Included in "Prepaid expenses and other assets" in the consolidated balance sheets.

(2) Included in "Current debt" and "Non-current debt" in the consolidated balance sheets.

(3) Included in "Derivatives and other non-current liabilities" in the consolidated balance sheets.

(4) Included in "Derivatives and other non-current assets", "Prepaid expenses and other assets", and/or "Derivatives and other non-current liabilities" as applicable in the consolidated balance sheets.

Financial assets

Classification

The Trust classifies its financial assets in the following measurement categories:

- those to be measured at amortized cost; and
- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss).

The classification depends on the Trust's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

At initial recognition, the Trust initially measures a financial asset at its fair value, in some cases, less any related transaction costs. Subsequent measurement depends on the Trust's business model for managing the financial assets and the contractual terms of the cash flows. There are three measurement categories into which the Trust classifies its financial assets. The Trust classifies assets at amortized cost if they are held for the collection of contractual cash flows that represent solely payments of principal and interest. The Trust classifies derivatives as fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") if they do not meet the criteria for amortized cost.

- amortized cost: assets that are held for the collection of contractual cash flows, and those cash flows represent solely payments of principal and interest;
- FVOCI: assets that are held for the collection of contractual cash flows and for selling the financial assets, and those cash flows represent solely payments of principal and interest; and
- FVTPL: assets that do not meet the criteria for amortized cost or fair value through other comprehensive income.

For financial assets measured subsequently at amortized cost, the asset is amortized using the effective interest rate method.

Impairment

The Trust recognizes an allowance for expected credit losses for all financial assets not held at fair value through profit or loss. For amounts receivable, the Trust applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized upon initial recognition of the receivables. To measure the expected credit losses, the Trust has established a provision matrix that is based on its historical credit loss experience based on days past due, adjusted for forward-looking factors specific to the tenant and the economic environment. The Trust will usually consider a financial asset in default when contractual payment is over 90 days past due, but will also consider other factors such as alternate repayment arrangements negotiated with tenants. However, in certain cases, the Trust may also consider a financial asset to be in default when internal or external information indicates that it is unlikely to receive the outstanding contractual amounts in full. Trade receivables are written off where there is no reasonable expectation of recovery.

Derecognition

Financial assets are derecognized only when the contractual rights to the cash flows from the financial asset expire or the Trust transfers substantially all risks and rewards of ownership. From time to time, the Trust may agree with tenants to modify the terms of lease agreements, including changes to the consideration under the lease. When the changes result in a reduction in amounts receivable relating to past lease periods, the Trust applies IFRS 9 in determining whether to partially or fully derecognize receivables.

Financial liabilities

Classification

The Trust classifies its financial liabilities in the following measurement categories:

- those to be measured at amortized cost; and
- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss).

The classification depends on the Trust's business model for managing the financial liabilities and the contractual terms of the cash flows.

Measurement

At initial measurement, financial liabilities are recognized at fair value, less transaction costs (in the case of a financial liability classified as amortized cost).

For financial liabilities measured subsequently at amortized cost, the liability is amortized using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the financial liabilities are recognized in comprehensive income over the expected life of the obligation.

For financial liabilities measured subsequently at fair value, the liability is remeasured at fair value at each reporting period, with changes in fair value recognized either through other comprehensive income, or through profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

Hedge accounting

Hedge accounting is applied to financial instruments such as cross-currency interest rate swaps ("CCIRS") to hedge foreign currency risk and interest rate risk. The purpose of hedge accounting is to align the accounting with the economic impact of the Trust's financial risk management activities.

Hedge relationships may include cash flow hedges, fair value hedges, and hedges of net investments in foreign operations. To apply hedge accounting, at the inception of the hedge relationship, the Trust formally designates and documents the hedged items and hedging instruments, as well as the risk management strategy and objectives. There must be an economic relationship between the hedged item and the hedging instrument. Hedge effectiveness is assessed at inception and at the end of each reporting period.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

Cash flow hedges

In a cash flow hedging relationship, the effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income and the ineffective portion is recognized in profit or loss. Amounts recorded in accumulated other comprehensive income are recognized in profit or loss when the hedged cash flows affect profit or loss.

The Trust uses CCIRS to hedge its exposure to foreign currency risk and interest rate risk on cash flows associated with the unsecured term loans.

Net investment hedges

In a net investment hedging relationship, the effective portion of the foreign exchange gain or loss on the hedging instrument is recognized in other comprehensive income and the ineffective portion is recognized in profit or loss. Amounts recorded in accumulated other comprehensive income are recognized in profit or loss when there is a disposition or partial disposition of the foreign subsidiary.

The Trust uses CCIRS to hedge its exposure to foreign currency risk in its foreign operations.

Equity

The Trust presents REIT Units as equity, notwithstanding the fact that the Trust's REIT Units meet the definition of a financial liability. Under IAS 32, "Financial Instruments: Presentation" ("IAS 32"), the REIT Units are considered a puttable financial instrument because of the holder's option to redeem REIT Units, generally at any time, subject to certain restrictions, at a redemption price per Unit equal to the lesser of 90% of a 20-day weighted average closing price prior to the redemption date and 100% of the closing market price on the redemption date. The total amount payable by Dream Industrial REIT in any calendar month will not exceed $50 unless waived by Dream Industrial REIT's Board of Trustees at their sole discretion. The Trust has determined the REIT Units can be presented as equity and not as financial liabilities since the REIT Units have all of the following features, as defined in IAS 32 (hereinafter referred to as the "puttable exemption"):

- REIT Units entitle the holder to a pro rata share of the Trust's net assets in the event of its liquidation; net assets are those assets that remain after deducting all other claims on the assets;
- REIT Units are the class of instruments that are subordinate to all other classes of instruments as they have no priority over other claims to the assets of the Trust on liquidation, and do not need to be converted into another instrument before they are in the class of instruments that is subordinate to all other classes of instruments;
- all instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Trust to redeem the REIT Units for cash or another financial asset, the REIT Units do not include any contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Trust, and they are not contracts that will or may be settled in the Trust's own instruments; and
- the total expected cash flows attributable to the REIT Units over their lives are based substantially on profit or loss, and the change in the recognized net assets and unrecognized net assets of the Trust over the life of the REIT Units.

REIT Units are initially recognized at the fair value of the consideration received by the Trust. Any transaction costs arising on the issuance of REIT Units are recognized directly in unitholders' equity as a reduction of the proceeds received.

Deferred Unit Incentive Plan ("DUIP")

During the vesting period, DUIP is recorded as liability and compensation expense is recognized at amortized cost based on the fair value of the Units. Once vested, liability is remeasured at the reporting date at amortized cost, based on the fair value of the corresponding REIT Units, with changes in fair value recognized in the statement of comprehensive income.

Revenue recognition

Rental income

The Trust accounts for tenant leases as operating leases, given that it has retained substantially all of the risks and rewards of ownership of its investment properties. Lease revenue from investment properties includes base rents, property tax recoveries, lease termination fees, and other rental revenue including recoveries for landlord work and tenant improvement allowances. Revenue recognition under a lease commences when the tenant has a right to use the leased premises. The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease; a straight-line rent receivable, which is included in investment properties, is recorded for the difference between the rental revenue recognized and the contractual amount received. Property tax recoveries are recognized as revenues in the period in which the contingency or variability is resolved and collectability is reasonably assured. Lease termination fees and other rental revenues are recorded as earned.

Lease modifications

Changes to the terms and conditions of the lease are treated as lease modifications in accordance with IFRS 16, "Leases" ("IFRS 16"), and the modified lease is accounted for as a new lease from the effective date of the modification, with any prepaid or accrued lease payments relating to the original lease included as part of the lease payments for the new lease.

The Trust may agree with tenants to modify the terms of lease agreements, including changes to the consideration under the lease. When the changes result in a reduction in amounts receivable relating to past lease periods, the Trust applies IFRS 9 in determining whether to partially or fully derecognize those receivables.

Revenue from contracts with customers

The Trust has obligations to provide ongoing services related to its leases which are contract revenues within the scope of IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"). These services include recoveries of operating expenses and recoveries of capital expenditures from tenants in accordance with their leases ("recoveries revenue").

Consideration received from tenants under lease agreements is allocated between rental income and recoveries revenue based on relative stand-alone selling prices. For recoveries revenue, our performance obligations are satisfied over time as tenants occupy the premises. Recoveries revenue is billed monthly to tenants based on budgeted estimates.

The Trust recognizes recoveries revenue of operating expenses based on actual costs incurred in accordance with the terms of the related leases. Actual operating costs reflect the services provided. The Trust recognizes recoveries revenue for capital expenditures over the asset's expected useful life in accordance with the terms of the related leases. The amount of recoveries revenue is determined by the actual costs incurred, taking into consideration any restrictions included in related lease agreements. If the services rendered exceed the monthly charges billed, a receivable is recognized; if the monthly charges billed exceed the services rendered, a payable is recognized. These current assets or liabilities are settled with tenants annually.

Pursuant to a property management agreement, a subsidiary of the Trust has an obligation to provide property management, construction management and leasing services to a private open-ended United States ("U.S.") industrial fund (the "U.S. Fund"), a related party of the Trust. The Trust recognizes revenue over time as it provides the respective services.

For all revenue streams from contracts with customers, revenue is measured at the best estimate of the amount the Trust expects to receive for performing the services. Revenue is recognized only to the extent that it is highly probable that a significant amount of the cumulative revenue recognized for a contract will not be reversed. The Trust is obligated to continue to provide ongoing services over the remaining term of each lease contract. The Trust will recognize revenue on these remaining performance obligations based on the actual cost incurred to fulfill the ongoing services in the period.

Any receivables arising from revenue contracts with customers are tested for impairment using the same model as for amounts receivable as described above.

Significant judgments in applying IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15")

The application of IFRS 15 requires the Trust to make the following significant judgments:

Estimation of transaction prices

The Trust exercises judgment in estimating the transaction price for revenues from contracts with customers. The Trust exercises judgment with regards to the amount and timing of the revenue recognized for recoveries revenue contracts, which are satisfied over time. The amount of revenue recognized for recoveries revenue with variable consideration is constrained by the actual costs incurred and any restrictions in lease agreements. The revenues related to these obligations are recorded over time as the obligation of the Trust is to provide the recoveries revenue on an as needed basis throughout the contract period. The Trust considers this to be a faithful depiction of the transfer of services.

