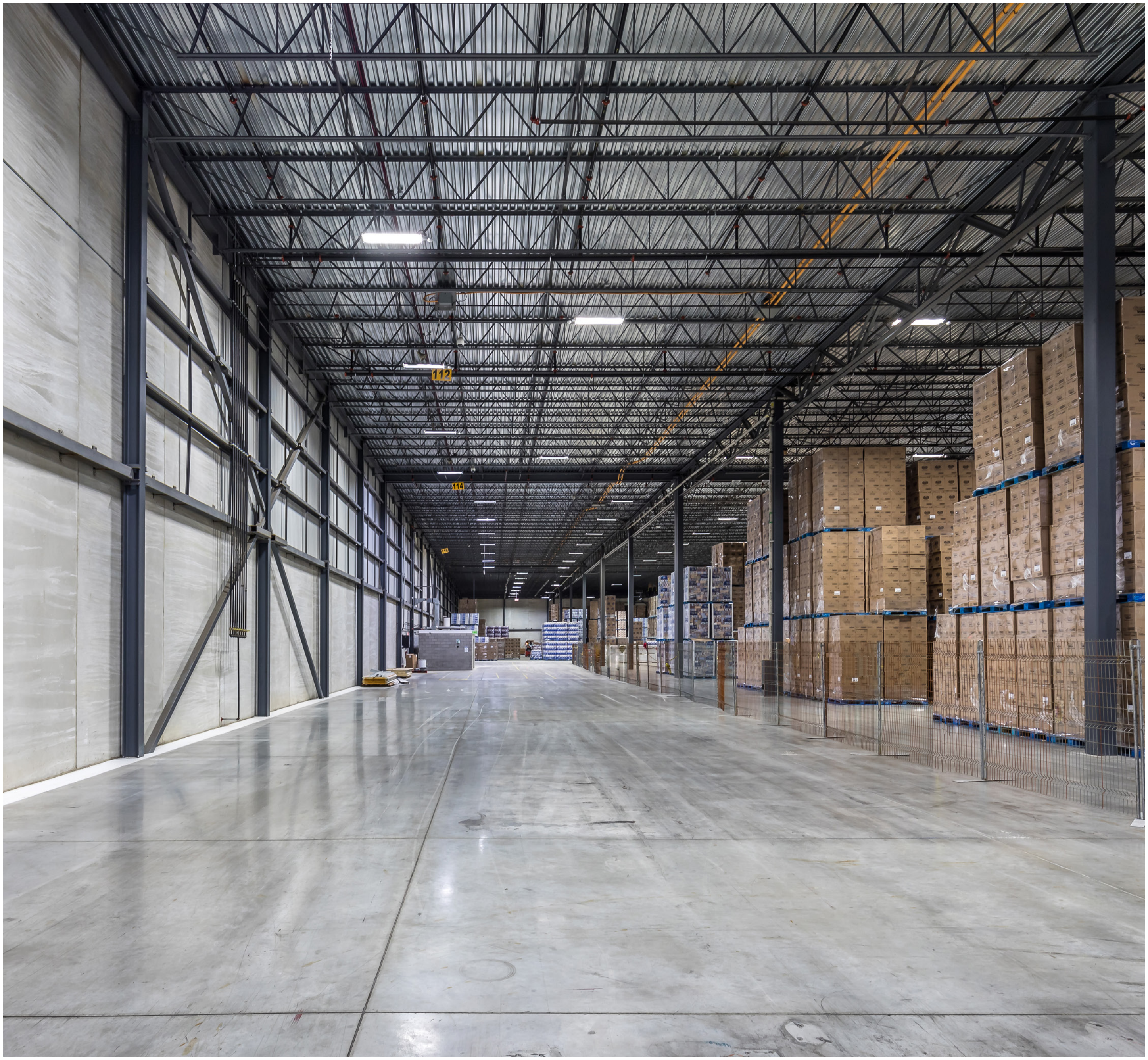
dream industrial REIT



Dream Industrial REIT

Annual Report 2020

1602 Tricont Avenue,
Whitby, ON

Dream Industrial REIT's strategy is to invest in high-quality assets and markets that provide stable cash flow and net asset value growth over the long term to its unitholders.

Dream Industrial REIT is an unincorporated, open-ended real estate investment trust. As at December 31, 2020, the Trust owns and operates a portfolio of 177 assets (271 industrial buildings) comprising approximately 27.3 million square feet of gross leasable area in key markets across North America and a growing presence in strong European industrial markets. The Trust's objective is to continue to grow and upgrade the quality of its portfolio and to provide attractive overall returns to its unitholders.

Dream Industrial REIT

Letter to Unitholders

2020 marked a transformative year for Dream Industrial REIT as we achieved significant milestones across all aspects of the business amidst an unprecedented operating environment. Despite the market disruption, we acquired over $620 million of high-quality industrial product, which expanded our portfolio by over 25%. In just over a year of announcing our European expansion, we have a European asset base totalling nearly $475 million, illustrating the strength of our global acquisitions platform. We carried the momentum into 2021 with over $355 million of additional acquisitions that have been completed, are under contract, or in exclusive negotiations.

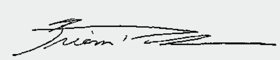
We have also made significant progress on the balance sheet and financing front. We were assigned a BBB (mid) investment grade credit rating from DBRS, which reflected a strong and flexible balance sheet as well as superior portfolio and tenant diversification. Our European asset base provides access to borrowing rates that are currently well below 1%. In the fourth quarter of 2020, we raised nearly $450 million of unsecured debt at an average fixed interest rate of only 0.65%. In just one year, we reduced the average in-place interest rate on our total outstanding debt by 28% or over 100 basis points.

We remain focused on improving portfolio quality and have made significant progress on a development pipeline geared towards adding high quality product across our target markets. The pre-development work on our inaugural development project in North Las Vegas is nearing completion and we expect to commence construction in 2021. The 24.5 acre site will support the construction of a modern 460,000 square foot Class A distribution facility with a clear ceiling height of 36 feet. In addition, we have identified several sites within our portfolio that could accommodate significant additional density over time. Including the development project in Las Vegas, we expect to be in a position to commence construction on one million square feet of projects in 2021, paving the way for meaningful NAV per unit growth over the long term.

On the operating front, we believe that the COVID-19 pandemic has dramatically accelerated the trend of growing e-commerce penetration, significantly increasing demand for industrial space. With the continued evolution of supply chains, the importance and advantages of owning a well-located urban portfolio in close proximity to major population centres has never been greater. Our well-located portfolio continues to attract major national and global e-commerce occupiers. Overall, since the beginning of 2020, we have signed 1.6 million square feet of new leases at an average rental spread of 18% over prior rents and 2.9 million square feet of renewals at an average rental spread of 10%. On these leases, we have also achieved average annual contractual rental rate growth of 3%. This robust leasing performance has significantly improved the outlook for our operating results in 2021 and future years.

The REIT accomplished several significant initiatives in 2020, despite a challenging and unpredictable environment, and is poised to capitalize on many opportunities in 2021 and beyond. We continue to take significant strides in creating value for our unitholders over the long term. On behalf of our management team and our Board of Trustees, I would like to thank you for your interest in and support of our business.

Sincerely,



Brian Pauls
Chief Executive Officer

February 16th, 2021

Sustainability Report

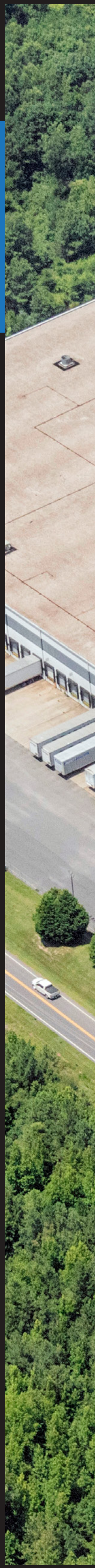
Sustainability is ingrained in how we run our business both internally and externally. It fits naturally with Dream's purpose to "Build Better Communities" and with our focus on impact investing.

See our 2019 Sustainability Report under the Sustainability section of our website at dream.ca/industrial ↗

2–20 Exportweg,
Waddinxveen, Netherlands

At a Glance*

Dream Industrial REIT owns and operates a $3.2 billion global portfolio totalling 27.3 million square feet of well-located, diversified industrial properties across North America and Europe. We have access to highly experienced local investments and asset management platforms that have a proven track record of long-term value creation.



$3.2 billion
investment properties value

177
total assets

27.3 million
square feet of gross leasable area (GLA)

95.6%
in-place and committed occupancy

21.2%
5-year annualized total return

31.3%
net total debt-to-assets

BBB(mid)
DBRS issuer rating

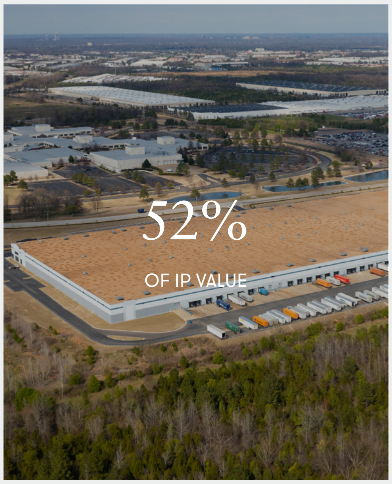
5.3%
distribution yield

All figures as at December 31st, 2020.

860 Marine Drive,
Charlotte, NC

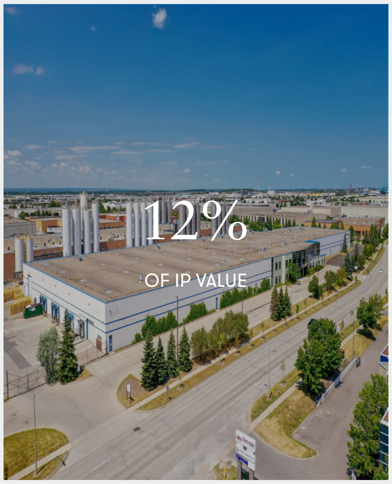
Our Portfolio

High quality functional assets well suited for e-commerce use



Distribution

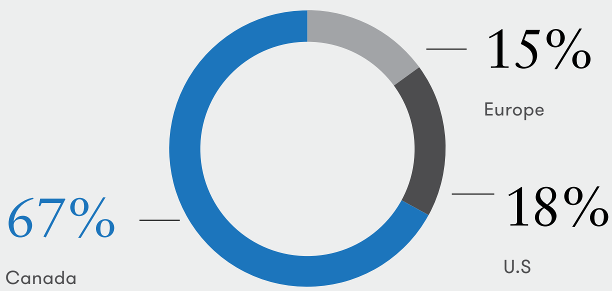
Urban Logistics

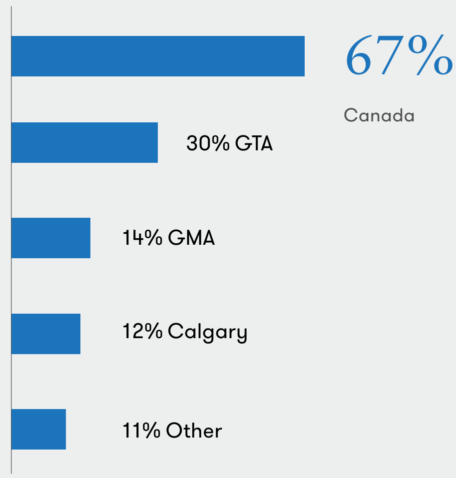


Light Industrial

Geographically diverse portfolio

$3.2B Total Investment Properties Value






Range Road Project, North Las Vegas, NV

High-grading portfolio

- **Opportunity to add incremental density within current portfolio**

  Over 67 acres of excess land could add nearly 1.5 million square feet to the portfolio over the medium term; In addition, there are several properties with redevelopment potential. These properties comprise ~1.0 million square feet of GLA on over 70 acres and can accommodate substantially greater density and more valuable uses.

- **Pursuing greenfield development in target markets**

  24.5-acre site located in North Las Vegas should support a ~460,000 square foot, 36 foot clear height Class A distribution facility; construction expected to commence in 2021.

401 Marie Curie Boulevard,
Montréal, QC

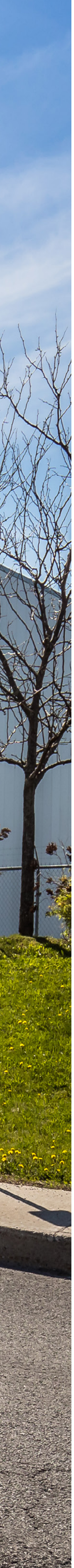


Table of Contents

Management's discussion and analysis

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

SECTION I

KEY PERFORMANCE INDICATORS

Performance is measured by these and other key indicators:

		As at		
		December 31, 2020		December 31, 2019
Total portfolio				
Number of assets[1]		**177**		130
Investment properties fair value	**$**	**3,241,601**	$	2,428,664
Gross leasable area ("GLA") (in millions of sq. ft.)		**27.3**		21.9
Occupancy rate – in-place and committed (year-end)		**95.6%**		95.8%
Occupancy rate – in-place (year-end)		**94.7%**		94.9%
Average in-place and committed base rent per sq. ft. (year-end)				
Canadian portfolio	**$**	**7.48**	$	7.43
U.S. portfolio (US$)	**$**	**4.01**	$	3.87
European portfolio (€)	**€**	**5.11**		—
Estimated market rent to in-place and committed base rent spread (%) (year-end)				
Canadian portfolio		**9.4%**		8.2%
U.S. portfolio		**6.5%**		11.4%
European portfolio		**6.7%**		—
Weighted average lease term ("WALT") (years)		**4.1**		4.1

	Three months ended December 31,				Year ended December 31,			
		2020		2019		**2020**		2019
Operating results								
Net income	**$**	**81,513**	$	106,642	**$**	**200,136**	$	179,432
Funds from operations ("FFO")[2]		**31,935**		25,809		**119,646**		105,036
Net rental income		**44,512**		36,224		**168,883**		139,026
Comparative properties net operating income ("NOI") (constant currency basis)[2][3]		**36,554**		36,012		**123,825**		124,131
Per Unit amounts								
Distribution rate	**$**	**0.17**	$	0.17	**$**	**0.70**	$	0.70
FFO – diluted[2][4]	**$**	**0.19**	$	0.18	**$**	**0.71**	$	0.78
Financing[5]								
Net total debt-to-assets ratio[2]								
End of period		**31.3%**		23.7%		**31.3%**		23.7%
Beginning of period		**29.6%**		31.4%		**23.7%**		43.5%

			As at
	December 31, 2020		December 31, 2019
Financing(5)			
Credit rating – DBRS	**BBB (mid)**		—
Net total debt-to-assets ratio(2)	**31.3%**		23.7%
Net total debt-to-adjusted EBITDAFV (years)(2)	**6.2**		4.3
Interest coverage ratio (times)(2)	**4.4**		3.8
Weighted average term to maturity on debt (years)	**4.8**		5.5
Secured debt, percentage of total assets(2)(6)	**23.3%**		35.1%
Unencumbered assets, percentage of total assets(2)	**44.5%**		4.0%
Available liquidity(2)	**$ 573,235**	$	591,537
Capital			
Total number of Units (in thousands)(7)	**171,231**		153,354
Net asset value ("NAV") per Unit(2)	**$ 12.55**	$	11.76
Unit price	**13.15**		13.14

(1) The term "Number of properties" in prior period has been renamed to "Number of assets" and redefined in Q3 2020 as a building, or a cluster of buildings in close proximity to one another attracting similar tenants. Accordingly, the number of assets in prior period has been revised to reflect the change in definition.

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

(3) Comparative properties NOI (constant currency basis) for the three months ended December 31, 2020 and December 31, 2019 excludes properties acquired after October 1, 2019 and properties disposed of prior to the current quarter. Comparative properties NOI (constant currency basis) for the years ended December 31, 2020 and December 31, 2019 excludes properties acquired after January 1, 2019 and properties disposed of prior to December 31, 2020.

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

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

(6) Secured debt is comprised of mortgages in Canada and the U.S., net of deferred financing costs, and is inclusive of the secured credit facility in 2019.

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

BUSINESS UPDATE

Dream Industrial REIT's portfolio displayed resilience during the COVID-19 pandemic in 2020. Leasing momentum within our portfolio accelerated throughout the second half of the year, we closed on over $600 million of acquisitions during the year in our key markets including the Greater Toronto Area ("GTA") and Montréal, and expanded into the strong industrial European markets of Germany and the Netherlands. Our focus on portfolio high-grading as well as the strength of our strategic platforms and local relationships continue to drive strong operational and financial results.

Operations update

Robust leasing momentum at attractive rental spreads – Since the end of Q3 2020, the Trust has signed over 1.9 million square feet of new leases and renewals. These leases comprised over 1 million square feet of new leases that were signed at an average spread of 20% over prior rates. In addition, over this period, the Trust completed approximately 900,000 square feet of renewals at rates approximately 10% above expiring rents. Leasing highlights include:

(i) At the Trust's 302,500 square foot property in Louisville, a subsidiary of Amazon Inc. has agreed to occupy the entire building with rent payments commencing in Q2 2021. Pro forma this lease and other U.S. leases signed thus far in 2021, in-place and committed occupancy in the Trust's U.S. portfolio is expected to increase by approximately 400 basis points to about 97%.

(ii) In London, Ontario, the Trust, a subsidiary of Amazon Inc., and the current tenant have agreed to a lease assignment for the entire property with no change to the lease term, which currently expires in early 2028. The London property totals 114,000 square feet of GLA and sits on an approximately 13 acre site, allowing the Trust to add significant additional density over time.

(iii) At the recently acquired 6701 Financial Drive asset in Mississauga, the Trust signed an 89,000 square foot lease for a vacancy that was anticipated at the time of acquisition. The Trust signed a seven-year lease and achieved a 100% increase on the starting rental rate, and an additional 3.5% increase annually thereafter for the remainder of the term.

(iv) The Trust signed two five-year new leases in Oakville for a total of 104,000 square feet, at a 44% spread over the expiring rent along with average annual contractual rental growth of 3.5% over the respective terms. One of the leases commenced in February 2021 with the other commencing in April 2021.

(v) The Trust signed a renewal with a tenant occupying 47,000 square feet in Mississauga, at a 27% spread over the expiring rent along with average contractual rental growth of 3.5% over the term. The renewal is effective March 1, 2021.

Strong rent collection – The Trust's portfolio has remained resilient through the pandemic related market disruption and rent collections have essentially returned to pre-pandemic levels. The Trust has collected approximately 99% of recurring contractual gross rent during Q4 2020. In addition, the Trust has collected substantially all of the contractual gross rent for Q3 2020 and Q2 2020, after adjusting for the impact of rent deferral agreements and the Canada Emergency Commercial Rent Assistance ("CECRA") program. In the month of January 2021, the Trust has collected over 97.7% of contractual gross rent with the remainder expected to be collected in the near term. The Trust has not entered into any rent deferral arrangements subsequent to Q2 2020. To date, the Trust has received over 90% of the $2.3 million of contractual gross rent deferred during Q2 2020.

The following table summarizes selected operational statistics with respect to the past three quarters and January 2021, all presented as a percentage of recurring contractual gross rent as at February 16, 2021:

Selected operational statistics

	Q2 2020	Q3 2020	Q4 2020	January 2021
Cash collected from tenants	95.8%	96.3%	99.0%	97.7%
CECRA cash collected from government	2.4%	2.0%	—%	—%
Sub-total of cash collected from tenants and government[(1)]	98.2%	98.3%	99.0%	97.7%
Deferrals granted (with defined repayment schedule)	3.5%	—%	—%	—%
Cash collected on deferrals granted	(3.2%)	—%	—%	—%
Sub-total of deferrals granted (net of cash collected)[(1)]	0.3%	—%	—%	—%
CECRA (the Trust's portion)	1.2%	1.0%	—%	—%
Sub-total of cash collected, adjusted for CECRA and deferrals granted[(1)]	99.7%	99.3%	99.0%	97.7%
Remaining to be collected	0.3%	0.7%	1.0%	2.3%
Total[(1)]	100.0%	100.0%	100.0%	100.0%

(1) Includes applicable taxes.

Acquisitions, development and finance update

During the quarter, the Trust completed five acquisitions in Europe totalling $112 million. For the full year, the Trust completed $623 million of acquisitions, and has closed, is under contract for or in exclusivity on $355 million of assets in Germany, the Netherlands, the United States, and our target Canadian markets. These acquisitions allow the Trust to add scale in its target markets adding approximately 7.5 million square feet of high-quality, well-located and functional logistics space to the Trust's portfolio. Built on average in the late 2000s, these assets are above the average quality of our portfolio, with an average clear ceiling height of over 30 feet and occupied by high-quality tenants mainly in the logistics and consumer goods sectors. Thus far in 2021, the Trust has closed on $138 million of assets in Québec, Germany, and the U.S., with the remainder expected to close in the next 30 to 60 days.

Capital strategy – The Trust's strong and flexible balance sheet, along with its superior portfolio and tenant diversification, resulted in the Trust receiving a BBB (mid) issuer rating from DBRS during Q4 2020. The investment grade rating immediately lowers borrowing costs for the Trust and enhances access to debt capital markets. During the quarter, the Trust obtained nearly $450 million of unsecured debt at an average interest rate of approximately 0.65%, and lowered its average in-place interest rate by 100 bps over the year to 2.6%. On January 29, 2021, the Trust closed on a $259 million equity offering, and utilized the proceeds for early repayment of $130 million of Canadian mortgages with an average interest rate of 3.59% on February 1, 2021, increasing the Trust's unencumbered asset pool to approximately $2.0 billion, or approximately 58% of investment properties fair value, after factoring in the $355 million of acquisitions that are firm, under contract or in exclusive negotiations.

The Trust also intends to establish an at-the-market equity program (the "ATM Program") that would allow the Trust to issue REIT Units to the public from time to time at prevailing market prices, directly on the Toronto Stock Exchange or on other marketplaces to the extent permitted. The Trust intends to use the net proceeds from the ATM Program, if any, to fund acquisitions, for repayment of indebtedness, and for general trust purposes. Given the current acquisition capacity available to the Trust, the Trust does not anticipate using the ATM Program while that acquisition capacity is being deployed.

Developments – The Trust continues to build and execute on a development pipeline across its target markets. Within its existing portfolio, the Trust has identified 21 sites in its portfolio with over 67.2 acres of excess land. The Trust estimates that this excess land could accommodate up to 1.5 million square feet of additional GLA over the medium term. Furthermore, the Trust identified several properties with redevelopment potential. These properties comprise approximately 1.0 million square feet of GLA on over 70 acres. The Trust estimates that, over time, these sites can accommodate substantially greater densities and more valuable uses. The Trust has provided some highlights on our near-term development activities below.

The Trust is nearing completion of pre-development work at its 24.5 acre project in North Las Vegas and expects to commence construction in mid-2021. The site should support a 460,000 square foot Class A distribution facility with an expected yield on cost of over 6%.

Recently, the Trust closed on the previously announced acquisition of 401 Marie Curie Boulevard, a 527,000 square foot Class A distribution facility in the Greater Montréal Area. The property is situated on 38.4 acres of land with site coverage of 31%, offering the opportunity to increase the property's footprint by approximately 221,000 square feet. We expect the intensification to occur over two phases, with the first phase forecast to commence in 2021. We expect to achieve a yield on construction costs of over 6.5%, which would result in meaningful accretion to our net asset value.

In the near term, the Trust intends to expand an existing 110,000 square foot property in the GTA, located in close proximity to Highways 404 and 407. The Trust has the opportunity to add 40,000 square feet in the next 12 months, with an expected yield on construction cost of over 8.0%.

Impact of COVID-19

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

BASIS OF PRESENTATION

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

This management's discussion and analysis ("MD&A") is dated as at February 16, 2021.

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

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

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

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

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

FORWARD-LOOKING DISCLAIMER

Certain information herein contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation, including but not limited to statements relating to the Trust's objectives and strategies to achieve those objectives; the Trust's expectations relating to the benefits to be realized from demand drivers for industrial space; the effect of acquisitions on our leverage levels; the anticipated timing of closing of acquisitions; the expected going-in cap rate of acquisitions; our acquisition pipeline; the pro forma composition of our portfolio after the completion of the acquisitions and potential development opportunities; our development and redevelopment plans, including timing of construction, timing of completion of our developments and anticipated development yields; anticipated density and GLA that our excess land can accommodate; the Trust's ability to access debt markets more efficiently in order to continue to execute on its strategy to grow and upgrade the quality of the portfolio; expected interest rates and costs of debt; the intended use of proceeds of the U.S. term loan and other debt; expected debt and liquidity levels and unencumbered asset pool; the Trust's expectations of the extent of rent deferrals and repayment from tenants; the Trust's ability to perform well operationally and financially through the COVID-19 pandemic; the amount by which market rents exceed in-place rents; the Trust's intent to establish the ATM Program and the intended use of proceeds from such program; the Trust's beliefs, plans, estimates, projections and intentions; and similar statements concerning anticipated future events, future growth, future leasing activity, including those associated with the ability to lease vacant space and rental rates on future leases, results of operations, performance, business prospects and opportunities, acquisitions or divestitures, tenant base, rent collection, future maintenance and development plans, capital investments, financing, income taxes, litigation and the real estate industry in general – in each case they are not historical facts. Forward-looking statements generally can be identified by words such as "outlook", "objective", "strategy", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "could", "likely", "plan", "project", "budget", "continue", or similar expressions suggesting future outcomes or events. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Trust's control, which could cause actual results to differ materially from those disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, general and local economic and business conditions; employment levels; the uncertainties around the timing and amount of future financings; uncertainties surrounding the COVID-19 pandemic; the financial condition of tenants and borrowers; leasing risks; interest rate and currency rate fluctuations; regulatory risks; environmental risks; our ability to sell investment properties at a price that reflects fair value; our ability to source and complete accretive acquisitions.

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

All forward-looking information is as of February 16, 2021. 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, 2020, the Trust owns and operates a portfolio comprising 177 assets totalling approximately 27.3 million square feet of gross leasable area in key markets across North America and increasingly in strong European industrial markets. The Trust's goal is to grow and upgrade the quality of its portfolio which primarily consists of distribution and urban logistics properties. Our REIT Units are listed on the Toronto Stock Exchange ("TSX") under the trading symbol DIR.UN.

OUR STRATEGY

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

- owning and operating a high-quality portfolio of industrial assets in markets with strong operating fundamentals;
- investing in our key markets in industrial assets offering long-term cash flow and net asset value growth prospects;

- maximizing the value of our industrial assets through innovative asset management strategies;
- providing compelling total returns to our unitholders, anchored by sustainable cash distributions; and
- integrating sustainability at the corporate and property levels.

Value enhancing growth

With a global acquisition platform, we have local, on-the-ground teams who have a strong track record of sourcing attractive industrial assets across Canada, the U.S. and Europe. We have strong established relationships in all our local markets, which allows us to source high-quality and accretive acquisitions with long-term cash flow and net asset value growth potential. When evaluating potential acquisitions, we consider a variety of criteria, including expected cash flow returns; replacement cost of the asset; its location, functionality and appeal to future tenants; sustainability attributes of the asset and how the asset complements our existing portfolio; and per Unit accretion.

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

Conservative financial policy

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

Focus on environmental, social and governance

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

SECTION II

OUR ASSETS

Dream Industrial REIT owns and operates a portfolio of 177 assets (271 industrial buildings) totalling approximately 27.3 million square feet of gross leasable area in key markets across Canada, the U.S. and Europe as at December 31, 2020.

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-tenants. 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.

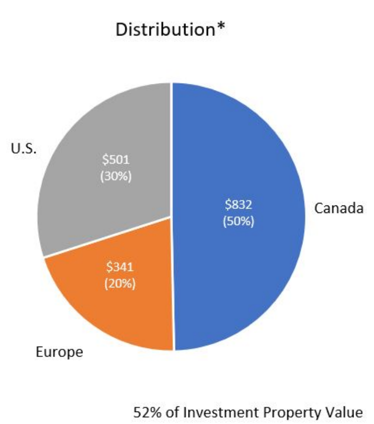
Focused portfolio strategy

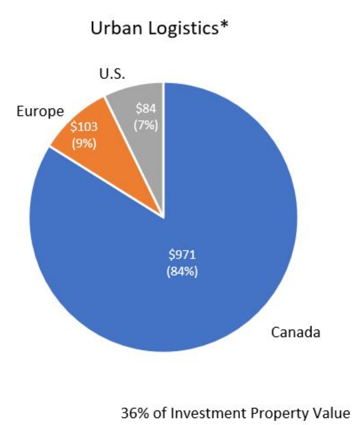
In Canada, our focus is on mid- to large-bay properties primarily in the GTA and the Greater Montréal Area where we expect to benefit from increased user demand relative to supply of quality industrial product, and where in-place rental rates are generally below market rental rates and the outlook for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

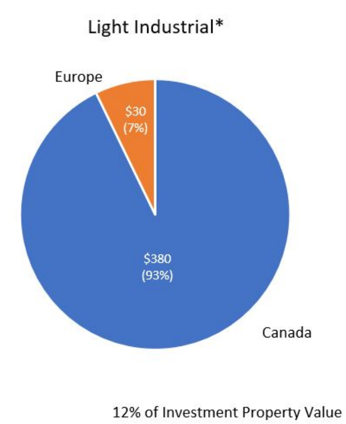
In the U.S., our strategy is to acquire larger bay distribution properties in major markets within the Midwestern U.S., capitalizing on strong e-commerce demand for distribution assets, steady contractual rent growth and attractive going-in capitalization rates.

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

As at December 31, 2020, our investment property value by building type allocated by region is as follows:







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

Key property statistics by building type as at December 31, 2020 are summarized in the table below:

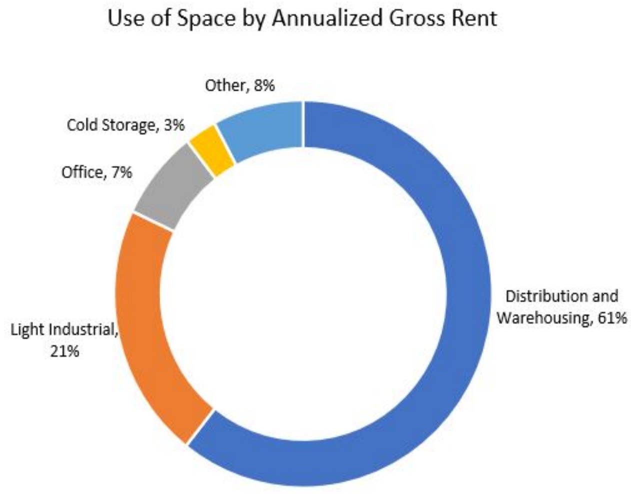
	December 31, 2020		
	Distribution	Urban logistics	Light industrial
Number of assets(1)	81	75	21
Owned GLA (thousands of square feet)	15,919	9,104	2,253
Site area (in acres)	922	586	138

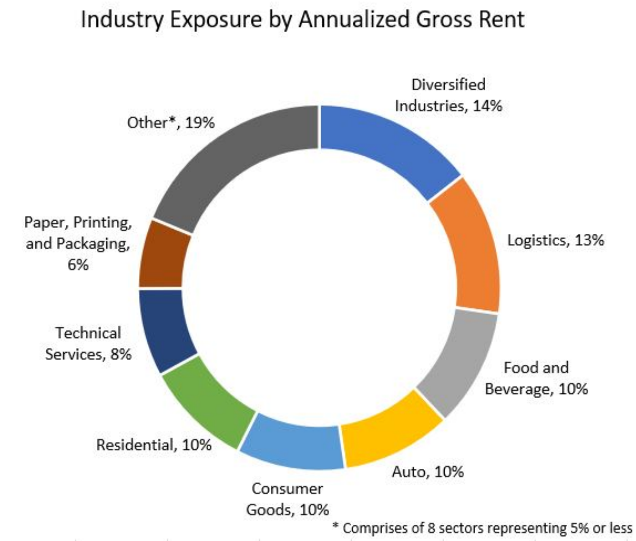
(1) Number of assets comprise a building, or a cluster of buildings in close proximity to one another attracting similar tenants.

Tenant base profile

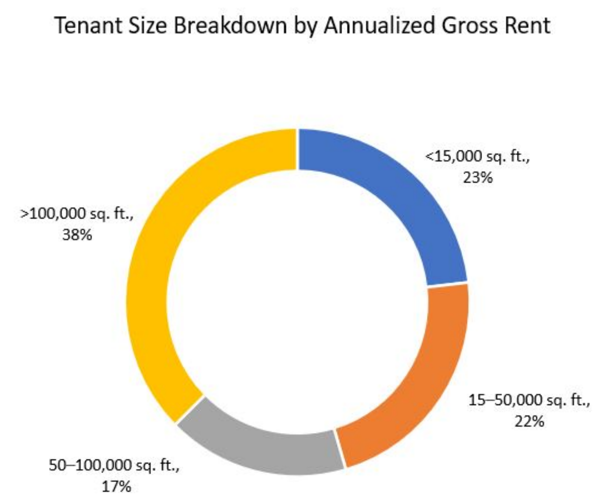
Our portfolio comprises primarily functional distribution and warehousing space occupied by tenants from various industries, with no one industry accounting for more than 15% of annualized gross rent. As at December 31, 2020, the Trust had over 1,100 tenants.

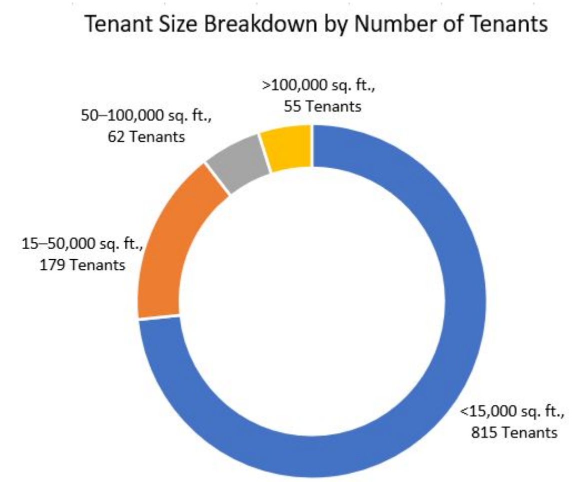
The following charts show the industries in which our tenants operate, and their use of space based on annualized gross rental revenue as at December 31, 2020:





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, 2020:





Approximately 77% of our annualized gross rental revenue is derived from over 290 tenants each occupying over 15,000 square feet with an average size of approximately 70,000 square feet. The remaining annualized gross rental revenue is derived from over 800 smaller tenants primarily located in the urban logistics assets.

The following table outlines the contributions of our top ten tenants to our annualized gross rental revenue as at December 31, 2020:

Tenant	Use of space	Gross rental revenue	Thousands of sq. ft.	WALT (years)
Nissan North America Inc.	Distribution and warehousing	2.9%	1,189	4.0
Spectra Premium Industries Inc.(1)	Distribution and warehousing, light industrial	1.9%	656	3.1
TC Transcontinental	Distribution and warehousing, light industrial	1.7%	523	4.3
Gienow Windows & Doors Inc.	Distribution and warehousing, light industrial	1.5%	371	8.4
ODW Logistics	Distribution and warehousing	1.3%	343	3.0
Accel Inc.	Distribution and warehousing	1.2%	417	5.5
United Agri Products Canada Inc.	Distribution and warehousing	1.1%	275	2.7
Molson Breweries Properties	Distribution and warehousing	1.0%	225	2.0
West Marine Products Inc.	Distribution and warehousing	0.9%	472	2.0
Toyota Material Handling Netherlands	Distribution and warehousing	0.8%	191	9.8
Total		14.3%	4,662	4.2

(1) On January 1, 2021, Spectra Premium Industries Inc. vacated approximately 184,000 square feet at the Laval, Québec, location which will reduce its contribution to 1.3% of annualized gross rental revenue. No impact is expected on the other two properties they currently occupy totalling 472,000 square feet. The Trust continues to actively market the vacant space and expects it will be re-let in early 2021 at higher rental rates, allowing access to market rents earlier than anticipated.

Subsequent to year-end, the Trust has signed leases with subsidiaries of Amazon Inc. ("Amazon") at the Trust's buildings in Louisville, Kentucky, and London, Ontario, totalling 416,000 square feet. Amazon is expected to become the Trust's sixth largest tenant by GLA and amongst the top ten tenants by annualized gross rental revenue.

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

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

	December 31, 2020			December 31, 2019		
	Number of buildings	**Number of assets**	**Owned GLA (thousands of sq. ft.)**	Number of buildings	Number of assets	Owned GLA (thousands of sq. ft.)
Ontario	**79**	**47**	**6,758**	61	42	5,420
Québec	**40**	**29**	**4,278**	38	27	4,121
Western Canada	**81**	**43**	**5,079**	81	43	5,081
Canadian portfolio	**200**	**119**	**16,115**	180	112	14,622
U.S. portfolio	**29**	**18**	**7,276**	29	18	7,275
European portfolio	**42**	**40**	**3,885**	—	—	—
Total portfolio	**271**	**177**	**27,276**	209	130	21,897

OUR OPERATIONS

The following key performance indicators related to our operations influence the cash generated from operating activities.

Total portfolio in-place and committed occupancy

Our in-place and committed occupancy includes lease commitments totalling approximately 256,000 square feet for space that is being readied for occupancy but for which rental revenue is not yet recognized. During the current quarter, our leasing team remained focused on working with existing and prospective tenants and secured an additional 130,000 square feet of lease commitments relative to the prior quarter.

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

			Total portfolio
(percentage)	**December 31, 2020**	September 30, 2020	December 31, 2019
Ontario	**97.8**	96.9	96.9
Québec	**98.1**	98.0	99.2
Western Canada	**94.8**	93.7	94.4
Canadian portfolio	**96.9**	96.2	96.7
U.S. portfolio	**92.6**	92.2	93.9
European portfolio	**96.1**	96.0	—
Total	**95.6**	95.1	95.8

In-place and committed occupancy for our Canadian portfolio increased by 70 basis points ("bps") and 20 bps when compared to September 30, 2020 and December 31, 2019, respectively, driven by improvements in occupancy for all regions in the quarter.

In-place and committed occupancy in Ontario increased by 90 bps for the three months and year ended December 31, 2020, when compared to September 30, 2020 and December 31, 2019, respectively. This was as a result of securing new lease commitments totalling 77,000 square feet in the GTA.