Scoping of revenues

The Trust exercises judgment in determining which of its revenue streams that arise from lease agreements are in the scope of IFRS 15 and which are not. Specifically, the Trust considers whether a revenue stream related to a lease agreement is for the lease of an asset or for the provision of a distinct service. Revenues of the latter type are determined to be in the scope of IFRS 15, while those of the former are in the scope of IFRS 16.

Interest on debt

Interest on debt includes coupon interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings, and amortization of fair value adjustments on assumed debt.

Certain debt assumed in connection with acquisitions has been adjusted to fair value using the estimated market interest rate at the time of the acquisition ("fair value adjustment"). This fair value adjustment is amortized to interest expense over the expected remaining term of the debt using the effective interest rate method.

Income taxes

Dream Industrial REIT is taxed as a mutual fund trust for Canadian income tax purposes. The Trust expects to distribute all of its taxable income to its unitholders, which enables the Trust to deduct such distributions for income tax purposes. As the income tax obligations relating to the distributions are those of the individual unitholders, no provision for income taxes is required on such amounts. The Trust expects to continue to distribute its taxable income and to qualify as a real estate investment trust ("REIT") for the foreseeable future.

For all U.S. subsidiaries, all European subsidiaries, and one Canadian subsidiary of the Trust, income taxes are accounted for using the asset and liability method. Under this method, deferred income taxes are recognized for the expected future tax consequences of temporary differences between the carrying value of balance sheet items and their corresponding tax values. Deferred income taxes are computed using substantively enacted income tax rates or laws for the years in which the temporary differences are expected to reverse or settle. Deferred tax assets are recognized only to the extent that they are realizable.

Current income taxes are recognized on the basis of enacted or substantively enacted tax rates and laws at each reporting period.

Provisions

Provisions for legal claims are recognized when the Trust has a present legal or constructive obligation as a result of past events, it is probable an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in a settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Impairment

The Trust assesses the possibility and amount of any impairment loss or write-down as it relates to equity accounted investments, amounts receivable and property and equipment.

Foreign currencies

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Trust and the presentation currency for the consolidated financial statements.

Assets and liabilities related to properties held in a foreign entity with a functional currency other than the Canadian dollar are translated at the rate of exchange at the consolidated balance sheet dates. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of the transactions are used. The resulting foreign currency translation adjustments are recognized in other comprehensive income.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency denominated monetary items are translated using the exchange rates at the consolidated balance sheet dates. Gains and losses on translation of monetary items are recognized in comprehensive income as other income, except for those intercompany loans to/from a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future.

Significant accounting judgments, estimates and assumptions

Preparing the consolidated financial statements requires management to make significant accounting judgments, estimates and assumptions that affect the amounts reported. Management bases its significant accounting judgments, estimates and assumptions 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 significant accounting judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in future periods.

Significant accounting judgments

The following are the significant accounting judgments used in applying the Trust's accounting policies that have the most significant effect on the amounts in the consolidated financial statements:

Investment properties

Significant judgments are made in respect of the fair value of investment properties. The fair value of investment properties is reviewed at least quarterly by management with reference to independent property appraisals and market conditions existing at the reporting date, using generally accepted market practices. The independent appraisers are experienced, nationally recognized and qualified in the professional valuation of investment properties in their respective geographic areas. Judgment is applied in determining the extent and frequency of obtaining independent appraisals. At each reporting period, a select number of properties, determined on a rotational basis, are valued by independent appraisers. For investment properties not subject to independent appraisals, valuations are prepared internally during each reporting period.

Significant assumptions used in estimating the fair value of investment properties include cap rates, discount rates that reflect current market uncertainties, terminal cap rates and market rents. Other significant assumptions relating to the estimates of fair value of investment properties include components of stabilized NOI. The Trust examines the significant assumptions at the end of each reporting period and updates these assumptions based on recent leasing activity and external market data available at that time. If there is any change in these assumptions or in regional, national or international economic conditions, the fair value of investment properties may change materially.

The Trust makes judgments with respect to whether lease incentives provided in connection with a lease enhance the value of the leased space, which determines whether or not such amounts are treated as tenant improvements and added to investment properties. Lease incentives such as cash, rent-free periods and lessee- or lessor-owned improvements may be provided to lessees to enter into an operating lease. Lease incentives that do not provide benefits beyond the initial lease term are included in the carrying amount of investment properties and are amortized as a reduction of rental revenue on a straight-line basis over the term of the lease.

Judgment is also applied in determining whether certain costs are additions to the carrying amount of the investment property. For properties under development, the Trust exercises judgment in determining when development activities have commenced, when and how much borrowing costs are to be capitalized to the development project, and the point of practical completion.

Business combinations

When the Trust makes an acquisition, it may elect to apply the optional concentration test in IFRS 3, "Business Combinations", to assess whether an acquisition must be accounted for as a business combination. When substantially all of the fair value of the gross assets acquired is concentrated in a single asset (or a group of similar assets), the transaction is accounted for as an asset acquisition. The consideration paid is allocated to the identifiable assets and liabilities acquired on the basis of their relative fair value at the acquisition date. Where an acquisition does not satisfy the concentration test and the acquired set of activities meets the definition of a business, the Trust applies the acquisition method of accounting.

Under the acquisition method of accounting the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of the assets transferred and liabilities assumed, and any equity interests issued by the Trust in exchange for control of the acquiree.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition date fair value irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Trust's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Trust's share of the net assets acquired, the difference is recognized directly in the consolidated statements of comprehensive income for the period as an acquisition gain. Any transaction costs incurred with respect to the business combination are expensed in the period incurred.

Impairment

The Trust assesses the possibility and amount of any impairment loss or write-down as it relates to the equity accounted investments, amounts receivable, and property and equipment.

IAS 36, "Impairment of Assets", requires management to use judgment in determining the recoverable amount of assets and equity accounted investments that are tested for impairment. Judgment is also involved in estimating the value-in-use of the equity accounted investments, including estimates of future cash flows, discount rates and terminal cap rates. The values assigned to these significant assumptions reflect past experience and are consistent with external sources of information.

IFRS 9 requires management to use judgment in determining if the Trust's financial assets are impaired. In making this judgment, the Trust evaluates, among other factors, the credit risk of the counterparty and whether there are indicators that credit risk on a financial instrument has changed significantly since initial recognition or the most recent reassessment of credit risk. Where the credit risk of a financial asset has increased significantly since initial recognition, the Trust records a loss allowance equal to the lifetime expected credit losses arising from that financial asset.

IAS 28, "Investments in Associates and Joint Ventures", requires management to use judgment in determining the recoverable amount of equity accounted investments that are tested for impairment. Judgment is also involved in estimating the value-in-use of the equity accounted investment, including estimates of future cash flows, discount rates and terminal cap rates. The values assigned to these significant assumptions reflect past experience and are consistent with external sources of information.

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 financial statements and consolidated financial statements. The Trust is currently assessing the other impacts of these amendments.

Note 4

INVESTMENT PROPERTIES

	Note	Year ended December 31, 2023 Income-producing properties	Properties held for development	Investment properties	Year ended December 31, 2022 Income-producing properties	Properties held for development	Investment properties
Balance at beginning of year		**$ 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		**43,743**	**—**	**43,743**	50,904	—	50,904
Lease incentives and initial direct leasing costs		**10,418**	**—**	**10,418**	17,518	—	17,518
Development costs, pre-development costs and capitalized interest		**15,423**	**131,454**	**146,877**	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	**(6,921)**	**—**	**(6,921)**	(5,422)	(97,293)	(102,715)
Fair value adjustments to investment properties		**(73,073)**	**6,384**	**(66,689)**	328,288	34,129	362,417
Change in straight-line rent		**5,624**	**—**	**5,624**	6,217	—	6,217
Amortization and write-off of lease incentives		**(3,240)**	**—**	**(3,240)**	(3,073)	—	(3,073)
Foreign currency translation adjustments		**29,376**	**—**	**29,376**	30,820	—	30,820
Balance at end of year		**$ 6,692,163**	**$ 232,111**	**$ 6,924,274**	$ 6,652,838	$ 106,587	$ 6,759,425
Change in unrealized income included in net income							
Change in fair value of investment properties[2]		**$ (73,609)**	**$ 6,384**	**$ (67,225)**	$ 327,774	$ 485	$ 328,259

(1) For the year ended December 31, 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. 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 $23,706 (December 31, 2022 – $18,039) related to straight-line rent receivables.

Valuations of externally appraised investment properties

For the year ended December 31, 2023, 74 investment properties were valued by qualified external valuation professionals representing 20.9% 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 December 31, 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 December 31, 2023 and December 31, 2022, the Trust's investment properties were valued using the capitalization rate ("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 December 31, 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 or income 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 December 31, 2023 and December 31, 2022 are set out in the table below:

	December 31, 2023[1]		December 31, 2022[1]	
	Range (%)	**Weighted average (%)[2]**	Range (%)	Weighted average (%)[2]
Cap rate method				
Stabilized cap rate	**4.50–8.75**	**6.06**	4.30–8.50	5.61
Discounted cash flow method				
Discount rate	**5.25–10.00**	**7.14**	5.05–9.50	6.54
Terminal cap rate	**4.50–9.00**	**6.27**	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 cap rates by a respective 25 basis points ("bps") as at December 31, 2023:

	Impact to change in weighted average stabilized cap rates	
Cap rate method	+25 bps	–25 bps
(Decrease) increase in value	$ (265,386)	$ 288,218

	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
(Decrease) increase in value	$ (130,357)	$ 133,505	$ (165,509)	$ 179,723

Note 5

INVESTMENT PROPERTY ACQUISITIONS AND DISPOSITIONS

Acquisitions

Detailed below are the investment property acquisitions completed for the year ended December 31, 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, will 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 years ended December 31, 2023 and December 31, 2022:

		Year ended December 31, 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 year ended December 31, 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 dispositions were completed during the year ended December 31, 2023:

		Fair value of investment properties(1)	Date disposed
Hilversum Cluster, Netherlands(2)	$	3,781	March 22, 2023
Meidoornkade 18, Houten, Netherlands(2)		3,140	December 6, 2023
Total	**$**	**6,921**	

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

(2) Dispositions in Europe were 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 December 31, 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 25).