In-place and committed occupancy in Québec increased by 10 bps during the quarter, due to an additional 12,400 square feet of lease commitments on currently vacant space relative to the prior quarter. The Trust continues its negotiations with a prospective tenant for the 34,000 square foot space that expired in Q3 2020, and expects to finalize the lease commitment in early 2021. On a year-over-year basis, occupancy decreased by 110 bps primarily due to net negative leasing absorption. The Trust continues to actively market the vacant spaces and sees this as an opportunity to bring prior expiring net rents to market rent levels.

In-place and committed occupancy in Western Canada increased by 110 bps compared to the prior quarter, mainly due to 42,300 square feet of lease commitments on currently vacant space. On a year-over-year basis, in-place and committed occupancy increased by 40 bps mainly due to the positive leasing absorption during the year.

In-place and committed occupancy in the U.S. increased by 40 bps compared to the prior quarter and decreased by 130 bps on a year-over-year basis, mainly due to an expiry of an 81,000 square foot unit and a lease termination of 52,000 square feet, both located in Columbus, Ohio, in the third quarter. During Q4 2020, 27,000 square feet of lease commitments were secured in relation to this vacant space. While there continues to be some near-term impact on our occupancy, we view this as an opportunity to bring expiring rents to market levels and to improve our tenant base. We estimate that the market rents on these vacancies exceed prior rents by over 10%.

In-place and committed occupancy in Europe was relatively flat quarter-over-quarter, with the marginal increase due to higher occupancy at our acquired properties during the quarter, with a weighted average occupancy of approximately 97%.

Total portfolio occupancy continuity

The following tables detail the change in in-place and committed occupancy across our Canadian, U.S. and European portfolios for the three months and year ended December 31, 2020:

Three months ended December 31, 2020	Canadian portfolio		U.S. 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	Thousands of sq. ft.	Percentage of GLA
Occupancy (in-place and committed) at beginning of period	15,500	96.2%	6,708	92.2%	3,049	96.0%	25,257	95.1%
Vacancy committed for future occupancy	(269)	(1.7%)	—	—%	—	—%	(269)	(1.0%)
Occupancy (in-place) at beginning of period	15,231	94.5%	6,708	92.2%	3,049	96.0%	24,988	94.1%
Occupancy related to acquired properties	—	—%	—	—%	688	0.2%	688	0.02%
Occupancy (in-place) at beginning of period – adjusted	15,231	94.5%	6,708	92.2%	3,737	96.2%	25,676	94.1%
Natural expiries and relocations	(346)	(2.1%)	—	—%	(39)	(1.0%)	(385)	(1.4%)
Early terminations	(100)	(0.6%)	—	—%	—	—%	(100)	(0.3%)
New leases	299	1.8%	—	—%	7	0.2%	306	1.1%
Renewals and relocations	307	1.9%	—	—%	27	0.7%	334	1.2%
Occupancy (in-place) at end of year	15,391	95.5%	6,708	92.2%	3,732	96.1%	25,831	94.7%
Vacancy committed for future occupancy	229	1.4%	27	0.4%	—	—%	256	0.9%
Occupancy (in-place and committed) at end of year	15,620	96.9%	6,735	92.6%	3,732	96.1%	26,087	95.6%

Year ended December 31, 2020	Canadian portfolio		U.S. 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	Thousands of sq. ft.	Percentage of GLA
Occupancy (in-place and committed) at beginning of year	14,137	96.7%	6,830	93.9%	—	—%	20,967	95.8%
Vacancy committed for future occupancy	(183)	(1.3%)	(11)	(0.2%)	—	—%	(194)	(0.9%)
Occupancy (in-place) at beginning of year	13,954	95.4%	6,819	93.7%	—	—%	20,773	94.9%
Occupancy related to acquired properties and remeasurements	1,480	0.3%	—	0.0%	3,725	95.9%	5,205	0.3%
Occupancy (in-place) at beginning of year – adjusted	15,434	95.7%	6,819	93.7%	3,725	95.9%	25,978	95.2%
Natural expiries and relocations	(2,663)	(16.5%)	(612)	(8.4%)	(110)	(2.8%)	(3,385)	(12.4%)
Early terminations	(259)	(1.6%)	(52)	(0.7%)	—	—%	(311)	(1.1%)
New leases	791	4.9%	130	1.8%	71	1.8%	992	3.6%
Renewals and relocations	2,088	13.0%	423	5.8%	46	1.2%	2,557	9.4%
Occupancy (in-place) at end of year	15,391	95.5%	6,708	92.2%	3,732	96.1%	25,831	94.7%
Vacancy committed for future occupancy	229	1.4%	27	0.4%	—	—%	256	0.9%
Occupancy (in-place and committed) at end of year	15,620	96.9%	6,735	92.6%	3,732	96.1%	26,087	95.6%

The overall tenant retention ratio across our portfolio for the three months and year ended December 31, 2020 was 86.8% and 75.5%, respectively. Tenant retention ratio is calculated as the ratio of total square feet of renewed and relocated space over natural expiries and relocations.

New lease, renewal and relocation spreads

The following table details the new lease, renewal and relocation spreads for deals transacted since October 1, 2020 to February 8, 2021 across our total portfolio that took occupancy during the quarter and beyond:

	Thousands of sq. ft.	Rental rate spread(1)
Ontario	436	43.5%
Québec	426	14.0%
Western Canada	313	(5.3%)
Canadian portfolio	1,175	17.8%
U.S. portfolio	676	10.7%
European portfolio	89	6.7%

(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.

The following table details the new lease, renewal and relocation spreads for deals transacted from January 1, 2020 to February 8, 2021 across our total portfolio and that took occupancy in 2020 and beyond:

	Thousands of sq. ft.	Rental rate spread(1)
Ontario	1,343	29.1%
Québec	912	12.4%
Western Canada	980	(4.9%)
Canadian portfolio	3,235	11.9%
U.S. portfolio	1,002	14.8%
European portfolio	323	15.3%

(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.

For the year ended December 31, 2020, our leasing team completed over 3.7 million square feet of leasing activity. Rental spreads were positive across all regions except for Western Canada, overall reflecting continued demand for industrial space.

Total portfolio rental rates

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

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

	Average in-place and committed base rent (per sq. ft.)		
Total portfolio	**December 31, 2020**	September 30, 2020	December 31, 2019
Ontario	$ **7.09**	$ 6.99	$ 6.86
Québec	**6.65**	6.60	6.53
Western Canada	**8.74**	8.77	8.83
Canadian portfolio	$ **7.48**	$ 7.43	$ 7.43
U.S. portfolio (US$)	$ **4.01**	$ 4.00	$ 3.87
European portfolio (€)	€ **5.11**	€ 4.89	—

As at December 31, 2020, the average in-place and committed base rent for our Canadian portfolio was $7.48 per square foot, compared to $7.43 per square foot as at September 30, 2020 and December 31, 2019. The increase in the Canadian portfolio is driven by lease rollovers, rent escalations and future lease commitments capturing strong positive rental rate spreads primarily in the Ontario and Québec regions, partially offset by negative rental rate spreads in our Western Canada region.

As at December 31, 2020, the average in-place and committed base rent for our U.S. portfolio was US$4.01 per square foot, compared to US$4.00 per square foot as at September 30, 2020 and US$3.87 per square foot as at December 31, 2019. The increase is due to strong rental spreads on lease rollovers in Cincinnati and Columbus, Ohio, and Chicago, Illinois, during 2020.

As at December 31, 2020, the average in-place and committed base rent for our European portfolio was €5.11 per square foot, compared to €4.89 per square foot as at September 30, 2020. The increase resulted from crystallizing the positive rental income spread on new leases signed during Q4 2020.

The following table compares the average in-place and committed base rent per square foot with our estimated market rent per square foot by region for our total portfolio as at December 31, 2020:

					December 31, 2020
Total portfolio		Average in-place and committed base rent (per sq. ft.)		Estimated market rent[(1)] (per sq. ft.)	Estimated market rent/average in-place and committed base rent	WALT (years)
Ontario	$	7.09	$	8.53	20.3%	4.6
Québec		6.65		7.17	7.8%	3.1
Western Canada		8.74		8.59	(1.7%)	3.4
Canadian portfolio	$	7.48	$	8.18	9.4%	3.8
U.S. portfolio (US$)	$	4.01	$	4.27	6.5%	3.8
European portfolio (€)	€	5.11	€	5.45	6.7%	5.7
Total portfolio WALT (years)						4.1

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

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

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

Lease maturity profile, net of lease commitments

The following table details our total portfolio lease maturity profile by region, net of renewals and new leases completed as at December 31, 2020:

Total portfolio (in thousands of sq. ft.)	Vacancy, net of commitments	2021	2022	2023	2024	2025	2026+	Total
Ontario	146	625	753	903	599	1,156	2,576	6,758
Québec	83	407	926	819	750	845	448	4,278
Western Canada	266	791	789	1,083	633	538	979	5,079
Canadian portfolio	495	1,823	2,468	2,805	1,982	2,539	4,003	16,115
U.S. portfolio	541	244	757	2,005	630	492	2,607	7,276
European portfolio	153	247	424	605	101	283	2,072	3,885
Total GLA	1,189	2,314	3,649	5,415	2,713	3,314	8,682	27,276
Percentage of total GLA	4.4%	8.5%	13.4%	19.9%	9.9%	12.1%	31.8%	100.0%

Lease expiry profile for 2021

The following table details our total portfolio lease maturity profile for 2021 by region, net of renewals and net of committed new leases on vacant space:

Total portfolio (in thousands of sq. ft.)	Ontario	Québec	Western Canada	Canadian portfolio	U.S. portfolio	European portfolio	Total
2021 expiries (as at December 31, 2020)	(903)	(922)	(1,003)	(2,828)	(780)	(467)	(4,075)
Expiries committed for renewals	278	515	212	1,005	536	220	1,761
Expiries, net of committed renewals	(625)	(407)	(791)	(1,823)	(244)	(247)	(2,314)
Commitment as a % of expiries	30.8%	55.9%	21.1%	35.5%	68.7%	47.1%	43.2%
Current vacancies	(321)	(95)	(308)	(724)	(568)	(153)	(1,445)
Current vacancies committed for future occupancy	175	12	42	229	27	—	256
Current vacancies, net of commitments for future occupancy	(146)	(83)	(266)	(495)	(541)	(153)	(1,189)

Net rental income from continuing operations

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

For a detailed discussion about investment properties revenue and operating expenses from continuing operations for the three months and years ended December 31, 2020 and December 31, 2019, refer to the section "Our Results of Operations".

	Three months ended December 31,				Year ended December 31,			
	2020		2019		**2020**		2019	
	Amount	**%**	Amount	%	**Amount**	**%**	Amount	%
Ontario	**$ 12,290**	**28%**	$ 9,223	26%	**$ 45,979**	**27%**	$ 36,703	26%
Québec	**7,198**	**16%**	6,820	19%	**27,849**	**17%**	25,635	18%
Western Canada	**10,494**	**24%**	11,008	30%	**41,178**	**24%**	43,829	32%
Canadian portfolio	**29,982**	**68%**	27,051	75%	**115,006**	**68%**	106,167	76%
U.S. portfolio	**9,058**	**20%**	9,207	25%	**36,633**	**22%**	32,857	24%
European portfolio	**5,474**	**12%**	—	—%	**17,269**	**10%**	—	—%
Properties sold[1]	**(2)**	**—%**	(34)	—%	**(25)**	**—%**	2	—%
Net rental income from continuing operations	**$ 44,512**	**100%**	$ 36,224	100%	**$ 168,883**	**100%**	$ 139,026	100%

(1) Excludes discontinued operations.

Net rental income from continuing operations for the three months and year ended December 31, 2020 increased by $8.3 million, or 22.9%, over the prior year comparative quarter and $29.9 million, or 21.5%, over the prior year. The increase was mainly driven by the impact of acquired investment properties throughout 2019 and 2020, as well as comparative properties NOI growth in the fourth quarter, partially offset by COVID-19 related adjustments and provisions.

For the year ended December 31, 2020, the Trust recorded COVID-19 related adjustments and provisions totalling $2.1 million, while for the three months ended December 31, 2020, the Trust recorded a reversal of provisions totalling $0.09 million, all of which were included in net rental income. These amounts represent an estimate of potential credit losses (reversal of credit losses) on our trade receivables for all uncollected rent as at December 31, 2020, along with the 25% of recurring gross contractual rent that the Trust has forgiven in relation to the CECRA program covering the period from April 1, 2020 to September 30, 2020.

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

Quarter-over-quarter comparison

Comparative properties NOI on a quarter-over-quarter basis is a non-GAAP measure used by management in evaluating the performance of properties fully owned by the Trust in the current and prior quarter. When the Trust compares comparative properties NOI on a quarter-over-quarter basis, the Trust excludes investment properties acquired after July 1, 2020 and properties disposed of prior to December 31, 2020. The Trust also excludes the 40 European properties acquired in the year as this is a new geographic region for the Trust in 2020. The results of the Trust's European operations have been separately shown in the table below under the entry "NOI from acquired properties – Europe". Comparative properties NOI also excludes straight-line rent, amortization of lease incentives, lease termination fees and other rental income, and COVID-19 related adjustments and provisions. This measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

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

The table below details the comparative properties NOI (constant currency basis) and comparative properties NOI by region, as well as other items to assist in understanding the impact each component has on net rental income from continuing operations for the three months ended December 31, 2020 and September 30, 2020.

	Three months ended				Change in weighted average occupancy %	Change in in-place base rent %	Owned GLA (thousands of sq. ft.)
	December 31, 2020	September 30, 2020	Change in $	Change in %			
Ontario	$ **11,832**	$ 11,495	$ 337	2.9%	(0.3%)	2.4%	6,642
Québec	**7,228**	7,153	75	1.0%	(0.2%)	0.8%	4,201
Western Canada	**10,958**	10,695	263	2.5%	0.6%	0.9%	5,079
Canadian portfolio	**30,018**	29,343	675	2.3%	0.1%	1.5%	15,922
U.S. portfolio (constant currency basis)	**8,750**	8,565	185	2.2%	(0.1%)	0.4%	7,276
Comparative properties NOI (constant currency basis)	**38,768**	37,908	860	2.3%	—%	1.2%	23,198
Impact of foreign currency translation	**—**	189	(189)				
Comparative properties NOI	**38,768**	38,097	671	1.8%	—%	1.2%	23,198
NOI from acquired properties – Canada	**271**	61	210				
NOI from acquired properties – Europe	**5,461**	4,878	583				
Straight-line rent	**263**	224	39				
Amortization of lease incentives	**(436)**	(457)	21				
Lease termination fees and other rental income	**135**	291	(156)				
COVID-19 related adjustments and provisions[1]	**52**	(839)	891				
NOI from sold properties	**(2)**	(3)	1				
Net rental income from continuing operations	$ **44,512**	$ 42,252	$ 2,260	5.3%			

(1) For the three months ended December 31, 2020, COVID-19 related adjustments and provisions were $37, offset by a CECRA recovery of $89 previously provisioned for.

For the three months ended December 31, 2020, comparative properties NOI (constant currency basis) increased by $0.9 million, or 2.3%, with increases across all regions in North America. The increase was a result of higher rental rates on new and renewed leases, rent escalations, and free rent periods ending in the current quarter.

Comparative properties NOI for the fourth quarter reflects a negative cash adjustment of approximately $0.1 million relating to free rents granted to tenants as part of lease agreements in Western Canada, compared to $0.3 million recorded during the third quarter of 2020. Free rents for the quarter are included in straight-line rent. Substantially all the free rent periods impacting the fourth quarter are expected to end December 31, 2020.

Ontario recorded 2.9% comparative properties NOI growth quarter-over-quarter as the impact of higher rental rate spreads took effect on both new leases and renewals, as well as rent escalations on existing tenants. This was partially offset by a marginal decline in occupancy which reflects the remaining impact of transitory vacancy. During the quarter, the Trust entered into additional future commitments to address over 32,000 square feet of these vacancies.

In Québec, comparative properties NOI increased on a quarter-over-quarter basis by 1.0%, mainly attributable to higher rental rates on new and renewed leases despite a slight decrease in occupancy.

Western Canada comparative properties NOI growth was 2.5% quarter-over-quarter in 2020, primarily drive by an increase in occupancy of 60 bps, as well as the end of free rent periods during the current quarter.

In the U.S., comparative properties NOI (constant currency basis) increased by 2.2% on a quarter-over-quarter basis, mainly due to a leasing expansion of 95,000 square feet, and a renewal of 21,000 square feet with rental rates 25% higher than expiring rents.

Year-over-year comparison

Comparative properties NOI on a year-over-year basis for the three months and years ended December 31, 2020 and December 31, 2019 are non-GAAP measures used by management in evaluating the performance of properties fully owned by the Trust in the current and prior year comparative periods. When the Trust compares comparative properties NOI on a year-over-year basis for the three months and years ended December 31, 2020 and December 31, 2019, the Trust excludes investment properties acquired after October 1, 2019 and January 1, 2019, respectively, and properties disposed of prior to December 31, 2020. Comparative properties NOI on a year-over-year basis for the three months and years ended December 31, 2020 and December 31, 2019 also excludes straight-line rent, amortization of lease incentives, expected credit loss, lease termination fees and other rental income, as well as COVID-19 related adjustments and provisions. These measures are not defined by IFRS, do not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

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

Comparative properties NOI (constant currency basis) on a year-over-year basis for the three months and years ended December 31, 2020 and December 31, 2019 are non-GAAP measures used by management in evaluating the performance of properties owned by the Trust in the current and comparative periods on a constant currency basis. It is calculated by taking comparative properties NOI on a year-over-year basis as defined above and excluding the impact of foreign currency translation by converting the comparative properties NOI denominated in foreign currency in the respective periods at the respective current period average exchange rates.

The tables below detail the comparative properties NOI (constant currency basis) and comparative properties NOI by region and other items to assist in understanding the impact each component has on net rental income from continuing operations for the three months and years ended December 31, 2020 and December 31, 2019.

	Three months ended				Change in weighted average occupancy %	Change in in-place base rent %	Owned GLA (thousands of sq. ft.)
	December 31, 2020	December 31, 2019	Change in $	Change in %			
Ontario	$ **9,712**	$ 9,272	$ 440	4.7%	(2.0%)	7.3%	5,323
Québec	**7,134**	6,888	246	3.6%	(1.5%)	4.7%	4,121
Western Canada	**10,958**	11,308	(350)	(3.1%)	(1.8%)	0.2%	5,079
Canadian portfolio	**27,804**	27,468	336	1.2%	(1.7%)	3.7%	14,523
U.S. portfolio (constant currency basis)	**8,750**	8,544	206	2.4%	(1.6%)	4.1%	7,276
Comparative properties NOI (constant currency basis)	**36,554**	36,012	542	1.5%	(1.7%)	3.8%	21,799
Impact of foreign currency translation	**—**	113	(113)				
Comparative properties NOI	**36,554**	36,125	429	1.2%	(1.7%)	3.8%	21,799
NOI from acquired properties – Canada	**2,485**	37	2,448				
NOI from acquired properties – Europe	**5,461**	—	5,461				
Straight-line rent	**263**	287	(24)				
Amortization of lease incentives	**(436)**	(400)	(36)				
Expected credit loss	**—**	(92)	92				
Lease termination fees and other rental income	**135**	301	(166)				
COVID-19 related adjustments and provisions(1)	**52**	—	52				
NOI from sold properties	**(2)**	(34)	32				
Net rental income from continuing operations	**$ 44,512**	$ 36,224	$ 8,288	22.9%			

(1) For the three months ended December 31, 2020, COVID-19 related adjustments and provisions were $37, offset by a CECRA recovery of $89 which was previously provisioned for.