During the year ended December 31, 2023, the Trust earned fees totalling $15,685 (year ended December 31, 2022 – $5,580) for providing property management and accounting, construction management and leasing services to the U.S. Fund and Dream Summit JV (see Note 18).

Equity accounted investments continuity

				Year ended December 31, 2023	Year ended December 31, 2022
	Dream Summit JV	Development JV	U.S. Fund	**Total**	Total
Balance at beginning of year	$ —	$ 32,812	$ 280,715	**$ 313,527**	$ 139,355
Capital contributions	492,808	11,939	10,007	**514,754**	122,511
Capitalized transaction costs	6,977	688	192	**7,857**	—
Distributions earned[1]	(15,000)	—	(10,519)	**(25,519)**	(6,026)
Share of net (loss) income	(1,538)	1,536	4,943	**4,941**	38,482
Foreign currency translation adjustments	—	—	(6,554)	**(6,554)**	19,205
Balance at end of year	$ 483,247	$ 46,975	$ 278,784	**$ 809,006**	$ 313,527
Percentage of ownership, end of year	10.0%	25.0%	26.0%		

(1) U.S. Fund distributions are reinvested as capital contributions into the U.S. Fund.

The following amounts represents the Trust's ownership interest in the assets, liabilities, revenues and expenses of Dream Summit JV:

	As at December 31, 2023
	At % ownership interest
Non-current assets	$ 632,657
Current assets	6,233
Total assets	638,890
Non-current liabilities	153,435
Current liabilities	10,141
Total liabilities	163,576
Investment in Dream Summit JV	**$ 475,314**
Ownership as a percentage of total shares outstanding of Dream Summit JV, end of year	10.0%

	Year ended December 31, 2023
	At % ownership interest
Share of net income from Dream Summit JV	**$ (1,538)**
Average ownership as a percentage of total shares outstanding of Dream Summit JV, for the year	10.0%

The following amounts represent the Trust's ownership interest in the assets, liabilities, revenues and expenses of the U.S. Fund:

		As at
	December 31, 2023	December 31, 2022
	At % ownership interest	At % ownership interest
Non-current assets	**$ 275,871**	$ 279,676
Current assets	**5,824**	3,291
Total assets	**281,695**	282,967
Current liabilities	**3,103**	2,252
Total liabilities	**3,103**	2,252
Investment in U.S. Fund	**$ 278,592**	$ 280,715
Ownership as a percentage of total shares outstanding of the U.S. Fund, end of year	**26.0%**	25.4%

		Year ended
	December 31, 2023	December 31, 2022
	At % ownership interest	At % ownership interest
Net income from subsidiaries of U.S. Fund	$ **7,174**	$ 38,239
Other expenses	**(2,231)**	(1,908)
Share of net income from U.S. Fund	**4,943**	36,331
Add (deduct):		
Foreign currency translation adjustments	**(6,554)**	19,205
Share of other comprehensive income from U.S. Fund	**(6,554)**	19,205
Share of comprehensive income from U.S. Fund	**$ (1,611)**	$ 55,536
Average ownership as a percentage of total shares outstanding of the U.S. Fund, for the year	**25.9%**	23.3%

Note 7

DERIVATIVES AND OTHER NON-CURRENT ASSETS

	Note	**December 31, 2023**	December 31, 2022
Restricted cash and other assets		**$ 2,682**	$ 2,939
Fair value of interest rate swaps	29	**5,665**	12,484
Fair value of cross-currency interest rate swaps ("CCIRS")	29	**29,230**	76,593
Total		**$ 37,577**	$ 92,016

Note 8
AMOUNTS RECEIVABLE

	December 31, 2023	December 31, 2022
Trade receivables	$ **16,452**	$ 9,884
Less: Provision for impairment of trade receivables	**(3,195)**	(1,406)
Trade receivables, net	**13,257**	8,478
Other amounts receivable	**18,437**	19,195
Amounts receivable	$ **31,694**	$ 27,673

The carrying value of amounts receivable approximates fair value due to their current nature. The Trust determines the provision for impairment of trade receivables using historical information, probability of collection, lease terms, the tenants' financial condition and other factors.

The Trust leases industrial properties to tenants under operating leases. Minimum rental commitments comprise base rent only, on non-cancellable tenant operating leases over their remaining terms as follows:

	December 31, 2023
2024	$ 328,419
2025	290,812
2026	241,762
2027	197,800
2028	143,082
2029+	319,796
Total	$ 1,521,671

Note 9
DEBT

	December 31, 2023	December 31, 2022
Mortgages(1)	$ **582,399**	$ 529,600
Unsecured revolving credit facility(1)	**48,695**	50,742
Unsecured term loans(1)(2)	**521,138**	338,057
Unsecured debentures(1)	**1,695,135**	1,494,549
Total debt	**2,847,367**	2,412,948
Less: Current portion	**(310,277)**	(275,536)
Non-current debt	$ **2,537,090**	$ 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 years ended December 31, 2023 and December 31, 2022:

					December 31, 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**	**560,583**	**200,000**	**200,000**	**1,191,665**
Lump sum repayments	**(171,536)**	**(559,625)**	**—**	**—**	**(731,161)**
Principal repayments	**(6,418)**	**—**	**—**	**—**	**(6,418)**
Financing cost additions	**(4,402)**	**(753)**	**(500)**	**(1,492)**	**(7,147)**
Non-cash items:					
Foreign currency translation adjustments	**5,468**	**(2,759)**	**(16,740)**	**—**	**(14,031)**
Other adjustments[2]	**(1,395)**	**507**	**321**	**2,078**	**1,511**
Total debt as at December 31, 2023	**$ 582,399**	**$ 48,695**	**$ 521,138**	**$ 1,695,135**	**$ 2,847,367**

(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 $3,217, amortization of fair value adjustments on assumed debt and cost of reopening Series A Debentures of $(1,706).

					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 year ended December 31, 2023, the Trust discharged one mortgage and repaid an additional eight mortgages in Europe totalling $164,307 with a face interest rate of 1.26% per annum, by utilizing its unsecured revolving credit facility. Additionally, 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.

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.

US$250 million Unsecured Term Loan

In November 2022, the Trust amended its unsecured term loan to increase its principal amount from US$150 million to US$250 million and extended the maturity date from January 31, 2024 to November 29, 2025 with two annual extension options subject to lender approval (the "US$250M Unsecured Term Loan"). The Trust fully drew down on the incremental principal amount on November 29, 2022, which bears a floating interest rate at the secured overnight financing rate as administered by the Federal Reserve Bank of New York ("SOFR") plus spread per annum.

Concurrently on the same day, the Trust amended the previously existing CCIRS with the same lender of the US$250M Unsecured Term Loan to increase the notional amount exchanged to euros from US$150 million to US$250 million, extended the maturity date on the amended CCIRS to November 29, 2025 and fixed the interest rate at 0.784%.

$200 million Unsecured Term Loan

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 bears interest at Canadian bankers' acceptance rates ("BA rates") plus spread or Canadian prime rate plus spread on Canadian dollar draws, or 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 December 31, 2023 are as follows:

					December 31, 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	$ 8,048	$ 50,000	$ 441,952

(1) The unsecured revolving credit facility has the ability to be drawn in Canadian dollars, U.S. dollars and euros. As at December 31, 2023, the principal outstanding amount was $50,000.

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").

On April 13, 2022, the Trust closed a private placement offering of $200 million aggregate principal amount of 3.968% senior unsecured debentures, Series E, maturing on April 13, 2026.

As at December 31, 2023, the Trust has the following outstanding debentures, all rated BBB with Stable trends 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 totalled $1,327.

Debt weighted average effective interest rates and maturity profile

As at December 31, 2023, the weighted average effective interest rate on total debt was 2.48% (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
2024	$ 308,333	$ 3,297	$ 311,630	$ 59,839	$ 371,469
2025	839,191	2,700	841,891	53,731	895,622
2026	641,210	2,798	644,008	38,051	682,059
2027	400,000	2,900	402,900	31,189	434,089
2028	599,335	3,005	602,340	20,277	622,617
2029–2030	54,069	1,750	55,819	1,483	57,302
Total	$ 2,842,138	$ 16,450	$ 2,858,588	$ 204,570	$ 3,063,158
Unamortized financing costs			(11,410)		
Unamortized fair value adjustments			189		
Total debt			**$ 2,847,367**		

Note 10

SUBSIDIARY REDEEMABLE UNITS

The Trust has the following subsidiary redeemable units outstanding:

		Year ended December 31, 2023		Year ended December 31, 2022	
	Note	**Number of units issued and outstanding**	**Amount**	Number of units issued and outstanding	Amount
Balance at beginning of year		**18,551,855**	**$ 216,871**	18,551,855	$ 319,463
Exchange to REIT Units		**(5,205,283)**	**(74,019)**	—	—
Remeasurement of carrying value	21	**—**	**43,466**	—	(102,592)
Balance at end of year		**13,346,572**	**$ 186,318**	18,551,855	$ 216,871

For the years ended December 31, 2023 and December 31, 2022, the Trust recorded $10,557 and $12,986, respectively, in distributions on the subsidiary redeemable units, which are included as interest expense in the consolidated statements of comprehensive income (see Note 20).

DILP, a subsidiary of Dream Industrial REIT, is authorized to issue an unlimited number of LP B Units (subsidiary redeemable units). The subsidiary redeemable units, together with the accompanying Special Trust Units, have economic and voting rights equivalent in all material respects to the REIT Units. Generally, each subsidiary redeemable unit entitles the holder to a distribution equal to distributions declared on each REIT Unit. Subsidiary redeemable units may be surrendered or indirectly exchanged for REIT Units on a one-for-one basis at the option of the holder, generally at any time, subject to certain restrictions.

Special Trust Units are issued in connection with subsidiary redeemable units. The Special Trust Units are not transferable separately from the subsidiary redeemable units to which they relate and will be automatically redeemed for a nominal amount and cancelled on surrender or exchange of such subsidiary redeemable units. Each Special Trust Unit entitles the holder to the number of votes at any meeting of unitholders that is equal to the number of REIT Units that may be obtained on the surrender or exchange of the subsidiary redeemable units to which they relate.

During the year ended December 31, 2023, 5,205,283 subsidiary redeemable units were exchanged for REIT Units, and a corresponding number of Special Trust Units were automatically redeemed and cancelled on exchange of such subsidiary redeemable units (see Note 15). As at December 31, 2023, 13,346,572 subsidiary redeemable units and Special Trust Units were issued and outstanding (December 31, 2022 – 18,551,855).

Note 11

DEFERRED UNIT INCENTIVE PLAN

The DUIP provides for the grant of deferred trust units to trustees, officers and employees as well as affiliates and their service providers, including the asset manager. Deferred trust units are granted at the discretion of the Board of Trustees and earn income deferred trust units based on the payment of distributions. Once granted, each deferred trust unit and the related distribution of income deferred trust units vest immediately for trustees, and evenly over a five-year period and three-year period on the anniversary date of the grant for officers and the remaining participants, respectively. Subject to an election option available for certain participants to postpone receipt of REIT Units, such deferred trust units will be issued immediately on vesting. As at December 31, 2023 and December 31, 2022, up to a maximum of 3,400,000 deferred trust units are issuable under the DUIP.

The following tables provide a continuity of the DUIP balance and deferred trust units activity for the years ended December 31, 2023 and December 31, 2022:

		Year ended December 31,	
	Note	**2023**	2022
Balance at beginning of year		**$ 14,369**	$ 17,747
Deferred compensation expense	19	**3,941**	3,361
REIT Units issued for vested deferred trust units		**(1,701)**	(1,857)
Remeasurement of carrying value of deferred trust units	21	**4,028**	(4,834)
Cash settlement of deferred trust units		**—**	(48)
Other Units granted		**117**	—
Balance at end of year		**$ 20,754**	$ 14,369

	Year ended December 31,	
	2023	2022
Outstanding and payable at beginning of year	**1,424,335**	1,191,487
Granted(1)	**412,678**	374,618
REIT Units issued	**(115,546)**	(123,449)
Cancelled or forfeited	**(5,992)**	(15,362)
REIT Units settled in cash	**(8)**	(2,959)
Outstanding and payable at end of year(2)	**1,715,467**	1,424,335

(1) Includes 82,960 income deferred trust units granted during the year ended December 31, 2023 (December 31, 2022 – 72,444 income deferred trust units).

(2) Includes 1,043,503 vested but not issued deferred trust units as at December 31, 2023 (December 31, 2022 – 872,054).

The following table summarizes the deferred trust units granted for the years ended December 31, 2023 and December 31, 2022:

		December 31, 2023			December 31, 2022
		Grant price range	**Number of units granted[1]**	Grant price range	Number of units granted[1]
Deferred trust units granted	**$**	**12.63–14.34**	**329,718**	$ 10.68–16.72	302,174

(1) Includes 209,294 deferred trust units granted to key management personnel as at December 31, 2023 (December 31, 2022 – 205,544).

Note 12

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.

The tax effects of the temporary differences that give rise to the recognition of deferred tax assets and liabilities are presented below:

	December 31, 2023	December 31, 2022
Deferred tax assets		
Income tax loss carry-forwards	**$ 7,795**	$ 7,098
Deferred tax liabilities		
Investment properties	**(22,746)**	(26,752)
Equity accounted investment	**(28,655)**	(28,215)
Deferred tax liabilities, net	**$ (43,606)**	$ (47,869)

As at December 31, 2023, there were unused tax losses of $7,675 for which no deferred tax asset is recognized (December 31, 2022 – $4,181), as it is not probable that the REIT will be able to utilize such losses against taxable profits in the future. These losses can be carried forward indefinitely.

In addition, there were deductible temporary differences of $195,672 at December 31, 2023 (December 31, 2022 – $124,952) that do not expire and for which no deferred tax asset was recognized.

	Year ended December 31,	
	2023	2022
Current income tax expense	**$ (2,632)**	$ (3,438)
Deferred income tax recovery (expense)	**3,832**	(16,043)
Current and deferred income tax recovery (expense), net	**$ 1,200**	$ (19,481)

The following table reconciles the expected income taxes based upon the 2023 and 2022 statutory rates and the income tax expense recognized during the years ended December 31, 2023 and December 31, 2022:

	Year ended December 31,	
	2023	2022
Income before income taxes	**$ 103,099**	$ 725,366
Less: Income not subject to taxation in subsidiary corporations	**(194,472)**	(695,580)
Income (loss) subject to taxation in subsidiary corporations	**$ (91,373)**	$ 29,786
Statutory tax rate	**26.5%**	26.5%
Tax calculated at statutory tax rate	**$ (24,214)**	$ 7,893
Increase (decrease) resulting from:		
Tax benefits not recognized	**16,946**	19,410
Non-deductible expenses	**2,326**	(4,711)
Effects of different tax rates in U.S. and Europe in which the group operates	**3,352**	(1,494)
Non-taxable portion of capital gains	**169**	(246)
Other items	**221**	(1,371)
Current and deferred income tax (recovery) expense, net	**$ (1,200)**	$ 19,481

Note 13
DERIVATIVES AND OTHER NON-CURRENT LIABILITIES

	Note		**December 31, 2023**		December 31, 2022
Tenant security deposits		**$**	**30,524**	$	29,553
Fair value of CCIRS	29		**23,367**		1,012
Fair value of interest rate swaps	29		**4,601**		—
Ground leases			**11,738**		11,843
Total		**$**	**70,230**	$	42,408

Note 14
AMOUNTS PAYABLE AND ACCRUED LIABILITIES

	Note		**December 31, 2023**		December 31, 2022
Trade payables and accrued liabilities		**$**	**75,803**	$	58,367
Accrued interest			**6,618**		4,650
Rent received in advance			**11,901**		10,799
Distributions payable	16		**15,938**		14,968
Total		**$**	**110,260**	$	88,784

Note 15
EQUITY

		December 31, 2023			December 31, 2022		
	Note	**Number of REIT Units**		**Amount**	Number of REIT Units		Amount
Unitholders' equity		**273,243,349**	**$**	**3,339,660**	256,604,207	$	3,106,904
Retained earnings		—		**1,191,907**	—		1,274,974
Accumulated other comprehensive income (loss)	17	—		**43,330**	—		70,863
Total equity		**273,243,349**	**$**	**4,574,897**	256,604,207	$	4,452,741

Dream Industrial REIT Units

Dream Industrial REIT is authorized to issue an unlimited number of REIT Units and an unlimited number of Special Trust Units. The Special Trust Units may be issued only to holders of subsidiary redeemable units.

REIT Units represent an undivided beneficial interest in Dream Industrial REIT and in distributions made by Dream Industrial REIT. No REIT Unit has preference or priority over any other. Each REIT Unit entitles the holder to one vote at all meetings of unitholders.

Secondary offering of REIT Units and exchange of subsidiary redeemable units

On May 8, 2023, the Trust filed a prospectus supplement to its final base shelf prospectus dated November 26,2021 to qualify the distribution of REIT Units by Dream Office REIT ("the Selling Unitholder"), and on May 16, 2023, the Trust closed on a secondary bought deal offering, along with Dream Office REIT, 12,500,000 REIT Units at a price of $14.20 per Unit, for a gross total proceeds of $177,500 (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 December 31, 2023, 13,346,572 subsidiary redeemable units and Special Trust Units were issued and outstanding.

Short form base shelf prospectus

On March 2, 2022, the Trust filed a prospectus supplement to its final base shelf prospectus dated November 26, 2021 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 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 December 31, 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 September 6, 2023, the Trust filed a prospectus supplement (the "ATM Program") to the final short form base shelf prospectus dated September 5, 2023, 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 year ended December 31, 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.

During the year ended December 31, 2022, the Trust issued 5,477,800 REIT Units under the ATM Program at a weighted average price of $16.46 per REIT Unit for gross proceeds of $90,145. Total costs related to the issuance of these REIT Units amounted to $1,803 and were charged directly to unitholders' equity. Accordingly, the net proceeds relating to the issuance of these REIT Units amounted to $88,342.

Public offerings of REIT Units

There was no public offering, other than the secondary offering and the offering under at-the-market equity program, of REIT Units issued for the year ended December 31, 2023. The following table summarizes the public offering issued for the year ended December 31, 2022. Total costs related to the offering were charged directly to unitholders' equity.

	Year ended December 31, 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.

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

For the year ended December 31, 2023, 3,806,146 REIT Units (December 31, 2022 – 3,025,530 REIT Units) were issued under the DRIP and $52,007 (December 31, 2022 – $40,371) was recorded as distributions in the consolidated statements of changes in equity. Subsequent to December 31, 2023, the Trust issued an additional 337,731 REIT Units under the DRIP.

The Unit Purchase Plan feature of the DRIP facilitates the purchase of additional REIT Units by existing unitholders. Participation in the Unit Purchase Plan is optional and subject to certain limitations on the maximum number of additional REIT Units that may be acquired. The price per Unit is calculated in the same manner as the DRIP. No commissions, service charges or brokerage fees are payable by participants in connection with either the reinvestment or purchase features of the DRIP. For the year ended December 31, 2023, 1,741 REIT Units (December 31, 2022 – 2,083 REIT Units) were issued under the Unit Purchase Plan for proceeds of $25 (December 31, 2022 – $27). Subsequent to December 31, 2023, the Trust issued an additional 153 REIT Units under the Unit Purchase Plan.

Note 16

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 $0.70 for the years ended December 31, 2023 and December 31, 2022.