For the three months ended December 31, 2020, comparative properties NOI (constant currency basis) increased by $0.5 million, or 1.5%, compared to the prior year comparative quarter. The Canadian portfolio had a 1.2% increase in comparative properties NOI, driven primarily by significant increases in weighted average in-place rents for Ontario and Québec, despite a small decline in average occupancy across the portfolio.

Comparative properties NOI for the fourth quarter reflects a negative cash adjustment of approximately $0.1 million relating to free rents granted to tenants as part of lease agreements in Western Canada, compared to $0.3 million recorded during the third quarter of 2020. Free rents for the quarter are included in straight-line rent. Similar to above, substantially all the free rent periods impacting the fourth quarter are expected to end December 31, 2020.

In Ontario and Québec, rental spreads over prior or expiring rents on occupied space were at 23.0% in both regions. The overall increase in U.S. comparative properties NOI (constant currency basis) was primarily due to higher rental rates partially offset by lower average occupancy.

	Year ended							
	December 31, 2020	December 31, 2019	Change in $	Change in %	Change in weighted average occupancy %	Change in in-place base rent %	Owned GLA (thousands of sq. ft.)
Ontario	**$ 35,563**	$ 35,149	$ 414	1.2%	(3.1%)	6.3%	5,021
Québec	**26,420**	25,297	1,123	4.4%	(0.1%)	3.2%	3,888
Western Canada	**42,451**	44,640	(2,189)	(4.9%)	(1.4%)	(1.7%)	5,028
Canadian portfolio	**104,434**	105,086	(652)	(0.6%)	(1.7%)	2.1%	13,937
U.S. portfolio (constant currency basis)	**19,391**	19,045	346	1.8%	—%	2.2%	3,488
Comparative properties NOI (constant currency basis)	**123,825**	124,131	(306)	(0.2%)	(1.4%)	2.1%	17,425
Impact of foreign currency translation	**—**	(201)	201				
Comparative properties NOI	**123,825**	123,930	(105)	(0.1%)	(1.4%)	2.1%	17,425
NOI from acquired properties – Canada	**13,390**	2,655	10,735				
NOI from acquired properties – U.S.	**16,285**	12,696	3,589				
NOI from acquired properties – Europe	**17,262**	—	17,262				
Straight-line rent	**1,674**	1,173	501				
Amortization of lease incentives	**(1,645)**	(1,461)	(184)				
Expected credit loss	**(312)**	(333)	21				
Lease termination fees and other rental income	**493**	376	117				
COVID-19 related adjustments and provisions(1)	**(2,064)**	—	(2,064)				
NOI from sold properties	**(25)**	(10)	(15)				
Net rental income from continuing operations	**$ 168,883**	$ 139,026	$ 29,857	21.5%			

(1) For the year ended December 31, 2020, COVID-19 related adjustments and provisions include $1,345 related to the CECRA program, and $808 related to expected credit losses during the COVID-19 period, net of a $89 recovery in Q4 2020 of CECRA related amounts previously provisioned for.

For the year ended December 31, 2020, comparative properties NOI (constant currency basis) decreased by a marginal $0.3 million, or 0.2%, primarily due to the same reasons discussed above in the quarter-over-prior year comparative quarter section.

Comparative properties NOI (constant currency basis) was positively impacted by increasing average in-place rental rates of approximately 3.8% and 2.1%, respectively, for the three months and year ended December 31, 2020. The rental rate growth was offset by the timing of lease-up of vacancy. As of the date of this report, the Trust has signed lease commitments for over 600,000 square feet of its current vacancy. Excluding spaces vacant upon acquisition, committed rents exceeded the prior rents by over 30%. The majority of these leases are scheduled to commence in the first half of 2021.

Comparative properties NOI for the year ended December 31, 2020 reflects a negative cash adjustment of approximately $1.3 million of free rent granted to tenants as part of lease agreements entered into throughout the portfolio, compared to $0.9 million during the prior year. Free rents for the year are included in straight-line rent; they comprise three leases totalling 317,700 square feet with one-to-two months of free rents earlier in 2020, and the remaining amounts relate to short free rent periods on a series of tenants across all portfolios. Substantially all free rent periods are expected to end in the fourth quarter of 2020.

OUR RESULTS OF OPERATIONS

	Three months ended December 31,		Year ended December 31,	
	2020	2019	**2020**	2019
Investment properties revenue	**$ 61,323**	$ 50,984	**$ 235,946**	$ 195,331
Investment properties operating expenses	**(16,811)**	(14,760)	**(67,063)**	(56,305)
Net rental income	**44,512**	36,224	**168,883**	139,026
Other income				
Interest, fee income and other	**(22)**	959	**891**	1,910
	(22)	959	**891**	1,910
Other expenses				
General and administrative	**(4,508)**	(3,203)	**(16,888)**	(12,060)
Interest:				
Debt and other financing costs(1)	**(8,501)**	(8,686)	**(34,338)**	(34,956)
Subsidiary redeemable units	**(3,247)**	(3,344)	**(13,051)**	(13,376)
Debt settlement costs	**—**	(372)	**(4,324)**	(372)
	(16,256)	(15,605)	**(68,601)**	(60,764)
Fair value adjustments and net loss on transactions and other activities				
Fair value adjustments to investment properties	**91,855**	89,768	**120,079**	180,488
Fair value adjustments to financial instruments	**(36,489)**	4,314	**(10,915)**	(70,817)
Net loss on transactions and other activities	**(308)**	(3,470)	**(1,504)**	(4,612)
	55,058	90,612	**107,660**	105,059
Income before income taxes and discontinued operations	**83,292**	112,190	**208,833**	185,231
Deferred and current income taxes expense, net	**(1,779)**	(5,404)	**(8,678)**	(8,458)
Income from continuing operations, net of taxes	**81,513**	106,786	**200,155**	176,773
Income (loss) from discontinued operations, net of taxes	**—**	(144)	**(19)**	2,659
Net income	**$ 81,513**	$ 106,642	**$ 200,136**	$ 179,432
Other comprehensive income (loss)				
Items that will be reclassified subsequently to net income:				
Unrealized gain (loss) on foreign currency translation of foreign operations, net of taxes	**$ (6,753)**	$ (5,921)	**$ 22,344**	$ (11,346)
Unrealized gain (loss) on hedging instruments, net of taxes	**(4,054)**	—	**(4,054)**	(36)
Share of other comprehensive loss from equity accounted investment	**(427)**	—	**(234)**	—
	(11,234)	(5,921)	**18,056**	(11,382)
Comprehensive income	**$ 70,279**	$ 100,721	**$ 218,192**	$ 168,050

(1) For the three months and year ended December 31, 2020, the mark-to-market amortization netted against interest expense was $73 and $347, respectively (for the three months and year ended December 31, 2019 – $157 and $645, respectively).

Investment properties revenue

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

Investment properties revenue for the three months and year ended December 31, 2020 increased by $10.3 million, or 20.3%, and by $40.6 million, or 20.8%, respectively, when compared to the prior year comparative periods. The increase in the respective periods was mainly due to the impact of acquired properties in 2020 and 2019.

Investment properties operating expenses

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

Investment properties operating expenses for the three months and year ended December 31, 2020 increased by $2.1 million, or 13.9%, and by $10.8 million, or 19.1%, respectively, when compared to the prior year comparative periods. The increase in the respective periods was mainly due to the impact of acquired properties in 2020 and 2019 and COVID-19 related adjustments and provisions.

General and administrative expenses

The following table summarizes our general and administrative ("G&A") expenses for the three months and years ended December 31, 2020 and December 31, 2019:

	Three months ended December 31,		Year ended December 31,	
	2020	2019	**2020**	2019
Asset management fee	**$ (1,606)**	$ (1,250)	**$ (6,063)**	$ (4,775)
General corporate expenses[1]	**(2,372)**	(1,487)	**(8,628)**	(5,129)
Deferred compensation expenses	**(530)**	(466)	**(2,197)**	(2,156)
Total	**$ (4,508)**	$ (3,203)	**$ (16,888)**	$ (12,060)

(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 and year ended December 31, 2020 increased by $1.3 million, or 40.7%, and by $4.8 million, or 40.0%, respectively, when compared to the prior year comparative periods. Asset management fees to Dream Asset Management Corporate ("DAM"), a related party to the Trust, increased year-over-year due to the acquisitions completed in 2020 and 2019. General corporate expenses increased year-over-year primarily due to costs associated with setting up our platform in Europe, additional U.S. portfolio management time, as well as technology development costs and other costs not expected to be recurring in nature. Deferred compensation expenses increased slightly compared to the prior year comparative quarter due to more deferred trust units that vested during the quarter. On a full-year basis, deferred compensation expenses remained relatively stable.

Interest expense on debt and other financing costs

Interest expense on debt and other financing costs for the three months and year ended December 31, 2020 decreased by $0.2 million, or 2.1%, and by $0.6 million, or 1.8%, respectively, when compared to the prior year comparative periods.

Interest expense decreased primarily due to lower outstanding debt after the prepayment of Canadian mortgages in the first quarter of 2020 and repayment of borrowings on the secured credit facility during the prior year. This was partially offset by interest on short-term draws on the unsecured credit facility, and interest on the U.S. term loan and unsecured debentures entered into in the latter part of the fourth quarter.

Fair value adjustments to investment properties

Refer to the section "Investment Properties" under the heading "Fair value adjustments to investment properties" for a discussion of fair value changes to investment properties for the three months and years ended December 31, 2020 and December 31, 2019.

Fair value adjustments to financial instruments

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

The fair value adjustments on the interest rate swaps are valued by qualified independent valuation professionals, while the cross-currency interest rate swaps are valued internally, 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, 2020 and December 31, 2019:

	Three months ended December 31,		Year ended December 31,	
	2020	2019	**2020**	2019
Unrealized remeasurement of carrying value of subsidiary redeemable units	**$ (34,136)**	$ 1,670	**$ (186)**	$ (67,158)
Unrealized remeasurement of carrying value of deferred trust units	**(1,822)**	(90)	**(1,031)**	(3,140)
Unrealized remeasurement of interest rate swaps	**704**	2,734	**(5,711)**	(519)
Unrealized remeasurement of cross-currency interest rate swap[1]	**257**	—	**—**	—
Total unrealized fair value adjustments to financial instruments	**$ (34,997)**	$ 4,314	**$ (6,928)**	$ (70,817)
Realized remeasurement of cross-currency interest rate swap[1]	**(1,492)**	—	**(572)**	—
Realized remeasurement of foreign currency swaps	**—**	—	**(3,415)**	—
Total	**$ (36,489)**	$ 4,314	**$ (10,915)**	$ (70,817)

(1) Hedge accounting was not applied to the cross-currency interest rate swaps outstanding from January 1, 2020 to November 18, 2020.

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, 2020 and December 31, 2019:

	Three months ended December 31,		Year ended December 31,	
	2020	2019	**2020**	2019
Internal leasing costs	**$ (772)**	$ (596)	**$ (3,067)**	$ (2,321)
Foreign exchange gain (loss)[1]	**469**	(2,219)	**1,582**	(1,572)
Depreciation and amortization	**(5)**	(20)	**(19)**	(55)
Costs on sale of investment properties	**—**	(409)	**—**	(438)
Other	**—**	(226)	**—**	(226)
Total	**$ (308)**	$ (3,470)	**$ (1,504)**	$ (4,612)

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

Deferred and current income taxes expense, net

Net deferred and current income taxes expense for the three months and year ended December 31, 2020 decreased by $3.6 million and increased by $0.2 million, respectively, when compared to the prior year comparative periods. Substantially all of the net deferred and current income taxes expense for the three months and years ended December 31, 2020 and December 31, 2019 are deferred income taxes.

Income (loss) from discontinued operations, net of taxes

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

No income was recorded in discontinued operations for the three months ended December 31, 2020. The activity for the year ended December 31, 2020 represented post-close adjustments and additional costs on sale of the investment properties.

Other comprehensive income

Other comprehensive income (loss) comprise unrealized gain (loss) on foreign currency translation, unrealized gain (loss) on hedging instruments, net of taxes, and currency translation resulting 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 U.S. dollar and euro. The unrealized gain (loss) on hedging instruments may vary significantly year-over-year depending on the fair value adjustments on the cross-currency interest rate swaps designated as hedges.

Funds from operations ("FFO")

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

FFO and diluted FFO per Unit for the three months and years ended December 31, 2020 and December 31, 2019 are shown in the table below:

	Three months ended December 31,		Year ended December 31,	
	2020	2019	**2020**	2019
FFO	**$ 31,935**	$ 25,809	**$ 119,646**	$ 105,036
Weighted average number of Units (in thousands)	**171,670**	143,175	**169,550**	134,211
FFO per Unit – diluted	**$ 0.19**	$ 0.18	**$ 0.71**	$ 0.78

Diluted FFO per Unit for the three months and year ended December 31, 2020 was $0.19 and $0.71, respectively, compared to $0.18 and $0.78, respectively, for the three months and year ended December 31, 2019. For the three months ended December 31, 2020, FFO per Unit increased as a result of comparative properties NOI growth, and income from acquisitions closed in the year, partially offset by a slight increase in G&A expenses from the set-up of our European platform. FFO per Unit for the year ended December 31, 2020 decreased when compared to the prior year, due to dilution from timing of deployment of the Trust's excess liquidity. Other items recorded during the year ended December 31, 2020 included the impact of CECRA and higher COVID-19 related adjustments and provisions totalling $2.1 million, as well as G&A expenses as discussed above.

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 DAM

The following table summarizes our fees paid to or received from DAM, including both continuing and discontinued operations, for the three months and years ended December 31, 2020 and December 31, 2019:

	Three months ended December 31,		Year ended December 31,	
	2020	2019	**2020**	2019
Incurred under the Asset Management Agreement:				
Asset management fee (included in general and administrative expenses)	**$ (1,606)**	$ (1,250)	**$ (6,063)**	$ (5,190)
Acquisition fee (included in investment properties)	**(1,141)**	(214)	**(4,319)**	(2,662)
Expense reimbursements related to financing arrangements	**(248)**	(110)	**(962)**	(380)
Total costs incurred under the Asset Management Agreement	**$ (2,995)**	$ (1,574)	**$ (11,344)**	$ (8,232)
Total costs reimbursed under the Shared Services and Cost Sharing Agreement	**$ (226)**	$ (207)	**$ (1,219)**	$ (716)
Total property management fees earned under the Property Management Agreement	**$ —**	$ —	**$ —**	$ 7

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

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

Disposition gains in the AFFO calculation used for determining the incentive fee are based on the fair value of the Trust's investment properties, at the applicable date, relative to their historic purchase price. As at December 31, 2020, the historic purchase price for the Trust's investment portfolio was $2.6 billion (December 31, 2019 – $2.0 billion).

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

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

Agreements with Dream Impact Trust

The following table summarizes our fees received from Dream Impact Trust (formerly known as Dream Hard Asset Alternatives Trust) for the three months and years ended December 31, 2020 and December 31, 2019:

	Three months ended December 31,		Year ended December 31,	
	2020	2019	**2020**	2019
Total revenue under lease agreements and the Property Management Agreement	**$ —**	$ 8	**$ —**	$ 119

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, 2020 and December 31, 2019:

	Three months ended December 31,		Year ended December 31,	
	2020	2019	**2020**	2019
Total costs reimbursed under the Services Agreement	**$ (2,333)**	$ (996)	**$ (6,169)**	$ (4,037)

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 interest paid and payable to subsidiaries of Dream Office REIT on its subsidiary redeemable units for the three months and years ended December 31, 2020 and December 31, 2019:

	Three months ended December 31,		Year ended December 31,	
	2020	2019	**2020**	2019
Interest paid and payable to Dream Office REIT on subsidiary redeemable units	**$ (3,247)**	$ (3,344)	**$ (13,051)**	$ (13,376)

Agreements with 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, 2020 and December 31, 2019:

	Three months ended December 31,		Year ended December 31,	
	2020	2019	**2020**	2019
Property management	**$ (199)**	$ (202)	**$ (812)**	$ (733)
Portfolio management	**(253)**	(159)	**(955)**	(439)
Leasing costs	**(461)**	(92)	**(508)**	(133)
Financing costs	**—**	(55)	**(10)**	(85)
Pre-development cost recovery	**(20)**	—	**(214)**	—
Total costs incurred under the Property Management Agreement	**$ (933)**	$ (508)	**$ (2,499)**	$ (1,390)

SECTION III

INVESTMENT PROPERTIES

Investment properties continuity

Changes in the value of our investment properties by region for the three months and year ended December 31, 2020 are summarized in the following tables:

	Three months ended					
	September 30, 2020	Property acquisitions	Building improvements, lease incentives and initial direct leasing costs	Fair value adjustments[1]	Amortization of lease incentives, foreign currency translation[2] and other adjustments	December 31, 2020
Ontario	$ 1,024,919	$ —	$ 2,462	$ 48,769	$ 193	$ 1,076,343
Québec	447,867	—	934	44,636	(209)	493,228
Western Canada	613,188	—	882	(350)	(419)	613,301
Canadian portfolio	2,085,974	—	4,278	93,055	(435)	2,182,872
U.S. portfolio	612,824	—	1,527	(1,306)	(27,657)	585,388
European portfolio	352,799	120,158	648	106	(370)	473,341
Total investment properties	$ 3,051,597	$ 120,158	$ 6,453	$ 91,855	$ (28,462)	$ 3,241,601

(1) During the three months ended December 31, 2020, the Trust wrote off acquisition related costs totalling $8,226 included in fair value adjustments on investment properties located in the European region.

(2) Included in the U.S. and European portfolios are foreign currency translation adjustments totalling $(27,896) and $(393), respectively.

	Year ended					
	January 1, 2020	Property acquisitions	Building improvements, lease incentives and initial direct leasing costs	Fair value adjustments[1]	Amortization of lease incentives, foreign currency translation[2] and other adjustments	December 31, 2020
Ontario	$ 817,061	$ 178,408	$ 6,906	$ 73,196	$ 772	$ 1,076,343
Québec	414,085	18,424	3,009	58,319	(609)	493,228
Western Canada	621,946	$ —	$ 4,989	$ (12,627)	$ (1,007)	$ 613,301
Canadian portfolio	1,853,092	196,832	14,904	118,888	(844)	2,182,872
U.S. portfolio	575,572	—	2,340	18,928	(11,452)	585,388
European portfolio	—	466,839	1,291	(17,737)	22,948	473,341
Total investment properties	$ 2,428,664	$ 663,671	$ 18,535	$ 120,079	$ 10,652	$ 3,241,601

(1) During the year ended December 31, 2020, the Trust wrote off acquisition related costs totalling $38,378 included in fair value adjustments on investment properties located in Ontario, Québec and Europe regions.

(2) Included in the U.S. and European portfolios are foreign currency translation adjustments totalling $(12,308) and $22,931, respectively.