The following table summarizes distributions paid and payable for the years ended December 31, 2023 and December 31, 2022:

	Year ended December 31, 2023	2022
Paid in cash	**$ (134,389)**	$ (136,061)
Paid by way of reinvestment in REIT Units[1]	**(52,007)**	(40,371)
Less: Payable at December 31, 2022/December 31, 2021	**14,968**	13,641
Add: Payable at December 31, 2023/December 31, 2022	**(15,938)**	(14,968)
Total distributions paid and payable	**$ (187,366)**	$ (177,759)

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

The following table summarizes our monthly distributions paid and payable subsequent to December 31, 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
December 18, 2023	December 2023	January 15, 2024	$ 0.05833	$ 11,420	$ 4,515[1]

(1) $4,515 in distributions along with $135 in bonus distributions were reinvested in an additional 337,884 REIT Units (including 3% bonus distributions on Units reinvested pursuant to the DRIP).

On January 22, 2024, the Trust announced monthly distribution of $0.05833 per REIT Unit payable on February 15, 2024 to unitholders of record as at January 31, 2024.

Note 17
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Year ended December 31,					
	2023			2022		
	Opening balance January 1	**Net change during the year**	**Closing balance December 31**	Opening balance January 1	Net change during the period	Closing balance December 31
Unrealized gain (loss) on foreign currency translation of foreign operations	**$ (19,367)**	**$ 21,837**	**$ 2,470**	$ (43,488)	$ 24,121	$ (19,367)
Unrealized gain (loss) on hedge of net investment	**29,930**	**(12,882)**	**17,048**	49,505	(19,575)	29,930
Unrealized gain (loss) on cash flow hedge	**(435)**	**435**	**—**	(435)	—	(435)
Unrealized gain (loss) on interest portion of hedging derivatives	**40,377**	**(30,369)**	**10,008**	(10,316)	50,693	40,377
Share of other comprehensive income (loss) from equity accounted investments	**20,358**	**(6,554)**	**13,804**	1,153	19,205	20,358
Accumulated other comprehensive income (loss)	**$ 70,863**	**$ (27,533)**	**$ 43,330**	$ (3,581)	$ 74,444	$ 70,863

Note 18
INVESTMENT PROPERTIES REVENUE

	Year ended December 31,	
	2023	2022
Rental income	**$ 358,166**	$ 305,014
Recoveries revenue	**63,750**	58,973
Property management and other income	**15,685**	5,580
Total	**$ 437,601**	$ 369,567

Note 19
GENERAL AND ADMINISTRATIVE EXPENSES

		Year ended December 31,	
	Note	**2023**	2022
Asset management fee	25	**$ (14,428)**	$ (12,579)
Professional fees and general corporate expenses[1]		**(13,779)**	(14,324)
Deferred compensation expense	11	**(3,941)**	(3,361)
General and administrative expenses		**$ (32,148)**	$ (30,264)

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

Note 20
INTEREST
Interest on debt and other financing costs
The table below summarizes the interest on debt and other financing costs incurred and charged to the consolidated statements of comprehensive income for the years ended December 31, 2023 and December 31, 2022:

	Year ended December 31, 2023	2022
Interest expense and other financing costs incurred, at contractual rate	**$ (59,399)**	$ (22,413)
Capitalized interest on properties held for development	**6,532**	958
Amortization of financing costs	**(3,217)**	(2,239)
Amortization of fair value adjustments	**1,705**	3,072
Interest expense on debt and other financing costs	**(54,379)**	(20,622)
Add (deduct):		
Amortization of financing costs	**3,217**	2,239
Amortization of fair value adjustments	**(1,705)**	(3,072)
Capitalized interest on properties held for development	**(6,532)**	(958)
Change in accrued interest	**2,271**	3,087
Cash interest paid on debt and other financing costs	**$ (57,128)**	$ (19,326)

Interest on subsidiary redeemable units
Interest payments incurred and charged to the consolidated statements of comprehensive income consisting of distributions to holders of subsidiary redeemable units are recorded as follows:

	Year ended December 31, 2023	2022
Paid in cash	**$ (10,860)**	$ (12,986)
Add-back: Interest payable at December 31, 2022/December 31, 2021	**1,082**	1,082
Deduct: Interest payable at December 31, 2023/December 31, 2022	**(779)**	(1,082)
Interest on subsidiary redeemable units	**$ (10,557)**	$ (12,986)

The interest payable on subsidiary redeemable units at December 31, 2023 was settled in cash on January 15, 2024.

Note 21
FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS

	Note	Year ended December 31, 2023	2022
Remeasurement of carrying value of subsidiary redeemable units	10	**$ (43,466)**	$ 102,592
Remeasurement of carrying value of deferred trust units	11	**(4,028)**	4,834
Remeasurement of interest rate swaps		**(12,153)**	15,807
Amortization of fair value adjustments to CCIRS		**(8,412)**	(701)
Total		**$ (68,059)**	$ 122,532

Note 22

NET LOSS ON TRANSACTIONS AND OTHER ACTIVITIES

		Year ended December 31,		
		2023		2022
Internal leasing costs	**$**	**(4,620)**	$	(4,128)
Foreign exchange gain (loss)		**1,249**		(11,976)
Transaction costs on acquisitions and dispositions		**(1,316)**		(560)
Other		**(75)**		(141)
Total	**$**	**(4,762)**	$	(16,805)

Note 23

SUPPLEMENTARY CASH FLOW INFORMATION

The components of other adjustments under operating activities include:

			Year ended December 31,		
	Note		**2023**		2022
Change in straight-line rent	4	**$**	**(5,624)**	$	(6,217)
Deferred unit compensation expense, net	11		**3,941**		3,361
Deferred income tax (recovery) expense, net	12		**(3,832)**		16,043
Interest on subsidiary redeemable units	20		**10,557**		12,986
Foreign exchange (gain) loss	22		**(1,249)**		11,976
Transaction costs on acquisitions and dispositions	22		**1,316**		560
Total other adjustments		**$**	**5,109**	$	38,709

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

		Year ended December 31,		
		2023		2022
Increase in amounts receivable	**$**	**(3,787)**	$	(19,075)
Decrease in prepaid expenses and other assets		**1,247**		218
Decrease (increase) in derivatives and other non-current assets		**243**		(1,522)
Increase in amounts payable and accrued liabilities		**16,516**		2,130
Increase in derivatives and other non-current liabilities		**709**		4,594
Increase in current income tax liabilities		**405**		3,749
Change in non-cash working capital	**$**	**15,333**	$	(9,906)

Note 24

SEGMENTED INFORMATION

A reportable operating segment is a distinguishable component of the Trust that is engaged either in providing related products or services (business segment) or in providing products or services within a particular economic environment (geographic segment), which is subject to risks and rewards that are different from those of other reportable segments. The Trust's primary format for segment reporting is based on geographic segments. The operating segments derive their revenue primarily from rental income from leases. All of the Trust's business activities and operating segments are reported within the geographic segments.

For the years ended December 31, 2023 and December 31, 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 to 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 to 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 to 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 loss on transactions and other activities (excluding internal leasing costs), and income taxes were not allocated to the segments.

Year ended December 31, 2023	Ontario	Québec	Western Canada	Europe	U.S.(1)	Dream Summit JV(1)	Segment total	Other(2)	Total
Investment properties revenue	**$ 121,049**	**$ 70,975**	**$ 73,860**	**$ 155,964**	**$ 22,723**	**$ 24,596**	**$ 469,167**	**$ (31,566)**	**$ 437,601**
Investment properties operating expenses	**(25,602)**	**(18,041)**	**(27,136)**	**(26,307)**	**(5,884)**	**(6,404)**	**(109,374)**	**5,953**	**(103,421)**
Net rental income (segmented income)	**$ 95,447**	**$ 52,934**	**$ 46,724**	**$ 129,657**	**$ 16,839**	**$ 18,192**	**$ 359,793**	**$ (25,613)**	**$ 334,180**
Fair value adjustments to investment properties	**$ 12,927**	**$ 63,488**	**$ (9,548)**	**$ (133,556)**	**$ —**	**$ —**	**$ (66,689)**	**$ —**	**$ (66,689)**
Net loss on transactions and other activities(3)	**(1,359)**	**(730)**	**(1,827)**	**(632)**	—	**—**	**(4,548)**	**(214)**	**(4,762)**

(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 to 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 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.

Year ended December 31, 2022	Ontario	Québec	Western Canada	Europe	U.S.[1]	Segment total	Other[2]	Total
Investment properties revenue	$ 103,614	$ 62,427	$ 69,357	$ 128,588	$ 18,991	$ 382,977	$ (13,410)	$ 369,567
Investment properties operating expenses	(24,424)	(14,364)	(25,105)	(22,100)	(4,857)	(90,850)	2,870	(87,980)
Net rental income (segmented income)	$ 79,190	$ 48,063	$ 44,252	$ 106,488	$ 14,134	$ 292,127	$ (10,540)	$ 281,587
Fair value adjustments to investment properties[3][4]	$ 266,253	$ 160,825	$ 25,179	$ (89,232)	$ —	$ 363,025	$ —	$ 363,025
Net loss on transactions and other activities[5]	(1,308)	(770)	(1,693)	(357)	—	(4,128)	(12,677)	(16,805)

(1) U.S. includes the Trust's share of net rental income from the equity accounted investment while fair value adjustments to 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) The Ontario and Western Canada segments include fair value adjustments of $485 related to properties held for development.

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

Investment properties and equity accounted investments

Year ended December 31, 2023	**Ontario**	**Québec**	**Western Canada**	**Europe**	**U.S.**	**Dream Summit JV**	**Segment total**	**Other**	**Total**
Investment properties[1]	**$ 2,466,641**	**$ 1,217,394**	**$ 798,615**	**$ 2,441,624**	**$ —**	**$ —**	**$ 6,924,274**	**$ —**	**$ 6,924,274**
Capital expenditures[2]	**65,755**	**18,938**	**96,248**	**20,097**	**—**	**—**	**201,038**	**—**	**201,038**
Equity accounted investments	**46,975**	**—**	**—**	**—**	**278,784**	**483,247**	**809,006**	**—**	**809,006**

(1) The Ontario segment and Western Canada segment include $117,766 and $114,345, 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 $51,855 and $79,599, 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 25

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 and arrangements with related parties

DAM

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 below.

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 as defined in the North American AMA ($1.03 as of December 31, 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 consumer price index as defined in the European AMA ($1.03 as of December 31, 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 December 31, 2023, no incentive fee under the North American AMA has been paid or is payable by the Trust to DAM.

As at December 31, 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 December 31, 2023 of $6.9 billion, and based on the Trust's actual financial results for the year ended December 31, 2023, the estimated overall incentive fee payable would have been $271.4 million.

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.

PAULS Corp, LLC ("PAULS Corp")

Brian Pauls is a Trustee and a senior member of the management team at PAULS Corp, a Denver-based real estate firm.

Prior to 2022, Dream Industrial US Holdings Inc. had a Property Management Agreement with an affiliate of PAULS Corp to manage several of the Trust's U.S. properties and to provide portfolio management services. During 2021, this Property Management Agreement was partially terminated and a new Sub Property Management Agreement was entered between DIR US Management LP, a subsidiary of the Trust, a subsidiary of PAULS Corp, the U.S. Fund and a subsidiary of the U.S. Fund, where a subsidiary of PAULS Corp supports the Trust in providing property management services to the U.S. properties within the U.S. Fund on a cost recovery basis.

U.S. Fund

On July 30, 2021, the Trust and certain of its subsidiaries and the U.S. Fund and its subsidiary entered into various property management agreements, where a subsidiary of the Trust provides property management and accounting, construction management and leasing services to the U.S. Fund under normal commercial terms.

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

Dream Industrial REIT, DILP, DIMLP, Dream Industrial Management Corp. and Dream Office Management Corp. ("DOMC"), a subsidiary of Dream Office REIT, are parties to an administrative services agreement (the "Services Agreement") where DOMC provides certain services to Dream Industrial REIT on a cost recovery basis. The Services Agreement is automatically renewed on October 4 of every year for additional one-year terms unless terminated by any party.

As at December 31, 2023 and December 31, 2022, Dream Office REIT indirectly owns, through its subsidiaries, 192,735 (2022 – 8,052,451) REIT Units and 13,346,572 (2022 – 18,551,855) LP B Units, representing approximately 4.7% (2022 – 9.7%) ownership in the Trust.

Board of Trustees and officers

The Trust has a Deferred Unit Incentive Plan and, during the years ended December 31, 2023 and December 31, 2022, issued deferred trust units to trustees and officers (see Note 11).

Related party transactions

Fees and cost reimbursements with related parties were as follows:

Agreements with DAM

The following table summarizes our fees paid to or received from DAM for the years ended December 31, 2023 and December 31, 2022:

	Year ended December 31, 2023	2022
Incurred under the AMA:		
Asset management fee (included in general and administrative expenses)	**$ (14,428)**	$ (12,579)
Asset management fee (included in properties under development)	**(443)**	(135)
Capital expenditures fee (included in investment properties)	**(6,662)**	(3,689)
Acquisition fee (included in investment properties and equity accounted investments)	**(3,848)**	(4,090)
Expense reimbursements related to financing arrangements	**(549)**	(653)
Total costs incurred under the AMA	**$ (25,930)**	$ (21,146)
Total costs reimbursed under the Shared Services and Cost Sharing Agreement	**$ (1,767)**	$ (1,428)

Agreement and transactions with Dream Office REIT

The following table summarizes the costs reimbursed to Dream Office REIT for the years ended December 31, 2023 and December 31, 2022:

	Year ended December 31, 2023	2022
Total costs reimbursed under the Services Agreement	**$ (8,238)**	$ (7,799)

The following table summarizes our distributions paid and payable to subsidiaries of Dream Office REIT for the years ended December 31, 2023 and December 31, 2022:

	Year ended December 31, 2023	2022
Interest paid and payable to Dream Office REIT on subsidiary redeemable units	**$ (10,557)**	$ (12,986)
Distributions paid and payable to Dream Office REIT on REIT Units	**(1,902)**	(5,637)
Total interest and distributions paid and payable to Dream Office REIT	**$ (12,459)**	$ (18,623)

Agreements with PAULS Corp

The following table summarizes our fees paid and costs reimbursed to an affiliate of PAULS Corp for the years ended December 31, 2023 and December 31, 2022:

	Year ended December 31, 2023	2022
Total costs incurred under the Sub Property Management Agreement[1]	**$ (429)**	$ (265)

(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 years ended December 31, 2023 and December 31, 2022:

	Year ended December 31, 2023	2022
Total fees earned under the Property Management Agreements[1]	**$ 15,343**	$ 5,580

(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 year ended December 31, 2023 and December 31, 2022:

	Year ended December 31,	
	2023	2022
Total distributions received and receivable from the U.S. Fund	**$ 10,519**	$ 6,026

Amounts due from (to) related parties

Amounts due from related parties	**December 31, 2023**	December 31, 2022
U.S. Fund and Dream Summit JV(1)	**$ 4,166**	$ 2,273

(1) As at December 31, 2023, the balance includes $2,543 of distributions receivable from the U.S. Fund as at December 31, 2023 (December 31, 2022 – $2,066).

Amounts due to related parties	**December 31, 2023**	December 31, 2022
DAM	**$ (6,505)**	$ (5,593)
Dream Office REIT	**(873)**	(811)
PAULS Corp	**(36)**	(42)

Distributions and interest payable to Dream Office REIT

	December 31, 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 December 31, 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 December 31, 2023 and December 31, 2022, respectively.

Note 26

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 December 31, 2023, the Trust's remaining contractual commitments related to construction and development projects amounted to $96,480 (December 31, 2022 – $44,623).

As at December 31, 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 27

CAPITAL MANAGEMENT

The Trust's capital consists of debt, including mortgages, unsecured revolving credit facility, unsecured term loans, unsecured debentures, subsidiary redeemable units and unitholders' equity. The Trust's primary objectives in managing capital are to ensure adequate operating funds are available to maintain consistent and sustainable unitholder distributions, to service debt obligations and to fund leasing costs, building improvements, development projects, and capital commitment requirements. Further, the Trust also ensures that it remains in compliance with its financial covenants and maintains its credit rating. In early February 2024, DBRS confirmed the Trust's Issuer Rating and the credit rating of its Debentures at BBB with Stable trends.

Various debt ratios and cash flow metrics are used to ensure capital adequacy and to monitor capital requirements. The primary ratios used for assessing capital management are net total debt-to-total assets (net of cash and cash equivalents) ratio, net total debt-to-normalized adjusted EBITDAFV ratio, and interest coverage ratio. Other significant indicators include unencumbered investment properties, weighted average face interest rate on debt, average term to maturity of debt, secured debt as a percentage of total assets, and variable rate debt as a percentage of total debt. These indicators assist the Trust in assessing whether the debt level maintained is sufficient to provide adequate cash flows for leasing costs, building improvements, development projects, and capital commitment requirements, and in evaluating the need to raise funds for further expansion. Various mortgages and unsecured debt have debt covenant requirements that are monitored by the Trust to ensure there are no defaults. These covenants include loan-to-value ratios, cash flow coverage ratios, interest coverage ratios, debt service coverage ratios, unencumbered investment properties levels, and secured debt-to-total assets ratio. These covenants are measured at the subsidiary limited partnership level, and all have been complied with as at December 31, 2023 and December 31, 2022. For the years ended December 31, 2023 and December 31, 2022, there were no events of default on any of the Trust's obligations under its mortgages, unsecured revolving credit facility, unsecured term loans or unsecured debentures.

The Trust's equity consists of REIT Units, in which the carrying value is impacted by earnings and unitholder distributions. Amounts retained in excess of the distributions are used to fund leasing costs, building improvements, development projects, capital commitment requirements and working capital requirements. Management monitors distributions to ensure adequate resources are available by comparing total distributions (including distributions on subsidiary redeemable units), a non-IFRS financial measure, to among other considerations, its assessment of cash flows generated from (utilized in) operating activities.

Note 28

FINANCIAL INSTRUMENTS – RISK MANAGEMENT

IFRS 7, "Financial Instruments: Disclosures", places emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the Trust manages those risks, including market, foreign currency, credit and liquidity risks.

Market risk

Market risk consists of interest rate risk and other market price risk. The Trust has exposure to interest rate risk primarily as a result of its fixed rate debt due to the expected requirement to refinance such debts in the year of maturity. To a lesser extent, the Trust is exposed to variable rate debt on its drawings on the unsecured revolving credit facility and one of its unsecured debentures. The Trust is exposed to the variability in market interest rates and credit spreads on maturing debt to be renewed and the variability of interest rates on its variable rate debt. The Trust has effectively addressed the exposure to variable rate debt on its U.S. dollar denominated unsecured term loan by entering into a CCIRS and fixing the rate. The Trust had no other variable rate debt as at December 31, 2023 and December 31, 2022. In order to manage exposure to interest rate risk, the Trust endeavours to maintain an appropriate mix of fixed and variable rate debt, manage maturities of fixed rate debt and match the nature of the debt with the cash flow characteristics of the underlying asset.

The following interest rate sensitivity table outlines the potential impact of a 1% change in the interest rate on variable rate financial assets and fixed rate debt due to mature in 2024 as at December 31, 2023:

					Interest rate risk
			-1%		+1%
	Carrying amount	Income	Equity	Income	Equity
Financial assets					
Cash and cash equivalents(1)	$ 49,916	$ (499)	$ (499)	$ 499	$ 499
Financial liabilities					
Debt due to mature in 2024(2)	308,333	3,083	3,083	(3,083)	(3,083)

(1) Cash and cash equivalents are short-term investments with an original maturity of three months or less, and exclude cash subject to restrictions that prevent the Trust's use for current purposes. Bank accounts with Canadian and U.S. currencies generally earn interest income at the bank's prime rate less 2.00% and 4.45%, respectively. Bank accounts with euros generally earn interest income of 1.88%. Cash and cash equivalents as at December 31, 2023 are short term in nature and may not be representative of the balance during the year.

(2) Excludes scheduled principal repayments on non-maturing debt.

Foreign currency risk

The Trust is exposed to foreign currency risk as it relates to its U.S. and European net investments due to fluctuations in the exchange rates between the Canadian and U.S. dollars, and between the Canadian dollar and euros. Changes in the respective foreign exchange rates would not have a material impact on net income; however, they may result in a change to other components of equity. For the year ended December 31, 2023, a $0.10 change in the value of the U.S. dollar relative to the Canadian dollar would result in a $19,093 change to other components of equity; meanwhile, a $0.10 change in the value of the euro relative to the Canadian dollar would result in a $21,661 change to other components of equity.