Significant assumptions used in the valuation of investment properties

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

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

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

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

	Total portfolio[1]			
	December 31, 2020		December 31, 2019	
Stabilized cap rates	**Range (%)**	**Weighted average (%)[2]**	Range (%)	Weighted average (%)[2]
Ontario	**4.50–7.50**	**5.04**	4.50–7.50	5.23
Québec	**5.00–6.75**	**5.56**	5.50–6.50	6.13
Western Canada	**6.00–7.75**	**6.61**	5.75–7.50	6.60
Canadian portfolio	**4.50–7.75**	**5.60**	4.50–7.50	5.90
U.S. portfolio	**5.25–6.75**	**5.93**	5.75–6.75	6.12
European portfolio	**5.00–9.00**	**6.41**	—	—
Total portfolio	**4.50–9.00**	**5.75**	4.50-7.50	5.95

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

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

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

	Total portfolio[1]			
	December 31, 2020		December 31, 2019	
	Range (%)	**Weighted average (%)[2]**	Range (%)	Weighted average (%)[2]
Discount rate	**5.50–8.50**	**6.55**	5.38–8.75	6.92
Terminal cap rate	**4.75–9.00**	**6.03**	5.00–8.00	6.28

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

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

Other valuation metrics

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

During the three months ended December 31, 2020, numerous sales of industrial properties have transacted in certain of the key markets in which the Trust currently holds investment properties. Accordingly, the Trust's valuation team obtained externally available information from these transactions, such as cap rates, market rents compared to in-place rents, availability of excess land, and transacted value per square foot, and compared these to our portfolio as applicable on a property-by-property basis to corroborate our internal values as determined using the direct cap rate and discounted cash flow methods.

The Trust believes other inputted valuation metrics such as implied weighted average cap rate by region may enable users to better understand how specific operating metrics as disclosed elsewhere in the MD&A, such as in-place rents versus market rents and in-place versus in-place and committed occupancy levels in the respective regions, may impact our values. Implied weighted average cap rate is determined using the annualized three months ended December 31, 2020 net rental income by property, excluding the net rental income of properties acquired during the quarter and net rental income of sold properties. Net rental income used in calculating the implied average cap rate also excludes the impact of lease termination fees and other rental income, estimated credit loss, COVID-19 related adjustments and provisions, and amortization of lease incentives.

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

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

	Total portfolio[1]			
	December 31, 2020		December 31, 2019	
	Implied cap rate (%)[2]	**Value per square foot**	Implied cap rate (%)[2]	Value per square foot
Ontario	**4.56**	**$ 159**	4.65	$ 150
Québec	**5.85**	**115**	6.71	100
Western Canada	**7.03**	**121**	7.19	122
Canadian portfolio	**5.55**	**$ 135**	5.97	$ 126
U.S. portfolio (value per square foot in US$)	**6.02**	**63**	6.15	61
European portfolio (value per square foot in €)	**5.94**	**€ 72**	—	€ —
Total portfolio (value per square foot in $)	**5.68**	**$ 118**	6.02	$ 111

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

(2) Implied weighted average capitalization rates are calculated using the year-to-date NOI per property, annualized, and excluding termination fees and bad debts.

Acquisitions

The following acquisitions were completed during the year ended December 31, 2020:

	Acquired GLA (thousands of sq. ft.)	Occupancy at acquisition (%)	WALT at acquisition (years)	Purchase price[1]	Date acquired
840 Trillium Drive, Kitchener, Ontario	39	100.0	10.2	$ 5,700	January 13, 2020
Berkshire portfolio, Kitchener, Ontario[2]	577	100.0	2.0	62,500	January 17, 2020
1995 Markham Road, Scarborough, Ontario	228	100.0	6.6	33,100	January 22, 2020
2–20 Exportweg, Waddinxveen, Netherlands[3]	169	100.0	14.8	27,355	January 22, 2020
12–16 Het Sterrenbeeld, Den Bosch, Netherlands[3]	95	100.0	6.5	10,700	January 28, 2020
7–9 Robert-Bosch-Straße, Dietzenbach, Germany[3]	160	74.5	10.7	14,950	January 31, 2020
10 Heibloemweg, Helmond, Netherlands[3]	117	100.0	9.0	13,598	February 5, 2020
Dutch portfolio, Netherlands[3][4]	2,062	96.4	4.2	201,576	February 19, 2020 and March 17, 2020
700–840 McCaffrey Road, Montréal, Québec	80	100.0	3.2	9,100	February 24, 2020
100 East Beaver Creek, Richmond Hill, Ontario	110	100.0	6.9	24,000	February 28, 2020
220 Water Street, Whitby, Ontario	211	100.0	2.9	17,600	March 2, 2020
311 Pinebush Road, Cambridge, Ontario	57	100.0	20.0	4,905	March 23, 2020
1750 Berlier Street, Laval, Québec	77	100.0	7.4	8,600	August 25, 2020
1 Christoph-Seydel-Straße, Radeberg, Germany[3]	274	97.9	3.9	25,088	September 1, 2020
6701 Financial Drive, Mississauga, Ontario	116	89.6	0.8	23,900	September 17, 2020
4 Zoete Inval, Breda, Netherlands[3]	300	93.1	9.3	28,396	September 28, 2020
1–5 Markkaweg, Nieuw-Vennep, Netherlands[3]	86	100.0	7.2	16,134	December 8, 2020
1–9 Siemensstraße, Eppertshausen, Germany[3]	302	93.3	3.5	31,594	December 10, 2020
4 Stevinlaan, Ede, Netherlands[3]	191	100.0	9.8	39,375	December 29, 2020
6 Guldenweg, Varsseveld, Netherlands[3]	51	100.0	15.0	9,727	December 29, 2020
30 Handelsweg, Ridderkerk, Netherlands[3]	79	100.0	15.0	15,102	December 30, 2020
Total	5,381	96.8	5.6	$ 623,000	

(1) Excludes transaction costs of $38,378.

(2) Berkshire portfolio consists of 12 investment properties.

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

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

Subsequent to December 31, 2020, the Trust completed the following acquisitions in Canada, Europe and the U.S.:

		Purchase price(1)	Date acquired
401 Marie-Curie, Boulevard, Montréal, Québec	$	114,150	January 29, 2021
Derchinger Straße 116, Augsburg, Germany(2)		8,440	February 1, 2021
2000 Gateway Boulevard, Cincinnati, OH(2)		15,467	February 12, 2021
Total	$	138,057	

(1) Gross purchase price before adjustments and transaction costs.

(2) Purchase price was settled in local currency and translated into Canadian dollars as at the transaction date.

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

Dispositions

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

Building improvements

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

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

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

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

The following table summarizes building improvements incurred for the three months and years ended December 31, 2020 and December 31, 2019:

	Three months ended December 31,				Year ended December 31,			
		2020		2019		**2020**		2019
Recoverable capital expenditures	**$**	**1,450**	$	426	**$**	**5,071**	$	6,370
Non-recoverable capital expenditures		**762**		204		**1,224**		633
Value-add capital expenditures		**237**		492		**715**		1,844
Building improvements – continuing operations(1)		**2,449**		1,122		**7,010**		8,847
Add: Building improvements – Eastern Canada(2)		**—**		—		**—**		933
Total building improvements	**$**	**2,449**	$	1,122	**$**	**7,010**	$	9,780

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

(2) Includes activity prior to the Eastern Canada portfolio being reclassified to assets held for sale on June 30, 2019.

Lease incentives and initial direct leasing costs

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

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

The following table summarizes leasing costs incurred for the three months and years ended December 31, 2020 and December 31, 2019:

	Three months ended December 31,				Year ended December 31,			
		2020		2019		**2020**		2019
Lease incentives and initial direct leasing costs – continuing operations[1]	**$**	**4,005**	$	3,551	**$**	**11,525**	$	12,030
Add: Lease incentives and initial direct leasing costs – Eastern Canada[2]		**—**		—		**—**		2,388
Total lease incentives and initial direct leasing costs	**$**	**4,005**	$	3,551	**$**	**11,525**	$	14,418

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

(2) Includes activity prior to the Eastern Canada portfolio being reclassified to assets held for sale on June 30, 2019.

Fair value adjustments to investment properties

For the three months ended December 31, 2020, the Trust recorded a fair value gain of $91.9 million, mainly driven by fair value gains in the Ontario and Québec regions of $48.8 million and $44.6 million, respectively, partially offset by fair value loss of $0.4 million in Western Canada and fair value loss of $1.3 million in the U.S. The fair value gains experienced in the Ontario and Québec regions were primarily driven by cap rate compression and higher market rents supported by third-party appraisals obtained on select properties during the current quarter.

For the year ended December 31, 2020, the Trust recorded a fair value gain of $120.1 million, driven by fair value gains in the Ontario, Québec and U.S. regions of $73.2 million, $58.3 million and $18.9 million, respectively, partially offset by fair value losses of $12.6 million in Western Canada and $17.7 million in Europe. The fair value gains in the Ontario, Québec and U.S. regions were primarily driven by cap rate compression and higher market rents supported by third-party appraisals obtained on select properties in certain regions during the current quarter. The fair value loss in Western Canada was mainly due to increased downtime, lower rental rates in our leasing assumptions and an increase in capitalization rates on certain properties as supported by third-party appraisals. The fair value loss in Europe was due to the write-off of acquisition related costs totalling $31.0 million.

OUR FINANCING

Debt strategy

Our debt strategy involves maintaining a conservative leverage, building up a high-quality unencumbered asset pool, while reducing borrowing costs, preserving liquidity, and hedging our foreign currency investments. We are focused on improving our overall cost of capital and further improving 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. The Trust is effectively lowering its overall cost of borrowing and hedges its foreign currency investments by replacing higher interest rate Canadian debt with lower interest rate euro-equivalent debt.

On October 22, 2020, the Trust received a BBB (mid) investment grade credit rating from DBRS. This investment grade credit rating will allow us to access the debt markets efficiently and provides us with the financial flexibility to execute competitive investment strategies.

Debt summary

Our discussion of debt includes the cross-currency interest rate swaps. However, pursuant to IFRS, the cross-currency interest rate swaps are included in "Other non-current liabilities" in the consolidated financial statements.

		As at		
		December 31, 2020		December 31, 2019
Financing metrics(1)				
Credit rating – DBRS		**BBB (mid)**		—
Total debt(2)	**$**	**1,268,414**	$	1,014,568
Net total debt-to-assets ratio(2)		**31.3%**		23.7%
Net total debt-to-adjusted EBITDAFV (years)(2)		**6.2**		4.3
Interest coverage ratio (times)(2)		**4.4**		3.8
Weighted average face interest rate on debt (year-end)(3)		**2.57%**		3.59%
Weighted average remaining term to maturity on debt (years)		**4.8**		5.5
Unsecured debt(4)	**$**	**447,450**	$	—
Secured debt, percentage of total assets		**23.3%**		35.1%
Unencumbered assets (year-end)(2)(5)	**$**	**1,441,589**	$	96,251
Unencumbered assets, percentage of investment properties(2)		**44.5%**		4.0%
Available liquidity (year-end)(2)	**$**	**573,235**	$	591,537

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

(2) Total debt, net total debt-to-assets ratio, net total debt-to-adjusted EBITDAFV, interest coverage ratio, unencumbered assets, unencumbered assets, percentage of investment properties, and available liquidity are non-GAAP measures. The descriptions and calculations of these measures are included in the section "Non-GAAP Measures and Other Disclosures".

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

(4) Unsecured debt comprises the revolving credit facility, U.S. term loan and debentures, net of deferred financing costs.

Liquidity and capital resources

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

In our consolidated financial statements, our current assets exceed our current liabilities by $86.5 million. We are able to use our revolving credit facility on short notice, which eliminates the need to hold a significant amount of cash and cash equivalents on hand. Working capital balances fluctuate significantly from period to period depending on the timing of receipts and payments. Amounts payable outstanding at the end of any reporting period depend primarily on the timing of leasing costs and capital expenditures incurred, as well as the impact of transaction costs incurred on any acquisitions or dispositions completed during the reporting period.

Scheduled principal repayments that are due within one year total $21.0 million, and debt maturities that are due within one year total $110.0 million. The debt maturities are typically refinanced with mortgages of terms between five and ten years or repaid with our unsecured revolving credit facility. With our balanced debt maturity schedule, undrawn revolving credit facility of $318.3 million, cash and cash equivalents of $254.9 million and unencumbered assets pool of $1.4 billion, we have sufficient liquidity and capital resources as at December 31, 2020.

Financing activities

Mortgages

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

On July 2, 2020, the Trust repaid a $17.1 million mortgage with a face interest rate of 2.71%. The mortgage was secured by four investment properties located in the GTA, with an aggregate fair value of approximately $60 million.

On February 1, 2021, the Trust early discharged seven Canadian mortgages totalling $130.7 million, with a weighted average face interest rate of 3.59%. The Trust incurred debt settlement costs totalling $3.9 million in relation to the early discharge of mortgages. The early discharge of mortgages and associated debt settlement costs were funded with the Trust's net proceeds from the January 29, 2021 public offering of REIT Units.

Credit rating

On October 22, 2020, the Trust was assigned an Issuer Rating of BBB with Stable Trend by DBRS Morningstar. An investment grade credit rating allows the Trust to further increase its financial flexibility and access debt markets more efficiently in order to continue to execute on its strategy to grow and upgrade the quality of the portfolio.

Unsecured revolving credit facility

On June 12, 2020, the Trust obtained a US$250 million unsecured revolving credit facility (the “Unsecured Facility”), to replace the existing $150 million secured revolving credit facility. In addition to being able to borrow on the Unsecured Facility in Canadian and U.S. dollars, the Trust can borrow in euros. The Unsecured Facility bears interest based on the Canadian Bankers’ Acceptance (“BA”) rate or Canadian prime rate on Canadian dollar draws, or U.S. LIBOR rate or U.S. base rate on U.S. dollar draws, or euro LIBOR rate on euro draws. The Unsecured Facility matures on January 14, 2022.

Refer to Note 9 of the consolidated financial statements for details on our unsecured revolving credit facility.

U.S. term loan and cross-currency interest rate swap

On October 30, 2020, the Trust closed on a US$150 million unsecured credit facility (“U.S. Unsecured Facility”). The U.S. Unsecured Facility allows for a single drawdown prior to November 30, 2020. On November 17, 2020, the Trust drew down on the U.S. Unsecured Facility by entering into a US$150 million, three-year unsecured term loan (“U.S. term loan”) bearing interest at U.S. LIBOR plus 1.40% per annum with a maturity date of January 31, 2024. Concurrently on the same day, the Trust entered into a cross-currency interest rate swap agreement with the same lender to exchange the US$150 million gross proceeds from the U.S. term loan into euros and also exchanged U.S. interest payments for euro interest payments at a fixed interest rate of 0.857%. At the end of the three-year term, the Trust will pay €127.1 million and receive US$150 million. As at December 31, 2020, the fair value of the cross-currency interest rate swap was a net financial liability of $7.6 million, and a fair value loss of $7.6 million recorded in other comprehensive income.

Debentures and cross-currency interest rate swap

On December 22, 2020, the Trust completed a private placement issuing $250,000 of Series A senior unsecured debentures at 1.662% maturing on December 22, 2025. Concurrently on the same day, the Trust swapped the Canadian dollar proceeds for euro proceeds using a cross-currency interest rate swap, pursuant to which the Trust exchanged Canadian dollar interest payments for euro interest payments at a fixed interest rate of 0.489%. At the end of the five-year term, the Trust will pay €161.5 million and receive $250 million. As at December 31, 2020, the fair value of the cross-currency interest rate swap was a net financial liability of $1.9 million, and a fair value loss of $1.9 million recorded in other comprehensive income.

Refer to Note 9 of the consolidated financial statements for the year ended December 31, 2020 for details on the composition and continuity of our debt.

Foreign currency swaps

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

Composition of total debt by currency

The following is our total debt (non-GAAP measure) by currency as at December 31, 2020:

	Canadian denominated debt		U.S. denominated debt		Euro denominated debt[1]		Total debt[2]	
	Balance	Weighted average face interest rate	Balance	Weighted average face interest rate	Balance	Weighted average face interest rate	Balance	Weighted average face interest rate
Amounts included in consolidated financial statements at December 31, 2020	$ 754,380	2.94%	$ 504,550	2.83%	$ —	—%	$ 1,258,930	2.90%
Debt balance at December 31, 2020	754,380	2.94%	396,285	2.83%	—	—%		
Cross-currency interest rate swap (U.S. term loan) (local currency)			(150,000)	(1.55%)	€ 127,108	0.86%		
Cross-currency interest rate swap (Debentures) (local currency)	(250,000)	(1.66%)			161,499	0.49%		
Debt balance at December 31, 2020 – adjusted (local currency)	504,380	3.57%	246,285	3.61%	€ 288,607	0.65%		
Total debt[2][3] balance at December 31, 2020 – adjusted	$ 504,380	3.57%	$ 313,570	3.61%	**$** 450,464	0.65%	$ 1,268,414	2.57%

(1) Includes U.S. dollar and Canadian dollar denominated debt swapped to euros.

(2) Total debt is a non-GAAP measure, which includes the net financial liability on the CCIRS of $9,484, please refer to detailed descriptions and calculations under the heading "Non-GAAP Measures and Other Disclosures".

(3) All foreign currency denominated balances have been converted in accordance with the Trust's accounting policy.

Debt maturity profile

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

The following is our total debt maturity profile as at December 31, 2020:

	Debt balance due at maturity	Scheduled principal repayments on debt maturing in future periods	Amount	Weighted average face interest rate
2021	$ 110,013	$ 21,049	$ 131,062	3.90%
2022	43,874	18,116	61,990	3.08%
2023	98,077	15,543	113,620	3.59%
2024[1]	261,390	14,319	275,709	1.62%
2025[2]	281,896	12,627	294,523	0.86%
2026–2030	363,769	36,404	400,173	3.56%
Total	$ 1,159,019	$ 118,058	$ 1,277,077	2.57%
Unamortized financing costs			(8,807)	
Unamortized fair value adjustments			144	
Total debt[3]			$ 1,268,414	

(1) 2024 year includes term loan of $198,552 including cross-currency interest rate swap of $7,572.

(2) 2025 year includes debentures of $251,912 including cross-currency interest rate swap of $1,912.

(3) Total debt is a non-GAAP measure, which includes net financial liability on the cross-currency interest rate swaps; refer to detailed descriptions and calculations in the "Non-GAAP Measures and Other Disclosures".

Commitments and contingencies

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

The Trust participates in a joint venture with other related parties that own a development site in Las Vegas, Nevada. Under the operating agreement, the Trust has committed to make capital contributions of US$10.7 million for the development of the project, in addition to the purchase price of the land. Since inception of the joint venture to December 31, 2020, the Trust has funded US$0.9 million in development costs.

OUR EQUITY

Total equity

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

						As at
	December 31, 2020			December 31, 2019		
	Number of Units		**Amount**	Number of Units		Amount
REIT Units and unitholders' equity	**152,678,861**	**$**	**1,605,724**	134,801,881	$	1,372,564
Retained earnings	**—**		**281,531**	—		187,443
Accumulated other comprehensive income (loss)	**—**		**17,621**	—		(435)
Total equity per consolidated financial statements	**152,678,861**		**1,904,876**	134,801,881		1,559,572
Add: LP B Units	**18,551,855**		**243,957**	18,551,855		243,771
Total equity (including LP B Units)[(1)]	**171,230,716**	**$**	**2,148,833**	153,353,736	$	1,803,343
NAV per Unit[(1)]		**$**	**12.55**		$	11.76

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

NAV per Unit for the quarter ended December 31, 2020 increased to $12.55 from $11.76 at December 31, 2019 and $12.10 at September 30, 2020, largely reflecting an increase in investment property values across our portfolio as private market demand for industrial assets remains robust.

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

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

Pursuant to the Distribution Reinvestment and Unit Purchase Plan ("DRIP") and the distribution reinvestment provisions of the amended and restated limited partnership agreement governing Dream Industrial LP, the following table summarizes the number of REIT Units issued and cost of issuing the REIT Units to the subsidiaries of Dream Office REIT for the three months and years ended December 31, 2020 and December 31, 2019:

	Three months ended December 31,				Year ended December 31,		
		2020		2019		**2020**	2019
REIT Units issued to Dream Office REIT	**$**	**—**	$	362,315	**$**	**385,535**	$ 1,591,434
Total cost of REIT Units issued to Dream Office REIT		**—**		4,906		**4,950**	19,222

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

		As at
	December 31, 2020	December 31, 2019
Number of REIT Units held by Dream Office REIT	**8,052,451**	8,792,170
Number of LP B Units held by Dream Office REIT	**18,551,855**	18,551,855
Total number of Units held by Dream Office REIT	**26,604,306**	27,344,025
Dream Office REIT's percentage ownership of the Trust	**15.5%**	17.8%

On January 29, 2021, the Trust completed a public offering and issued 20,240,000 REIT Units. Subsequent to this offering, Dream Office REIT's ownership of the Trust was reduced to 13.9%.

Continuity of equity

The following table summarizes the changes in our outstanding equity:

	REIT Units	LP B Units	Total Units
Total Units outstanding on January 1, 2020	134,801,881	18,551,855	153,353,736
Units issued pursuant to public offering	16,859,000	—	16,859,000
Units issued pursuant to DRIP	931,334	—	931,334
Units issued pursuant to Deferred Unit Incentive Plan ("DUIP") and	86,646	—	86,646
Total Units outstanding on December 31, 2020	152,678,861	18,551,855	171,230,716
Percentage of all Units	89.2%	10.8%	100.0%
Units issued pursuant to DUIP	1,450	—	1,450
Units issued pursuant to DRIP	224,233	—	224,233
Units issued pursuant to public offering	20,240,000	—	20,240,000
Total Units outstanding on February 16, 2021	173,144,544	18,551,855	191,696,399
Percentage of all Units	90.3%	9.7%	100.0%

Public offerings and private placement of REIT Units

The following table summarizes the public offering of REIT Units issued during the year ended December 31, 2020. Total costs related to the offering were charged directly to unitholders' equity.

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

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

On January 29, 2021, the Trust completed a public offering of 20,240,000 REIT Units at a price of $12.80 per REIT Unit for gross proceeds of $259.1 million, including 2,640,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

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

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

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

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

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

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

Short form base shelf prospectus

On October 15, 2019, the Trust filed and obtained a receipt for a final short form base shelf prospectus dated October 11, 2019, which is valid for a 25-month period, during which time the Trust may, from time to time, offer and issue REIT Units, subscription receipts and debt securities, or any combination thereof, having an aggregate offering price of up to $2 billion. As at December 31, 2020, $402.7 million of REIT Units have been issued under the current base shelf prospectus. On January 29, 2021, the Trust issued a further $259.1 million of REIT Units under the current base shelf prospectus, bringing the total to $661.8 million. The recent offering of REIT Units was completed pursuant to the current base shelf prospectus as supplemented by a prospectus supplement.

Normal course issuer bid

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

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

For the three months and year ended December 31, 2020, the Trust did not purchase any REIT Units for cancellation.

Distribution Reinvestment and Unit Purchase Plan ("DRIP")

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

In response to the market disruption caused by the COVID-19 pandemic, the Trust suspended its DRIP effective as of the distribution payable on April 15, 2020 to unitholders of record as at March 31, 2020 (the "March 2020 Distribution"). On December 18, 2020, the Trust announced the reinstatement of the DRIP and Unit Purchase Plan commencing with the distribution payable on January 15, 2021 to unitholders of record as at December 31, 2020. Upon reinstatement of the DRIP, plan participants enrolled in the DRIP at the time of its suspension who remain enrolled at the time of its reinstatement had their participation in the DRIP automatically resumed.

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 table summarizes the total distributions and DRIP participation rate for the three months and years ended December 31, 2020 and December 31, 2019:

	Three months ended December 31, 2020		Three months ended December 31, 2019	
	Amount	**% of total**	Amount	% of total
Distributions reinvested less 3% bonus distribution (DRIP participation rate)[(1)]	**$ 796**	**2.7%**	$ 10,497	41.6%
Distributions paid in cash	**29,169**	**97.3%**	14,757	58.4%
Total distributions excluding 3% bonus distribution	**29,965**	**100.0%**	25,254	100.0%
3% bonus distribution	**24**		307	
Total distributions[(1)]	**$ 29,989**		$ 25,561	

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

		Year ended December 31, 2020			Year ended December 31, 2019	
		Amount	% of total		Amount	% of total
Distributions reinvested less 3% bonus distribution (DRIP participation rate)[(1)]	$	**8,653**	**7.3%**	$	38,169	40.2%
Distributions paid in cash		**110,146**	**92.7%**		56,686	59.8%
Total distributions excluding 3% bonus distribution		**118,799**	**100.0%**		94,855	100.0%
3% bonus distribution		**323**			1,131	
Total distributions[(1)]	$	**119,122**		$	95,986	

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

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

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

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

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

The following table summarizes net income, cash flows generated from (utilized in) operating activities, net of cash interest paid on debt (included in the consolidated financial statements), and total distributions (a non-GAAP measure) for the three months and years ended December 31, 2020 and December 31, 2019:

		Three months ended December 31,				Year ended December 31,		
		2020		2019		**2020**		2019
Net income	$	**81,513**	$	106,642	$	**200,136**	$	179,432
Cash generated from operating activities, net of cash interest paid on debt		**25,440**		24,716		**102,234**		84,595
Total distributions[(1)]		**29,989**		25,561		**119,122**		95,986

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

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

	Three months ended December 31,		Year ended December 31,	
	2020	2019	**2020**	2019
Excess (shortfall) of net income over total distributions[1]	**$ 51,524**	$ 81,081	**$ 81,014**	$ 83,446
Shortfall of cash generated from operating activities, net of cash interest paid on debt, over total distributions[1]	**(4,549)**	(845)	**(16,888)**	(11,391)

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

For the three months and year ended December 31, 2020, total distributions (a non-GAAP measure) exceeded cash flows generated from operating activities, net of cash interest paid on debt, by $4.5 million and $16.9 million, respectively, due to timing differences between the realization of working capital, investment in lease incentives and initial direct leasing costs, and the redeployment of capital raised from equity offerings. No material contracts required amendment in connection with the funding of the shortfall and no waivers or consents were required or obtained. The Trust expects the shortfall between cash flows generated from operating activities, net of cash interest paid on debt, and total distributions (a non-GAAP measure) to improve over time, as the Trust continues to execute on its strategy to source high-quality assets with long-term cash flow growth potential and to reduce its cost of borrowing.

For the three months and year ended December 31, 2019, total distributions (a non-GAAP measure) exceeded cash flows generated from operating activities, net of cash interest paid on debt, by $0.8 and $11.4 million, respectively, due to the same reasons noted above.

Of the total distributions (a non-GAAP measure) declared for the three months and year ended December 31, 2020, $0.8 million and $9.0 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.

SECTION IV

SELECTED ANNUAL INFORMATION

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

		2020		2019		2018
Investment properties revenue[1]	$	**235,946**	$	195,331	$	160,443
Income before income taxes (continuing and discontinued operations)		**208,814**		187,890		158,764
Net income		**200,136**		179,432		157,528
Total assets		**3,521,330**		2,892,891		2,160,575
Non-current financial liabilities		**1,435,022**		1,230,916		1,059,289
Distributions per Unit	$	**0.70**	$	0.70	$	0.70
Distributions declared[2]	$	**119,122**	$	95,986	$	73,227
Units outstanding:						
REIT Units		**152,678,861**		134,801,881		92,062,659
LP B Units		**18,551,855**		18,551,855		18,551,855

(1) Given that the entire Eastern Canada segment was classified as assets held for sale at June 30, 2019 and subsequently sold on July 31, 2019, the associated results of operations in the respective periods were presented separately as income (loss) from discontinued operations in the consolidated statements of comprehensive income. Accordingly, the historical financial information has been restated to conform to current period presentation.

(2) 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. Refer to the remaining sections of the MD&A for more detailed analysis and discussions of the Trust's key financial information.

Foreign currency translation rates

In accordance with the Trust's accounting policies, the foreign exchange rates used by the Trust to convert foreign denominated currencies for the three months and years ended December 31, 2020 and December 31, 2019 are summarized in the table below:

	Three months ended December 31,				Year ended December 31,			
		2020		2019		2020		2019
CAD per US$1.00 (average during period)[1]	$	**1.3030**	$	1.3200	$	**1.3411**	$	1.3268
CAD per US$1.00 (period-end)[1]		**1.2732**		1.2988		**1.2732**		1.2988
CAD per €1.00 (average during period)[1]		**1.5537**		—		**1.5295**		—
CAD per €1.00 (period-end)[1]		**1.5608**		—		**1.5608**		—

(1) Average exchange rates impact comprehensive income and cash flows. Spot exchange rates impact monetary items, and items recorded at fair value.

QUARTERLY INFORMATION

The following tables show quarterly information since January 1, 2019:

Key portfolio, leasing, financing and capital information

					2020				2019
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Portfolio(1)									
Number of assets(2)		**177**	172	169	169	130	130	130	139
GLA (in millions of sq. ft.)		**27.3**	26.6	25.8	25.8	21.9	21.8	21.6	23.7
Leasing(1)									
Occupancy rate – in-place and committed (period-end)		**95.6%**	95.1%	95.6%	96.1%	95.8%	96.2%	96.9%	96.5%
Occupancy rate – in-place (period-end)		**94.7%**	94.1%	95.0%	95.8%	94.9%	95.8%	96.3%	95.3%
Tenant retention ratio		**86.8%**	62.3%	71.8%	89.5%	85.3%	46.5%	82.0%	72.6%
Average in-place and committed base rent per sq. ft. (period-end)									
Canadian portfolio	**$**	**7.48** $	7.43 $	7.38 $	7.33 $	7.43 $	7.39 $	7.29 $	7.26
U.S. portfolio (US$)	**$**	**4.01** $	4.00 $	3.95 $	3.93 $	3.87 $	3.85 $	3.81 $	3.81
European portfolio (€)	**€**	**5.11** €	4.89 €	5.16 €	5.10	—	—	—	—
Financing(3)									
Net total debt-to-assets ratio(4)		**31.3%**	29.6%	28.1%	28.2%	23.7%	31.4%	37.4%	42.4%
Net total debt-to-adjusted EBITDAFV (years)(4)		**6.2**	5.8	5.4	5.3	4.3	5.4	6.4	7.1
Interest coverage ratio (times)(4)		**4.4**	4.2	4.1	3.9	3.8	3.8	3.7	3.4
Weighted average face interest rate on debt (period-end)(5)		**2.57%**	3.43%	3.57%	3.57%	3.59%	3.69%	3.69%	3.72%
Weighted average remaining term to maturity on debt (years)		**4.8**	5.1	5.6	5.9	5.5	4.9	4.4	4.4
Unencumbered assets (in millions)(4)(6)	**$**	**1,441.6** $	1,283.4 $	1,107.4 $	842.5 $	96.3 $	345.3 $	381.1 $	318.3
Available liquidity(4)	**$**	**573.2** $	271.6 $	395.4 $	215.8 $	591.5 $	280.1 $	95.4 $	77.2
Capital									
Total number of Units (in millions)(7)		**171.2**	171.2	171.2	171.2	153.4	139.4	138.5	125.3
NAV per Unit(4)	**$**	**12.55** $	12.10 $	11.75 $	11.84 $	11.76 $	11.09 $	11.04 $	10.61

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

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

(3) Financing metrics include cross-currency interest rate swaps, assets and liabilities classified as held for sale at the end of each period and income (loss) from discontinued operations as applicable.

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

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

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

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

Results of operations

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

	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Investment properties revenue	**$ 61,323**	$ 59,013	$ 59,060	$ 56,550	$ 50,984	$ 49,511	$ 49,796	$ 45,040
Investment properties operating expenses	**(16,811)**	(16,761)	(16,682)	(16,809)	(14,760)	(13,593)	(14,611)	(13,341)
Net rental income	**44,512**	42,252	42,378	39,741	36,224	35,918	35,185	31,699
Other income	**(22)**	(17)	65	865	959	543	198	210
Other expenses	**(16,256)**	(15,727)	(16,484)	(20,134)	(15,605)	(14,952)	(15,625)	(14,582)
Fair value adjustments and net gain (loss) on transactions and other activities	**55,058**	52,723	(22,741)	22,620	90,612	(21,662)	64,720	(28,611)
Income (loss) before income taxes and discontinued operations	**83,292**	79,231	3,218	43,092	112,190	(153)	84,478	(11,284)
Deferred and current income taxes expense, net	**(1,779)**	(5,569)	(274)	(1,056)	(5,404)	(503)	(1,977)	(574)
Income (loss) from continuing operations, net of taxes	**81,513**	73,662	2,944	42,036	106,786	(656)	82,501	(11,858)
Income (loss) from discontinued operations, net of taxes	**—**	—	—	(19)	(144)	(2,310)	1,516	3,597
Net income (loss)	**$ 81,513**	$ 73,662	$ 2,944	$ 42,017	$ 106,642	$ (2,966)	$ 84,017	$ (8,261)
Other comprehensive income								
Unrealized gain (loss) on foreign currency translation of foreign operations, net of taxes	**(6,753)**	1,160	(15,762)	43,699	(5,812)	4,680	(8,397)	(1,708)
Unrealized gain (loss) on hedging instruments, net of taxes	**(4,054)**	—	—	—	—	—	—	(36)
Share of other comprehensive loss from equity accounted	**(427)**	(194)	(362)	749	(109)	—	—	—
	(11,234)	966	(16,124)	44,448	(5,921)	4,680	(8,397)	(1,744)
Comprehensive income (loss)	**$ 70,279**	$ 74,628	$ (13,180)	$ 86,465	$ 100,721	$ 1,714	$ 75,620	$ (10,005)

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

Funds from operations

	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Net income (loss)	**$ 81,513**	$ 73,662	$ 2,944	$ 42,017	$ 106,642	$ (2,966)	$ 84,017	$ (8,261)
Add (deduct):								
Amortization of lease incentives[1]	**436**	457	425	327	400	361	388	492
Interest expense on subsidiary redeemable units	**3,247**	3,246	3,247	3,311	3,344	3,344	3,344	3,344
Fair value adjustments to investment properties[1]	**(91,855)**	(66,314)	1,551	36,539	(89,768)	(6,587)	(61,405)	(20,337)
Fair value adjustments to financial instruments	**36,489**	11,428	20,270	(57,272)	(4,314)	28,191	(1,505)	48,445
Costs on sale of investment properties[1]	**—**	—	—	2	557	2,220	419	—
Fair value adjustments of deferred trust units included in G&A expenses	**21**	(41)	(67)	(43)	99	104	75	95
Internal leasing costs[1]	**772**	796	702	797	596	608	747	737
Other transaction costs	**—**	—	—	—	226	—	—	—
Foreign exchange (gain) loss	**(469)**	1,362	213	(2,688)	2,219	(69)	(440)	(138)
Deferred income taxes expense	**1,781**	5,563	273	1,055	5,436	489	1,977	574
FFO[2] before the undernoted adjustment	**$ 31,935**	$ 30,159	$ 29,558	$ 24,045	$ 25,437	$ 25,695	$ 27,617	$ 24,951
Debt settlement costs[1]	**—**	—	—	3,949	372	964	—	—
FFO[2]	**$ 31,935**	$ 30,159	$ 29,558	$ 27,994	$ 25,809	$ 26,659	$ 27,617	$ 24,951
FFO per Unit – diluted[2][3]	**$ 0.19**	$ 0.18	$ 0.17	$ 0.17	$ 0.18	$ 0.19	$ 0.20	$ 0.21

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

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

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

NON-GAAP MEASURES AND OTHER DISCLOSURES

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

Funds from operations ("FFO")

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

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", FFO has been reconciled to net income in the table below for the three months and years ended December 31, 2020 and December 31, 2019.

		Three months ended December 31,			Year ended December 31,
		2020	2019		**2020**	2019
Net income for the period	**$**	**81,513**	$ 106,642	**$**	**200,136**	$ 179,432
Add (deduct):						
Amortization of lease incentives[1]		**436**	400		**1,645**	1,641
Interest expense on subsidiary redeemable units		**3,247**	3,344		**13,051**	13,376
Fair value adjustments to investment properties[1]		**(91,855)**	(89,768)		**(120,079)**	(178,097)
Fair value adjustments to financial instruments		**36,489**	(4,314)		**10,915**	70,817
Costs on sale of investment properties[1]		**—**	557		**2**	3,196
Fair value adjustments of deferred trust units included in G&A expenses		**21**	99		**(130)**	373
Internal leasing costs[1]		**772**	596		**3,067**	2,688
Other transaction costs		**—**	226		**—**	226
Foreign exchange (gain) loss		**(469)**	2,219		**(1,582)**	1,572
Deferred income taxes expense		**1,781**	5,436		**8,672**	8,476
FFO for the period before the undernoted adjustment		**31,935**	25,437		**115,697**	103,700
Debt settlement costs[1]		**—**	372		**3,949**	1,336
FFO for the period	**$**	**31,935**	$ 25,809	**$**	**119,646**	$ 105,036

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

Weighted average number of Units

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

The diluted weighted average number of Units outstanding used in the FFO per Unit calculation includes the basic weighted average number of Units, unvested deferred trust units and associated income deferred trust units. As at December 31, 2020, there were 400,244 unvested deferred trust units and associated income deferred trust units (December 31, 2019 – 391,869).

	Three months ended December 31,		Year ended December 31,	
Weighted average Units outstanding	**2020**	2019	**2020**	2019
Basic (in thousands)	**171,249**	142,785	**169,156**	133,796
Diluted (in thousands)	**171,670**	143,175	**169,550**	134,211

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

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

When the Trust compares comparative properties NOI on a quarter-over-prior year quarter basis, the Trust excludes investment properties acquired after October 1, 2019 and properties disposed of prior to December 31, 2020. On a year-over-year basis, the Trust excludes investment properties acquired after January 1, 2019 and properties disposed of prior to December 31, 2020. Comparative properties NOI also excludes straight-line rent, amortization of lease incentives, expected credit loss, lease termination fees and other rental income, and COVID-19 related adjustments and provisions.

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

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

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

Unencumbered assets

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

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

Amounts included in consolidated financial statements		**December 31, 2020**		December 31, 2019
Investment properties	**$**	**3,241,601**	$	2,428,664
Less: Pledged as collateral		**(1,800,012)**		(2,332,413)
Unencumbered assets	**$**	**1,441,589**	$	96,251

Net asset value ("NAV") per Unit

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

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

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

One of the components used to determine the Trust's NAV per Unit is total equity (including LP B Units). Total equity (including LP B Units) is calculated as the sum of equity per 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 income trusts.

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

Total distributions

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the table below reconciles total distributions to amounts included in the consolidated financial statements for the three months and years ended December 31, 2020 and December 31, 2019.

	Three months ended December 31,				Year ended December 31,			
Amounts included in consolidated financial statements		**2020**		2019		**2020**		2019
Distributions on REIT Units	**$**	**26,719**	$	22,217	**$**	**106,048**	$	82,610
Interest on subsidiary redeemable units		**3,247**		3,344		**13,051**		13,376
Total distributions	**$**	**29,966**	$	25,561	**$**	**119,099**	$	95,986

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

The DRIP participation rate is the ratio of total distributions reinvested less bonus distribution over total distributions. Management believes it is an important measure in evaluating the impact 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.