The Trust's objective in managing foreign currency risk is to mitigate the exposure from fluctuations in the exchange rate by maintaining U.S. dollar denominated debt against its U.S. assets, as well as euro denominated debt against its euro assets primarily through entering into CCIRS arrangements to exchange Canadian dollars for U.S. dollars or euros.

Credit risk

The Trust's assets mainly consist of investment properties. Credit risk arises from the possibility that tenants in investment properties may not fulfill their lease or contractual obligations. The Trust mitigates its credit risk by attracting tenants of sound financial standing and by diversifying its mix of tenants. As at December 31, 2023 and December 31, 2022, there is no single tenant that accounts for more than 5% of the Trust's annual gross revenue. The Trust also monitors tenant payment patterns and discusses potential tenant issues with property managers on a regular basis. An impairment analysis is performed at each balance sheet date using a provision matrix to measure expected credit losses, adjusted for forward-looking factors specific to the tenant and the economic environment. The provision is reduced for tenant security deposits held as collateral. The maximum exposure to credit risk is the carrying value of the trade receivables disclosed in Note 8, straight-line rent receivables disclosed in Note 4 and related party amounts receivable disclosed in Note 25.

Cash and cash equivalents, deposits and restricted cash carry minimal credit risk as all funds are maintained with highly reputable financial institutions. The Trust manages its credit risk on debt assumed by purchasers of investment properties by monitoring the ongoing repayment of assumed debt by the purchasers and evaluating market conditions that would affect the purchasers' ability to repay assumed debt.

The Trust's exposure to credit risk in respect of financial instruments relates primarily to counterparty obligations regarding derivatives contracts. The credit risk of derivative financial instruments is generally limited to the positive fair value of the instruments, which in general tends to be a relatively small proportion of the notional value. The Trust mitigates its credit risk through diversification and the use of established financial institutions. The maximum exposure to credit risk is the carrying value of derivative financial instruments in asset position disclosed in Note 30.

Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting its obligations associated with the maturity of financial obligations. As at December 31, 2023, current liabilities exceeded current assets by $337,962 (December 31, 2022 – current liabilities exceeded current assets by $253,298). The Trust's main sources of liquidity are its cash and cash equivalents on hand, unsecured revolving credit facility and access to its unencumbered investment properties. The Trust is able to use its unsecured revolving credit facility on short notice which eliminates the need to hold a significant amount of cash and cash equivalents on hand. The amounts available and drawn under the revolving credit facility as at December 31, 2023 are as follows:

	December 31, 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	$ 8,048	$ 50,000	$ 441,952

(1) The unsecured revolving credit facility has the ability to be drawn in Canadian dollars, U.S. dollars and euros.

Working capital balances fluctuate significantly from period to period depending on the timing of receipts and payments. The Trust manages maturities of the fixed rate debts, monitors the repayment dates and maintains adequate cash and cash equivalents on hand and availability on the unsecured revolving credit facility to ensure sufficient capital will be available to cover obligations as they become due.

Hedge effectiveness

Hedge ineffectiveness for CCIRS is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to:

- the credit value or debit value adjustment on the CCIRS is not matched by the loan; and
- differences in critical terms between the CCIRS and loans.

Note 29

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 December 31, 2023 and December 31, 2022:

		Fair value as at December 31, 2023	Fair value as at December 31, 2022
Fair value through other comprehensive income			
Assets(1)	**$**	**30,981**	$ 76,593
Liabilities		**(23,367)**	(1,012)
Fair value through profit or loss			
Assets(2)(3)	**$**	**6,813**	$ 14,287
Liabilities		**(4,601)**	—

(1) As at December 31, 2023, $1,751 is due to mature in the next twelve months and is included in "Prepaid expenses and other assets" in the consolidated financial statements.

(2) As at December 31, 2023, $1,148 is due to mature in the next twelve months and is included in "Prepaid expenses and other assets" in the 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 consolidated financial statements.

Hedge accounting applied on select financial instruments

The tables below summarize the Trust's financial instruments in which hedge accounting was applied for the years ended December 31, 2023 and December 31, 2022:

	As at December 31, 2023			For the year ended December 31, 2023		
Hedge type	**Notional amount of hedging instrument**	**Assets (see Notes 7 and 29)**	**Liabilities (see Notes 13 and 29)**	**Change in fair value gain (loss) recognized in OCI(4)**	**Hedge ineffectiveness recognized in profit or loss**	**Amounts reclassified from OCI to profit or loss**
Cash flow hedge(1)	**$ 530,650**	**$ —**	**$ (16,724)**	**$ (16,740)**	**$ —**	**$ 16,740**
Net investment hedge(2)(3)	**€ 1,264,238**	**30,981**	**(6,643)**	**(12,882)**	**—**	**—**

(1) Notional amount in Canadian dollars.

(2) Notional amount in euros.

(3) As at December 31, 2023, $1,751 is due to mature in the next twelve months and is included in "Prepaid expenses and other assets" in the consolidated financial statements.

(4) Does not include the $(30,369) unrealized loss related to the interest rate portion of both the cash flow hedge and net investment hedge.

Hedge type	As at December 31, 2022 Notional amount of hedging instrument	Assets (see Notes 7 and 29)	Liabilities (see Notes 13 and 29)	For the year ended December 31, 2022 Change in fair value gain (loss) recognized in OCI(3)	Hedge ineffectiveness recognized in profit or loss	Amounts reclassified from OCI to profit or loss
Cash flow hedge(1)	$ 338,600	$ 13,264	$ —	$ 12,650	$ —	$ (12,650)
Net investment hedge(2)	€ 1,264,238	63,329	(1,012)	(19,575)	—	—

(1) Notional amount in Canadian dollars.

(2) Notional amount in euros.

(3) Does not include the ($50,693) unrealized loss related to the interest rate portion of both the cash flow hedge and net investment hedge.

US$250M Unsecured Term Loan and U.S. dollar to euro CCIRS arrangement

As at December 31, 2023, the Trust has a US$250M Unsecured Term Loan outstanding. The U.S. dollar principal and interest obligations were swapped for euro principal and interest obligations. Economically this is equivalent to holding euro denominated debt.

The Trust uses the CCIRS arrangement entered into for this US$250M Unsecured Term Loan to hedge a portion of the foreign exchange risk associated with its European investments. The Trust also uses the CCIRS to hedge 100% of the U.S. dollar cash flows associated with this US$250M Unsecured Term Loan.

For hedge accounting purposes, the CCIRS is bifurcated into two separate CCIRS to maximize hedge effectiveness:

(i) a euro to Canadian dollar CCIRS to hedge a portion of the foreign exchange risk associated with the Trust's European investment (designated as a net investment hedge); and

(ii) a Canadian dollar to U.S. dollar CCIRS to hedge the U.S. dollar cash flows associated with this U.S. term loan (designated as a cash flow hedge).

In the euro to Canadian dollar CCIRS, only the spot element is included in the hedging relationship. The forward elements, and foreign currency basis spreads, are excluded and recognized in other comprehensive income as transaction costs of hedging and are amortized to net income through the settlement of interest payments on the CCIRS. There is an economic relationship between the hedged item (European investment) and the hedging instrument (CCIRS) as the foreign exchange movements on the European investment mirror the spot exchange movements on the CCIRS.

In the Canadian dollar to U.S. dollar CCIRS, there is an economic relationship as the cash flows in the hedged item (the US$250M Unsecured Term Loan) mirror the U.S. cash flows in the hedging instrument (CCIRS).

The Trust has established a hedge ratio of one-to-one, as the underlying risk of the hedging instruments is identical to the hedge risk components. As all critical terms matched during the period, the economic relationship was 100% effective.

$200M Unsecured Term Loan (US$145 million) and U.S. dollar to Canadian dollar CCIRS arrangement

As at December 31, 2023, the Trust has an Unsecured Term Loan of US$145 million outstanding. The U.S. dollar principal and interest obligations were swapped for Canadian dollar principal and interest obligations. Economically this is equivalent to holding Canadian dollar denominated debt.

The Trust uses the CCIRS to hedge 100% of the U.S. dollar cash flows associated with this $200M Unsecured Term Loan.

For hedge accounting purposes, the CCIRS has been designated as a cash flow hedge. Only the spot element is included in the hedging relationship. The forward elements, and foreign currency basis spreads, are excluded and recognized in other comprehensive income as transaction costs of hedging and are amortized to net income through the settlement of interest payments on the CCIRS. There is an economic relationship between the hedged item (the $200M Unsecured Term Loan) and the hedging instrument (CCIRS) as the $200M Unsecured Term Loan's cash flows are matched with the cash flows on the U.S. leg of the CCIRS.

Debentures and Canadian dollar to euro CCIRS arrangement

As at December 31, 2023, the Trust has $1,700,000 of fixed and variable rate debentures outstanding. Of these, notional amounts totalling $1,500,000 were swapped into euros using CCIRS, concurrently with the issuance of the respective debentures. The Canadian dollar principal and interest obligations were swapped for euro principal and interest obligations. Economically, this is equivalent to holding euro denominated debt.

The Trust uses the CCIRS to hedge a portion of the foreign exchange risk associated with its European investment.

For hedge accounting purposes, the CCIRS have been designated as a net investment hedge. Only the spot element is included in the hedging relationship. The forward element is excluded and recognized in other comprehensive income as transaction costs of hedging and is amortized to net income through the settlement of interest payments on the CCIRS. There is an economic relationship between the hedged item (European investment) and the hedging instrument (CCIRS), as the foreign exchange movements on the European investment mirror the spot exchange movements on the CCIRS. The Trust has established a hedge ratio of one-to-one as the underlying risk of the hedging instrument is identical to the hedge risk component. As all critical terms matched during the period, the economic relationship was 100% effective.