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), “Non-GAAP Financial Measures”, total distributions reinvested and total distributions paid in cash have been reconciled to amounts included in the consolidated financial statements for the three months and years ended December 31, 2020 and December 31, 2019.

	Three months ended December 31,		Year ended December 31,	
	2020	2019	**2020**	2019
Distributions reinvested as included in consolidated financial statements	**$ —**	$ 10,526	**$ 11,881**	$ 38,311
Less: Distributions reinvested pertaining to prior period	**—**	(3,447)	**(3,725)**	(2,736)
Add: Distributions reinvested on January 15	**820**	3,725	**820**	3,725
Less: 3% bonus distribution	**(24)**	(307)	**(323)**	(1,131)
Distributions reinvested less 3% bonus distribution (DRIP participation rate)	**$ 796**	$ 10,497	**$ 8,653**	$ 38,169

	Three months ended December 31,		Year ended December 31,	
	2020	2019	**2020**	2019
Distributions paid on REIT Units	**$ 26,719**	$ 14,221	**$ 96,482**	$ 55,167
Interest paid on LP B Units	**3,247**	—	**9,739**	—
Less: Distributions paid on REIT Units pertaining to prior period	**(8,907)**	(4,731)	**(5,267)**	(3,748)
Less: Interest paid on LP B Units pertaining to prior period	**(1,082)**	—	**—**	—
Add: Distributions paid on REIT Units on January 15	**8,110**	5,267	**8,110**	5,267
Add: Interest paid on LP B Units on January 15	**1,082**	—	**1,082**	—
Distributions paid in cash	**$ 29,169**	$ 14,757	**$ 110,146**	$ 56,686

Available liquidity

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

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

Amounts per consolidated financial statements	**December 31, 2020**	December 31, 2019
Cash and cash equivalents	**$ 254,935**	$ 441,537
Undrawn revolving credit facility	**318,300**	150,000
Available liquidity	**$ 573,235**	$ 591,537

Total debt

Total debt (a non-GAAP measure) is calculated as the sum of current and non-current debt and the cross-currency interest rate swaps per consolidated financial statements. Management believes it is important to include any cross-currency interest rate swaps for the purposes of monitoring the Trust's debt levels. Total debt is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other income trusts.

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", the table below reconciles total debt to debt as per the consolidated financial statements as at December 31, 2020 and December 31, 2019.

Amounts per consolidated financial statements	**December 31, 2020**	December 31, 2019
Non-current debt	**$ 1,128,773**	$ 952,917
Current debt	**130,157**	61,651
Cross-currency interest rate swaps(1)	**9,484**	—
Total debt	**$ 1,268,414**	$ 1,014,568

(1) The cross-currency interest rate swaps are included in "non-current liabilities" in the consolidated financial statements.

Net total debt-to-assets ratio

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

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

	December 31, 2020	September 30, 2020	December 31, 2019	September 30, 2019	December 31, 2018
Total debt(1)	**$ 1,268,414**	$ 923,165	$ 1,014,568	$ 861,695	$ 937,730
Add (deduct):					
Unamortized financing costs	**8,807**	7,064	8,073	5,959	5,804
Unamortized fair value adjustments	**(144)**	(217)	(949)	(1,106)	(1,641)
Total debt at principal amount outstanding	**1,277,077**	930,012	1,021,692	866,548	941,893
Less: Cash and cash equivalents	**(254,935)**	(20,830)	(441,537)	(130,097)	(4,968)
Net total debt	**$ 1,022,142**	$ 909,182	$ 580,155	$ 736,451	$ 936,925
Total assets	**3,521,330**	3,096,136	2,892,891	2,478,685	2,160,575
Less: Cash and cash equivalents	**(254,935)**	(20,830)	(441,537)	(130,097)	(4,968)
Total assets (net of cash and cash equivalents)	**$ 3,266,395**	$ 3,075,306	$ 2,451,354	$ 2,348,588	$ 2,155,607
Net total debt-to-assets ratio	**31.3%**	29.6%	23.7%	31.4%	43.5%

(1) Total debt is a non-GAAP measure, which includes the fair value of our cross-currency interest rate swaps, please refer to detailed descriptions and calculations under the heading "Total debt".

Net total debt-to-adjusted EBITDAFV

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

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

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

		December 31, 2020		December 31, 2019
Total debt[1]	$	1,268,414	$	1,014,568
Add (deduct):				
Unamortized financing costs		8,807		8,073
Unamortized fair value adjustments		(144)		(949)
Total debt at principal amount outstanding		**1,277,077**		1,021,692
Less: Cash and cash equivalents		(254,935)		(441,537)
Net debt	$	**1,022,142**	$	580,155
EBITDAFV[2] – quarterly		**40,020**		33,796
Add:				
Normalized NOI of properties acquired in the quarter[3]		1,173		176
Net rental loss from properties sold in prior periods[4]		2		34
Adjusted EBITDAFV – quarterly		**41,195**		34,006
Adjusted EBITDAFV – annualized	$	**164,780**	$	136,024
Net total debt-to-adjusted EBITDAFV (years)		**6.2**		4.3

(1) Total debt is a non-GAAP measure, which includes the fair value of our cross-currency interest rate swaps, please refer to detailed descriptions and calculations under the heading "Total debt".

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

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

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

Interest coverage ratio

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

Interest coverage ratio as shown below is calculated as the trailing 12-month EBITDAFV divided by the trailing 12-month interest expense on debt 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 interest coverage ratio includes the results of continuing and discontinued operations.

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

		Year ended December 31,		
		2020		2019
EBITDAFV[1]	$	**152,347**	$	139,217
Interest expense on debt and other financing costs[2]		**34,338**		36,173
Interest coverage ratio (times)		**4.4**		3.8

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

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

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

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

In compliance with Canadian Securities Administrators Staff Notice 52-306 (Revised), "Non-GAAP Financial Measures", EBITDAFV has been reconciled to net income in the table below for the three months and years ended December 31, 2020 and December 31, 2019:

	For the three months ended		For the year ended	
	December 31, 2020	December 31, 2019	**December 31, 2020**	December 31, 2019
Net income for the period	**$ 81,513**	$ 106,642	**$ 200,136**	$ 179,432
Add (deduct):				
Fair value adjustments to investment properties[1]	**(91,855)**	(89,768)	**(120,079)**	(178,097)
Fair value adjustments to financial instruments	**36,489**	(4,314)	**10,915**	70,817
Net loss on transactions and other activities[1]	**308**	3,618	**1,506**	7,737
Interest expense on debt[1]	**8,501**	8,686	**34,338**	36,173
Interest expense on subsidiary redeemable units	**3,247**	3,344	**13,051**	13,376
Debt settlement costs[1]	**—**	372	**4,324**	1,336
Other items included in investment properties revenue[2]	**38**	(188)	**(522)**	(15)
Deferred and current income taxes expense, net[1]	**1,779**	5,404	**8,678**	8,458
EBITDAFV for the period	**$ 40,020**	$ 33,796	**$ 152,347**	$ 139,217

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

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

SECTION V

DISCLOSURE CONTROLS AND OUR PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

For the year ended December 31, 2020, 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 "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, 2020.

There were no changes in Dream Industrial REIT's internal control over financial reporting during the financial year ended December 31, 2020 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 MD&A, we are exposed to various risks and uncertainties, many of which are beyond our control and could have an impact on our business, financial condition, operating results and prospects. Unitholders should consider these risks and uncertainties when assessing our outlook in terms of investment potential. For a further discussion of the risks and uncertainties identified by Dream Industrial REIT, please refer to our latest Annual Report and Annual Information Form filed on SEDAR at www.sedar.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, which 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 and the U.S., and Europe, and, as a result, are impacted by economic and other factors specifically affecting the real estate markets in Canada, the U.S. and Europe. 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, the U.S., and Europe 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.

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 will 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 to 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. An 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 banks, could have a significant negative effect on our ability to sell any of our properties.

Currency risk

Some of our investments and operations are conducted in U.S. dollars and euros; however, we pay distributions to unitholders in Canadian dollars. As a result, fluctuations in the U.S. dollar and euro 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 the U.S. and Europe increases as a result of future property acquisitions.

Hedging instruments

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

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 are derived from our investments located in Canada, the U.S., and Europe 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, the U.S. and Europe 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 net operating income 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 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.

Climate change continues to attract the focus of governments and the general public as an important threat, given the emission of greenhouse gases and other activities continue to negatively impact the planet. We face the risk that our properties will be subject to government initiatives aimed at countering climate change, such as reduction of greenhouse gas emissions, which could impose constraints on our operational flexibility or cause us 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 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 the U.S. 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, 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 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 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.

COVID-19

Adverse Canadian, U.S., European and global market, economic and political conditions, including dislocations and volatility in the credit markets and general global economic uncertainty, 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.

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

The extent to which COVID-19 (or any other disease, epidemic or pandemic) impacts business activity or financial results, and the duration and scope of any such negative impact, will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning COVID-19 and the actions required to contain or treat its impact, among others. The COVID-19 pandemic and the corresponding government response, including the public safety related protocols adopted by us in response to the COVID-19 pandemic, have materially affected us. The various government mandates, including "work from home" orders, have resulted in the closure of our head office and regional offices to all employees other than essential services and have affected the trading price of our Units. The COVID-19 pandemic, the government response and government mandates may continue to materially affect us in the future and may materially affect the trading price of our Units. COVID-19 has led to the extended shutdown of certain businesses, which may in turn result in disruptions, delays or reductions to our tenants' supply chains. COVID-19 may also impact consumer demand for our tenants' products or services, which may negatively impact our tenants' businesses. These factors may impact our tenants' ability to meet their payment obligations and other obligations due to us, which could have a material adverse effect on us.

The Trust has provided rent deferrals, and abated rent under the CECRA program to certain tenants. While there is no assurance that deferred rents will be collected under these deferral arrangements, as at December 31, 2020 the Trust has collected over 90% of deferrals granted in Q2 2020.

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

COVID-19 has led to increased risks associated with cyber security. As such, this could impact our information technology systems and networks. All of these factors may have a material adverse effect on our business, our results of operations and our ability to make cash distributions to unitholders.

Elevated estimation uncertainty as a result of COVID-19

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

During uncertain times, the underlying unobservable valuation assumptions used in underwriting the fair value of investment properties such as discount rates and terminal cap rates may vary greatly between different market participants based on their investment objectives and risk tolerance levels. If there are any changes in the critical and key assumptions used in valuing our investment properties, or in regional, national or international economic conditions, new developments in the COVID-19 pandemic or new or continued government measures or public safety related protocols, the fair value of our investment properties may change materially.

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

Increase in credit risk as a result of COVID-19

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

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

SECTION VII

CRITICAL ACCOUNTING JUDGMENTS

Preparing the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment in the future to the carrying amount of the asset or liability affected.

The following are the critical 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

Critical judgments are made in respect of the fair values of investment properties. The fair values of investment properties are 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 also 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 properties not subject to independent appraisals, valuations are prepared internally during each reporting period.

Critical assumptions used in estimating the fair values of investment properties include cap rates, discount rates that reflect current market uncertainties, terminal cap rates and market rents. Other key assumptions relating to the estimates of fair values of investment properties include components of stabilized NOI, leasing costs and vacancy rates. The Trust examines the critical and key 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.

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 values 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 values of the assets 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 values 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 investment, amounts receivable, and property and equipment.

IFRS 9, "Financial Instruments" ("IFRS 9"), requires management to use judgment in determining whether 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 last 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 36, "Impairment of Assets" ("IAS 36"), 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 rates. The values assigned to these key assumptions reflect past experience and are consistent with external sources of information.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND FUTURE ACCOUNTING POLICY CHANGES

The Trust has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2020. These changes were made in accordance with the applicable transitional provisions as described below.

Changes in accounting policies

Presentation of interest expense on debt in the consolidated statements of cash flows

The Trust has amended its accounting policy for the presentation of interest expense on debt in the consolidated statements of cash flows. Effective January 1, 2020, the Trust has elected to present interest expense on debt as a cash flow arising from financing activities where it was previously included in cash flows from operating activities. The Trust has made this change in order to better align with the presentation of cash flows related to debt transactions. As a result of this change in presentation, cash flows generated from (utilized in) operating activities for the year ended December 31, 2019 have increased by $35.2 million, with a corresponding reduction to cash flows generated from (utilized in) financing activities.

Business combinations

Effective January 1, 2020, the Trust has applied the amendments to the requirements of IFRS 3, "Business Combinations" ("IFRS 3"), in relation to whether a transaction meets the definition of a business combination. The amendments provide the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. No changes were required for the current period as none of the acquisitions met the definition of a business combination.

New standards and interpretations

Certain new accounting standards and interpretations have been published that are not effective for the year ended December 31, 2020 and have not been early adopted by the Trust. These standards are not expected to have a material impact on the Trust's consolidated financial statements in the current or future periods.

Additional information

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

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 external auditors to satisfy itself that management is properly discharging its financial responsibilities and to review its consolidated financial statements and the report of the 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 auditor has full and unrestricted access to the Audit Committee, with or without management present.

"Brian Pauls"

Brian Pauls
Chief Executive Officer

"Lenis Quan"

Lenis Quan
Chief Financial Officer

Toronto, Ontario, February 16, 2021

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, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

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

- the consolidated balance sheets as at December 31, 2020 and 2019;
- 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, which include significant accounting policies 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, 2020. 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.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties *Refer to note 2 – Summary of significant accounting policies, note 4 – Investment properties and note 31 – Fair value measurements to the consolidated financial statements.* The Trust measures its investment properties at fair value and, as at December 31, 2020, these assets were valued at $3.2 billion. The fair values of these investments 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 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 critical and key assumptions were cap rates and stabilized net operating income (NOI). For the discounted cash flow method, the critical and key assumptions were discount and terminal cap rates, market rents, leasing costs, and vacancy rates as applicable. Critical 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 investment properties, (ii) the critical judgments made by management when determining the fair value including the development of the critical and key assumptions and (iii) a high degree of complexity in assessing audit evidence to support the critical and key 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 investment 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 methods that are significant to the fair value of investment properties. • Evaluated the reasonableness of stabilized NOI and year-one cash flows used in the valuation methods by benchmarking them to the underlying accounting records and/or market information as applicable. • Evaluated the reasonableness of critical and key assumptions, including the discount rates, terminal cap rates, market rents, cap rates, leasing costs and vacancy rates by comparing them to external market and industry data, where available. Professionals with specialized skill and knowledge in the field of real estate valuations assisted us in evaluating the reasonableness of a sample of these critical and key assumptions, where applicable.

Other information

Management is responsible for the other information. The other information comprises the 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, 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 16, 2021

Consolidated balance sheets

(in thousands of Canadian dollars)

	Note		**December 31, 2020**		December 31, 2019
Assets					
NON-CURRENT ASSETS					
Investment properties	4	**$**	**3,241,601**	$	2,428,664
Equity accounted investment	6		**9,034**		8,008
Other non-current assets	7		**2,773**		4,773
			3,253,408		2,441,445
CURRENT ASSETS					
Amounts receivable	8		**10,044**		7,410
Prepaid expenses and other assets			**2,943**		2,499
Cash and cash equivalents			**254,935**		441,537
			267,922		451,446
Total assets		**$**	**3,521,330**	$	2,892,891
Liabilities					
NON-CURRENT LIABILITIES					
Debt	9	**$**	**1,128,773**	$	952,917
Subsidiary redeemable units	10		**243,957**		243,771
Deferred Unit Incentive Plan	11		**12,313**		10,250
Deferred income tax liabilities, net	12		**17,572**		9,511
Other non-current liabilities	13		**32,407**		14,467
			1,435,022		1,230,916
CURRENT LIABILITIES					
Debt	9		**130,157**		61,651
Amounts payable and accrued liabilities	14		**51,275**		40,752
			181,432		102,403
Total liabilities			**1,616,454**		1,333,319
Equity					
Unitholders' equity	15		**1,605,724**		1,372,564
Retained earnings	15		**281,531**		187,443
Accumulated other comprehensive income (loss)	15, 17		**17,621**		(435)
Total equity			**1,904,876**		1,559,572
Total liabilities and equity		**$**	**3,521,330**	$	2,892,891

See accompanying notes to the consolidated financial statements.

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

"Vincenza Sera"
Vincenza Sera
Trustee

"Sheldon Wiseman"
Sheldon Wiseman
Trustee

Consolidated statements of comprehensive income

(in thousands of Canadian dollars)

	Note	Year ended December 31, 2020	2019
Investment properties revenue	18	**$ 235,946**	$ 195,331
Investment properties operating expenses		**(67,063)**	(56,305)
Net rental income		**168,883**	139,026
Other income			
Interest, fee income and other		**891**	1,910
		891	1,910
Other expenses			
General and administrative	19	**(16,888)**	(12,060)
Interest:			
Debt and other financing costs	20	**(34,338)**	(34,956)
Subsidiary redeemable units	20	**(13,051)**	(13,376)
Debt settlement costs		**(4,324)**	(372)
		(68,601)	(60,764)
Fair value adjustments and net loss on transactions and other activities			
Fair value adjustments to investment properties	4, 23	**120,079**	180,488
Fair value adjustments to financial instruments	21	**(10,915)**	(70,817)
Net loss on transactions and other activities	22	**(1,504)**	(4,612)
		107,660	105,059
Income before income taxes and discontinued operations		**208,833**	185,231
Deferred and current income taxes expense, net	12	**(8,678)**	(8,458)
Income from continuing operations, net of taxes		**200,155**	176,773
Income (loss) from discontinued operations, net of taxes	23	**(19)**	2,659
Net income		**$ 200,136**	$ 179,432
Other comprehensive income (loss)			
Items that will be reclassified subsequently to net income:			
Unrealized gain (loss) on foreign currency translation of foreign operations, net of taxes	17	**$ 22,344**	$ (11,346)
Unrealized loss on hedging instruments, net of taxes	17	**(4,054)**	(36)
Share of other comprehensive loss from equity accounted investment	17	**(234)**	—
		18,056	(11,382)
Comprehensive income		**$ 218,192**	$ 168,050

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, 2020	Note	**Number of REIT Units**		**Unitholders' equity**		**Retained earnings**		**Accumulated other comprehensive income (loss)**		**Total equity**
Balance at January 1, 2020		**134,801,881**	**$**	**1,372,564**	**$**	**187,443**	**$**	**(435)**	**$**	**1,559,572**
Net income		**—**		**—**		**200,136**		**—**		**200,136**
Distributions paid and payable	16	**—**		**—**		**(106,048)**		**—**		**(106,048)**
Public offering of REIT Units	15	**16,859,000**		**230,125**		**—**		**—**		**230,125**
Distribution Reinvestment Plan(1)	15	**931,334**		**11,881**		**—**		**—**		**11,881**
REIT Units issued for vested deferred trust units and Unit Purchase Plan	11, 15	**86,646**		**1,056**		**—**		**—**		**1,056**
Issue costs and other		**—**		**(9,902)**		**—**		**—**		**(9,902)**
Other comprehensive income	17	**—**		**—**		**—**		**18,056**		**18,056**
Balance at December 31, 2020		**152,678,861**	**$**	**1,605,724**	**$**	**281,531**	**$**	**17,621**	**$**	**1,904,876**

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

		Attributable to unitholders of the Trust								
Year ended December 31, 2019	Note	Number of REIT Units		Unitholders' equity		Retained earnings		Accumulated other comprehensive income (loss)		Total equity
Balance at January 1, 2019		92,062,659	$	887,757	$	90,621	$	10,947	$	989,325
Net income		—		—		179,432		—		179,432
Distributions paid and payable	16	—		—		(82,610)		—		(82,610)
Public offerings and private placement of REIT Units	15	39,436,500		465,313		—		—		465,313
Distribution Reinvestment Plan(1)	15	3,170,829		38,311		—		—		38,311
REIT Units issued for vested deferred trust units and Unit Purchase Plan	11, 15	131,893		1,573		—		—		1,573
Issue costs and other		—		(20,390)		—		—		(20,390)
Other comprehensive loss	17	—		—		—		(11,382)		(11,382)
Balance at December 31, 2019		134,801,881	$	1,372,564	$	187,443	$	(435)	$	1,559,572

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

See accompanying notes to the consolidated financial statements.