Interest rate swaps

The following tables summarize the details of the interest rate swaps that are outstanding as at December 31, 2023 and December 31, 2022:

Fair value assets

								As at December 31, 2023
Transaction date		**Mortgage principal amount (notional)**	**Fixed interest rate (%)**	**Maturity date**	**Financial instrument measurement**		**Fair value assets (see Note 7)(2)**
July 30, 2019	**$**	**50,000**	**3.15**	**August 2029**	**Fair value through profit or loss**	**$**	**3,278**
June 24, 2021(1)	**€**	**100,280**	**(0.4)–1.77**	**March 2024– February 2025**	**Fair value through profit or loss**	**$**	**3,535**
						$	**6,813**

(1) Notional amount in euros.

(2) As at December 31, 2023, $1,148 is due to mature in 2024 and is included in “Prepaid expenses and other assets” in the consolidated financial statements. The remainder of $5,665 is due to mature in 2025 and is included in “Derivatives and other non-current assets” in the consolidated financial statements.

							As at December 31, 2022
Transaction date		Mortgage principal amount (notional)	Fixed interest rate (%)	Maturity date	Financial instrument measurement		Fair value assets (see Note 7)(2)
July 30, 2019	$	50,000	3.15%	August 2029	Fair value through profit or loss	$	4,518
June 24, 2021(1)	€	241,909	(0.4)–1.77	March 2023– February 2025	Fair value through profit or loss	$	9,769
						$	14,287

(1) Notional amount in euros.

(2) As at December 31, 2022, $1,803 was due to mature in 2023 and was included in “Prepaid expenses and other assets” in the consolidated financial statements. The remainder of $12,484 is due to mature from 2024 to 2025 and is included in “Derivatives and other non-current assets” in the consolidated financial statements.

Fair value liabilities

							As at December 31, 2023
Transaction date		**Mortgage principal amount (notional)**	**Fixed interest rate (%)**	**Maturity date**	**Financial instrument measurement**		**Fair value liability (see Note 13)**
September 27, 2023(1)	**€**	**68,556**	**3.34**	**September 2028**	**Fair value through profit or loss**	**$**	**(4,601)**

(1) Notional amount in euros.

As at December 31, 2022, there were no interest rate swaps in a liability position.

Note 30

FAIR VALUE MEASUREMENTS

Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Trust maximizes the use of observable inputs. When all significant inputs are observable, 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 in and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers among Levels 1, 2 and 3 for the years ended December 31, 2023 and December 31, 2022.

The following section summarizes the fair value measurements recognized in the consolidated financial statements by class of asset or liability and categorized by level according to the significance of the inputs used in making the measurements.

Investment properties

The Trust's accounting policy as indicated in Note 2 is applied in determining the fair value of investment properties by using the income approach, which is derived from one of two methods: overall cap rate method and discounted cash flow method. As a result, these measurements are classified as Level 3 in the fair value hierarchy as summarized in the tables below.

	Note	**Carrying value as at December 31, 2023**	**Fair value as at December 31, 2023**		
			Level 1	**Level 2**	**Level 3**
Recurring fair value measurements					
Non-financial assets					
Investment properties	4	**$ 6,924,274**	**$ —**	**$ —**	**$ 6,924,274**

	Note	Carrying value as at December 31, 2022	Fair value as at December 31, 2022		
			Level 1	Level 2	Level 3
Recurring fair value measurements					
Non-financial assets					
Investment properties	4	$ 6,759,425	$ —	$ —	$ 6,759,425

Valuations of investment properties are most sensitive to changes in discount rates and cap rates. In applying the overall cap rate method the stabilized NOI of each property is divided by an appropriate cap rate. In applying the discounted cash flow method, the cash flows of a specific property are projected assuming a ten-year holding period. The estimated sale value at the end of the holding period is then calculated by dividing the projected net rental income for year 11 by a terminal cap rate. These projected cash flows are then added together and discounted at a discount rate reflecting the risks of the property being valued. 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 assumptions used in the valuation of investment properties are as follows:

Cap rate method

- cap rates – based on actual location, size and quality of the properties and taking into account any available market data at the valuation date;
- stabilized NOI – normalized property operating revenues less property operating expenses.

Discounted cash flow method

- discount and terminal cap rates – reflecting current market assessments of the return expectations; and
- market rents – reflecting management's best estimates with reference to recent leasing activity and external market data.

As at December 31, 2023 and December 31, 2022, there were no investment properties classified as assets held for sale.

Investment properties are valued on a highest-and-best-use basis. For all of the Trust's investment properties, the current use is considered the highest and best use.

Investment properties valuation process

Management is responsible for determining the fair value measurements included in the consolidated financial statements. At the end of each reporting period, the Trust determines the fair value of investment properties by:

(i) considering current contracted sales prices for properties that are available for sale;

(ii) obtaining appraisals from qualified external professionals on a rotational basis for select properties; and

(iii) using internally prepared valuations that apply the income approach.

The Trust includes a valuation team who analyzes the fair value of each investment property at least once per quarter with reference to independent property appraisals and market conditions existing at the reporting date, using generally accepted market practices. At each reporting period, a select number of properties, determined on a rotational basis, are valued by independent professionally qualified valuers who hold a recognized relevant professional qualification and have recent experience in the locations and categories of the investment properties. Judgment is also applied in determining the extent and frequency of obtaining independent property appraisals. For properties subject to an independent valuation report, the valuation team verifies all major inputs to the valuation and reviews the results with the independent valuers. For properties not subject to independent appraisals, valuations are prepared internally during each reporting period.

The valuation team directly reports the results to the CEO and Chief Financial Officer ("CFO") for approval. Discussion of valuation processes, key inputs, results and reasons for the fair value movements are held between the CEO, CFO and the valuation team at least once per quarter, in line with the Trust's quarterly reporting.

Financial instruments

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

	Note	**Carrying value as at December 31, 2023**	**Fair value as at December 31, 2023** Level 1	Level 2	Level 3
Financial instruments at amortized cost					
Mortgages	9	$ **582,399**	$ **—**	$ **—**	$ **591,158**
Unsecured debentures	9	**1,695,135**	**—**	**1,621,474**	**—**

	Note	Carrying value as at December 31, 2022	Fair value as at December 31, 2022 Level 1	Level 2	Level 3
Financial instruments at amortized cost					
Mortgages	9	$ 529,600	$ —	$ —	$ 508,144
Unsecured debentures	9	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 loans are carried at amortized cost, which approximates fair value given that these financial instruments have variable interest rates. In addition, subsidiary redeemable units and DUIP are carried at amortized cost, which approximates fair value as they are readily redeemable financial instruments.

	Note	**Carrying value as at December 31, 2023**	**Fair value as at December 31, 2023** Level 1	Level 2	Level 3
Recurring fair value measurements					
Financial assets					
Fair value of CCIRS[1]	7	$ **30,981**	$ **—**	$ **30,981**	$ **—**
Fair value of interest rate swaps[2]	7	**6,813**	**—**	**6,813**	**—**
Financial liabilities					
Fair value of CCIRS	13	**(23,367)**	**—**	**(23,367)**	**—**
Fair value of interest rate swaps	13	**(4,601)**	**—**	**(4,601)**	**—**

(1) As at December 31, 2023, $1,751 is due to mature in the next twelve months and is included in "Prepaid expenses and other assets" in the consolidated financial statements.

(2) As at December 31, 2023, $1,148 is due to mature in 2024 and is included in "Prepaid expenses and other assets" in the consolidated financial statements. The remainder of $5,665 is due to mature from in 2025 and is included in "Derivatives and other non-current assets" in the consolidated financial statements.

	Note	Carrying value as at December 31, 2022	Fair value as at December 31, 2022		
			Level 1	Level 2	Level 3
Recurring fair value measurements					
Financial assets					
Fair value of CCIRS	7	$ 76,593	$ —	$ 76,593	$ —
Fair value of interest rate swaps[1]	7	14,287	—	14,287	—
Financial liabilities					
Fair value of CCIRS	13	(1,012)	—	(1,012)	—
Fair value of interest rate swaps	13	—	—	—	—

(1) As at December 31, 2022 $1,803 was due to mature in 2023 and was included in "Prepaid expenses and other assets" in the consolidated financial statements. The remainder of $12,484 is due to mature from 2024 to 2025 and is included in "Derivatives and other non-current assets" in the consolidated financial statements.

The Trust uses the following techniques in determining the fair value disclosed for the following financial instruments classified as Levels 1, 2 and 3:

Mortgages

The fair value of mortgages as at December 31, 2023 and December 31, 2022 is determined by discounting the expected cash flows of each mortgage using market discount rates. For Canadian mortgages, the discount rates are determined using the Government of Canada benchmark bond yield for instruments of similar maturity adjusted for the Trust's specific credit risk. For European mortgages, the discount rates are determined using the EURIBOR for the remaining term of the mortgage, adjusted for the Trust's specific credit risk. In determining the adjustment for credit risk, the Trust considers market conditions, the fair value of the investment properties that the mortgages are secured by and other indicators of the Trust's creditworthiness. As a result, these measurements are classified as Level 3 in the fair value hierarchy.

Unsecured revolving credit facility

The unsecured revolving credit facility is a variable rate facility priced at prevailing market interest rates depending on which currency is drawn on the facility plus a Trust-specific credit spread. Because the interest rates on the facility fluctuate with changes in market rates, the fair value of the facility is equivalent to amounts drawn on the facility. Because the applicable interest rate includes an unobservable Trust-specific credit spread, these are Level 3 measurements in the fair value hierarchy.

CCIRS arrangements

The fair value measurement of the CCIRS is valued based on the present value of the estimated future cash flows determined using observable yield curves and foreign currency rates. As a result, these measurements are classified as Level 2 in the fair value hierarchy.

Interest rate swap arrangements

The fair value measurement of the interest rate swaps is valued by qualified independent valuation professionals based on the present value of the estimated future cash flows determined using observable yield curves. As a result, these measurements are classified as Level 2 in the fair value hierarchy.

Note 31

SUBSEQUENT EVENTS

The original $200 million Series F Debentures were reopened and the Trust issued an additional $200 million on January 4, 2024 at an issuance price of $1,004.51 per $1,000 principal amount (plus accrued interest from September 22, 2023), which bear interest at a rate of 5.383% per annum and will mature on March 22, 2028. The Series F Debentures reopening has the same terms and conditions, and constitutes part of the same series, as the original $200 million aggregate principal amount of the Series F Debentures issued by the Trust on March 22, 2023.

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