Consolidated statements of cash flows

(in thousands of Canadian dollars)

	Note	Year ended December 31, 2020	2019 (Note 3)
Generated from (utilized in) operating activities			
Net income		**$ 200,136**	$ 179,432
Non-cash items:			
Fair value adjustments to investment properties		**(120,079)**	(178,097)
Unrealized fair value adjustments to financial instruments		**6,928**	70,817
Depreciation and amortization		**1,664**	1,696
Other adjustments		**20,666**	27,769
Change in non-cash working capital		**(1,339)**	(6,120)
Investment in lease incentives and initial direct leasing costs		**(11,557)**	(13,230)
Interest expense on debt		**34,338**	36,173
Debt settlement costs		**4,324**	1,336
		135,081	119,776
Generated from (utilized in) investing activities			
Investment in building improvements		**(6,743)**	(11,350)
Investment in property and equipment		**(387)**	(61)
Acquisitions and transaction costs of investment properties		**(633,857)**	(363,970)
Deposit on acquisition of investment properties		**(2,100)**	(2,700)
Contributions to equity accounted investment		**(1,221)**	(8,117)
Net proceeds from disposal of investment properties		**—**	270,065
		(644,308)	(116,133)
Generated from (utilized in) financing activities			
Borrowings	9	**537,505**	403,442
Lump sum repayments	9, 23	**(270,854)**	(294,306)
Principal repayments	9, 23	**(22,733)**	(24,752)
Financing costs additions	9	**(3,402)**	(3,937)
Interest paid on debt	20	**(32,847)**	(35,181)
Interest paid on subsidiary redeemable units	20	**(9,739)**	—
Debt settlement costs paid		**(3,883)**	(1,359)
Distributions paid on REIT Units	16	**(96,482)**	(55,167)
Cash proceeds on issuance of REIT Units	15	**230,129**	465,323
Issue costs paid on REIT Units		**(10,393)**	(19,930)
Cash settlement of deferred trust units	11	**(113)**	(91)
Principal repayment of finance lease liability		**(32)**	—
		317,156	434,042
Increase (decrease) in cash and cash equivalents		**(192,071)**	437,685
Foreign exchange gain (loss) on cash held in foreign currency		**5,469**	(1,116)
Cash and cash equivalents, beginning of year		**441,537**	4,968
Cash and cash equivalents, end of year		**$ 254,935**	$ 441,537

See accompanying notes to the consolidated financial statements.

Note 1

ORGANIZATION

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

The principal office and centre of administration of the Trust is 30 Adelaide Street East, Suite 301, State Street Financial Centre, Toronto, Ontario, M5C 3H1. The Trust is listed on the Toronto Stock Exchange ("TSX") under the symbol "DIR.UN". Dream Industrial REIT's consolidated financial statements for the year ended December 31, 2020 were authorized for issuance by the Board of Trustees on February 16, 2021, after which they may only be amended with the Board of Trustees' approval.

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

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

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are described below:

Basis of presentation and statement of compliance

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

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 the Board of Trustees, 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. If the Trust's investment is reduced to zero, additional losses are not provided for, and a liability is not recognized, unless the Trust has incurred legal or constructive obligations, or made payments on behalf of the equity accounted investment.

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. Balances outstanding between the Trust and equity accounted investments in which it has an interest are not eliminated in the consolidated balance sheets.

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 joint arrangements in which the parties have rights to the assets, and obligations for the liabilities, of the 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's co-ownership arrangements are joint operations.

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 share of any liabilities incurred jointly with the other venturers as well as any liabilities incurred directly; and its share of any revenues earned or expenses incurred by the joint operation and any expenses incurred directly.

Investment properties

Investment properties are initially recorded at cost, including related transaction costs in connection with asset acquisitions, and include investment properties held to earn rental income and/or for capital appreciation. 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, 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, the cash flows of each property are projected over an anticipated term, a terminal value is applied, and the cash flows are discounted using an appropriate discount rate. 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 investment 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 investment 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 investment 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.

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.

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

Assets held for sale

Assets and associated liabilities (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Investment properties continue to be measured at fair value. Debt directly related to assets held for sale is carried at amortized cost until disposal.

Other non-current assets

Other non-current assets include deposits on acquisitions of investment properties, property and equipment, and financial assets. Deposits on acquisitions of investment properties are recorded at amortized cost. Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation of property and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their expected useful lives. All other repairs and maintenance are charged to consolidated statements of comprehensive income during the reporting period in which they are incurred. Restricted cash is accounted for at cost.

Other non-current assets are derecognized on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is 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 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	
Deposits on acquisitions of investment properties(1)	Financial asset at amortized cost
Amounts receivable	Financial asset at amortized cost
Cash and cash equivalents	Financial asset at amortized cost
Financial liabilities	
Mortgages(2)	Financial liability at amortized cost
Revolving credit facility(2)	Financial liability at amortized cost
U.S. term loan(2)	Financial liability at amortized cost
Debentures(2)	Financial liability at amortized cost
Subsidiary redeemable units	Financial liability at amortized cost
Deferred Unit Incentive Plan	Financial liability at amortized cost
Tenant security deposits(3)	Financial liability at amortized cost
Amounts payable and accrued liabilities	Financial liability at amortized cost
Finance leases(3)	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 "Other non-current assets" in the consolidated balance sheets.

(2) Included in "Debt" in the consolidated balance sheets.

(3) Included in "Other non-current liabilities" in the consolidated balance sheets.

(4) Included in either "Other non-current liabilities" or "Other non-current assets" 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 subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortized cost.

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 in which the Trust classifies its financial assets:

- amortized cost: assets that are held for the collection of contractual cash flows and those cash flows represent solely payments of principal and interest;
- fair value through other comprehensive income: 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
- fair value through profit or loss: 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 subsequently at fair value through profit or loss; and
- those to be measured at amortized cost.

Measurement

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

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 in comprehensive income.

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.

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 economic impact of the Trust's financial risk management activities with the accounting.

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 net income. Amounts recorded in accumulated other comprehensive income are recognized in net income when the hedged cash flows affect net income.

The Trust uses CCIRS to hedge its exposure to foreign exchange risk and interest rate risk on cash flows associated with the U.S. term Loan.

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 net income. Amounts recorded in accumulated other comprehensive income are recognized in net income when there is a disposition or partial disposition of the foreign subsidiary.

The Trust uses CCIRS to hedge of its exposure to foreign exchange 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 because 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 it is not a contract 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.

Distributions

Distributions to unitholders are recognized in the period in which the distributions are declared and are recorded as a reduction to retained earnings.

Deferred Unit Incentive Plan ("DUIP")

As described in Note 11, the Trust has a Deferred Unit Incentive Plan ("DUIP") that provides for the granting of deferred trust units and income deferred trust units to trustees, officers, employees and employees of affiliates and their service providers (including the asset manager).

Over the vesting period, deferred trust units are recorded as a liability, and compensation expense is recognized at amortized cost based on the fair value of the units. Once vested, the liability is remeasured at each reporting date at amortized cost, based on the fair value of the corresponding REIT Units, with changes in fair value recognized in the consolidated statements of comprehensive income as a fair value adjustment to financial instruments. Deferred trust units and income deferred units are usually settled in REIT Units.

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 for operating expenses based on actual costs incurred in accordance with the terms of the related leases. Actual 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 and any restrictions in lease agreements. If the services rendered exceed the monthly charges billed, a receivable is recognized; if the monthly charges billed exceed the service rendered, a payable is recognized. These current assets or liabilities are settled with tenants annually.

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 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 is for the provision of a distinct service. Revenues of the latter type are determined to be in scope of IFRS 15, while the former are in scope of IFRS 16, “Leases”.

Government grants

Government grants are recognized in the consolidated statements of comprehensive income during the year when there is reasonable assurance that the grants will be received and that the Trust will comply with the terms of the respective grant. Government grants are presented separately as a reduction of the related costs for which the grants are intended to compensate.

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. Financing costs are amortized to interest expense.

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 unitholder, 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 United States (“U.S.”) subsidiaries, 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.

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 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 the equity accounted investment, amounts receivable and property and equipment.

IAS 28, "Investments in Associates and Joint Ventures" ("IAS 28"), 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 rates. The values assigned to these key assumptions reflect past experience and are consistent with external sources of information.

Leases where the Trust is a lessee

IFRS 16, "Leases", sets out the principles for the recognition, measurement and disclosure of leases. While accounting for leases where the Trust is acting as the lessor is substantially unchanged, there have been significant changes to the accounting for leases previously classified as operating leases where the Trust is acting as the lessee.

At the inception of a contract, the Trust assesses whether that contract is, or contains, a lease. A lease is a contract where the right to direct the use of an asset owned by another party and to obtain the economic benefits deriving from that asset are transferred to the Trust. Where the Trust is a lessee, the Trust recognizes a right-of-use ("ROU") asset and a lease liability except where the lease is for less than 12 months or the underlying asset is of low value as determined by the Trust. For short-term leases and for leases of low-value assets, the lease payments are expensed evenly over the term of the lease.

At initial recognition, the lease liability is measured at the present value of the lease payments in the lease, including any renewal options where it is reasonably certain the Trust will exercise the option, and the lease payments due after exercising the option are estimable. These payments are discounted using the rate implicit in the lease or, where this rate is not determinable, at the Trust's incremental borrowing rate for borrowings secured by a similar asset and for a similar term as the lease. Lease payments include fixed payments and variable payments, which depend on an index or rate, including any renewal options included in the determination of the term of the lease. Subsequently, the lease liability is measured at amortized cost using the effective interest rate method. The lease liability is remeasured when the lease agreement is modified or if there are changes to variable payments dependent on an index or rate.

At inception, the ROU asset comprises the lease liability plus any direct costs of obtaining the lease less any incentives provided by the lessor. The ROU asset is depreciated on a straight-line basis over the shorter of the term of the lease and the useful life of the asset.

Segment reporting

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. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, determined to be the Chief Executive Officer ("CEO") of the Trust. 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.

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 assets 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 a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future.

Critical accounting judgments, estimates and assumptions

Preparing the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. Management bases its 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 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 the future.

Critical accounting judgments

The following are the critical 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

Critical judgments are made in respect of the fair values of investment properties. The fair values of these investments are 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 properties not subject to independent appraisals, valuations are prepared internally during each reporting period.

Critical assumptions used in estimating the fair values of investment properties include cap rates, discount rates that reflect current market uncertainties, terminal cap rates and market rents. Other key assumptions relating to the estimates of fair values of investment properties include components of stabilized NOI, leasing costs and vacancy rates. The Trust examines the critical and key 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.

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 values 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 values of the assets 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 values 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 investment, amounts receivable and property and equipment.

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 last 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 36, "Impairment of Assets" ("IAS 36"), 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 rates. The values assigned to these key assumptions reflect past experience and are consistent with external sources of information.

Elevated estimation uncertainty as a result of COVID-19

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

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

Note 3

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND FUTURE ACCOUNTING POLICIES

The Trust has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2020. These changes were made in accordance with the applicable transitional provisions as described below.

Changes in accounting policies

Presentation of interest expense on debt in the consolidated statements of cash flows

The Trust has amended its accounting policy for the presentation of interest expense on debt in the consolidated statements of cash flows. Effective January 1, 2020, the Trust has elected to present interest expense on debt as a cash flow arising from financing activities where it was previously included in cash flows from operating activities. The Trust has made this change in order to better align with the presentation of cash flows related to debt transactions. As a result of this change in presentation, cash flows generated from (utilized in) operating activities for the year ended December 31, 2019 have increased by $35,181 with a corresponding reduction to cash flows generated from (utilized in) financing activities.

Business combinations

Effective January 1, 2020, the Trust has applied the amendments to the requirements of IFRS 3, "Business Combinations" ("IFRS 3"), in relation to whether a transaction meets the definition of a business combination. The amendments provide the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. No changes were required for the current period as none of the acquisitions met the definition of a business combination.

Interest rate benchmark reform

In accordance with the transition provisions, the Trust has adopted the amendments to IFRS 9 and IFRS 7 retrospectively to hedging relationship that was designated during the year ending December 31, 2020 and to the amount accumulated in the cash flow hedge reserve as at December 31, 2020.

The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by inter-bank offered rate ("IBOR") reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continues to be recorded in the income statement. The reliefs will cease to apply when the uncertainty arising from interest rate benchmark reform is no longer present.

Note 29 provides information about the uncertainty arising from IBOR reform for the hedging relationship for which the Trust has applied the reliefs. No changes were required to any of the amounts recognised in the current or prior period as a result of these amendments.

New standards and interpretations

The International Accounting Standards Board has issued amendments to IAS 1, "Presentation of Financial Statements" ("IAS 1"). The amendments 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, 2023. The Trust is currently assessing the impact of these amendments.

Note 4

INVESTMENT PROPERTIES

	Note		Year ended December 31, 2020		2019
Balance at beginning of year		**$**	**2,428,664**	$	2,138,411
Additions:					
Acquisitions of investment properties	5		**663,671**		376,693
Building improvements			**7,010**		9,780
Lease incentives and initial direct leasing costs			**11,525**		14,418
Total additions to investment properties			**682,206**		400,891
Dispositions and reclassifications to assets held for sale:					
Dispositions of investment properties	23		**—**		(8,030)
Investment properties reclassified to assets held for sale	23		**—**		(260,120)
Total dispositions and reclassifications to assets held for sale			**—**		(268,150)
Changes included in net income:					
Fair value adjustments to investment properties			**120,079**		178,547
Change in straight-line rent			**1,674**		1,233
Amortization of lease incentives			**(1,645)**		(1,617)
Total changes included in net income			**120,108**		178,163
Changes included in other comprehensive income (loss):					
Foreign currency translation gain (loss)			**10,623**		(20,651)
Total changes included in other comprehensive income (loss)			**10,623**		(20,651)
Balance at end of year		**$**	**3,241,601**	$	2,428,664
Change in unrealized fair value adjustments included in net income					
Change in fair value of investment properties		**$**	**120,079**	$	181,214

Investment properties includes $12,030 (December 31, 2019 – $10,434) related to straight-line rent receivables.

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

		December 31, 2020		December 31, 2019
Pledged as collateral for mortgages	**$**	**1,800,012**	$	2,062,146
Pledged as collateral for secured revolving credit facility		**—**		270,267
Not pledged against debt		**1,441,589**		96,251
Total investment properties	**$**	**3,241,601**	$	2,428,664

On February 1, 2021, the Trust early discharged seven Canadian mortgages totalling $130,681, reducing investment properties pledged as collateral by $308,171, with a corresponding increase to unpledged investment properties.

Valuations of externally appraised investment properties

The following table summarizes the investment properties valued by qualified external valuation professionals for the years ended December 31, 2020 and December 31, 2019:

		December 31, 2020		December 31, 2019
Investment properties valued by qualified external valuation professionals	**$**	**711,463**	$	547,585
Number of investment properties valued by qualified external valuation professionals		**60**		59
Percentage of the total investment property values		**21.9%**		23.0%

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, 2020 and December 31, 2019 represents the Trust's best estimate based on the internally and externally available information as at the end of each reporting period.

The duration and full scope of the economic impact of the COVID-19 pandemic are unknown at this time. Key valuation assumptions that could be impacted over the long term include: market rents, leasing costs, vacancy rates, discount rates and cap rates. The Trust will continue to monitor the effect of the economic environment on the valuation of its investment properties.

If there are any changes in the critical and key assumptions used in valuing the investment properties, or in regional, national or international economic conditions, or new developments in the COVID-19 pandemic, the fair value of investment properties may change materially.

Significant assumptions used in the valuation of investment properties

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

	December 31, 2020[1]		December 31, 2019[1]	
	Range (%)	**Weighted average (%)[2]**	Range (%)	Weighted average (%)[2]
Cap rate method				
Stabilized cap rate	**4.50–9.00**	**5.75**	4.50–7.50	5.95
Discounted cash flow method				
Discount rate	**5.50–8.50**	**6.55**	5.38–8.75	6.92
Terminal cap rate	**4.75–9.00**	**6.03**	5.00–8.00	6.28

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

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

Sensitivities on assumptions

Generally, an increase in stabilized net operating income under the cap rate method will result in an increase to the fair value of an investment property. An increase in stabilized cap rate under the cap rate method will result in a decrease to the fair value of an investment property. The cap rate magnifies the effect of a change in stabilized NOI, with a lower rate resulting in a greater impact to the fair value of an investment property than a higher rate.

Generally, an increase in discount rate and terminal cap rate under the discounted cash flow method will result in a decrease to the fair value of an investment property.

The following sensitivity tables outline the potential impact on the fair value of investment properties, excluding the investment properties acquired during the current quarter, assuming a change in the weighted average stabilized cap rates, discount rates and terminal rates by a respective 25 basis points ("bps") as at December 31, 2020:

	Impact to change in weighted average stabilized cap rates	
Cap rate method	+25 bps	-25 bps
Increase (decrease) in value	$ (130,169)	$ 141,996

	Impact to change in weighted average discount rates		Impact to change in weighted average terminal cap rates	
Discounted cash flow method	+25 bps	-25 bps	+25 bps	-25 bps
Increase (decrease) in value	$ (60,028)	$ 61,488	$ (80,020)	$ 87,265

Note 5

INVESTMENT PROPERTY ACQUISITIONS

Detailed below are the investment property acquisitions completed for the year ended December 31, 2020:

		Purchase price[1]	Date acquired
840 Trillium Drive, Kitchener, Ontario	$	5,700	January 13, 2020
Berkshire portfolio, Kitchener, Ontario[2]		62,500	January 17, 2020
1995 Markham Road, Scarborough, Ontario		33,100	January 22, 2020
2–20 Exportweg, Waddinxveen, Netherlands[3]		27,355	January 22, 2020
12–16 Het Sterrenbeeld, Den Bosch, Netherlands[3]		10,700	January 28, 2020
7–9 Robert-Bosch-Straße, Dietzenbach, Germany[3]		14,950	January 31, 2020
10 Heibloemweg, Helmond, Netherlands[3]		13,598	February 5, 2020
Dutch portfolio, Netherlands[3][4]		201,576	February 19, 2020 and March 17, 2020
700–840 McCaffrey Road, Montréal, Québec		9,100	February 24, 2020
100 East Beaver Creek, Richmond Hill, Ontario		24,000	February 28, 2020
220 Water Street, Whitby, Ontario		17,600	March 2, 2020
311 Pinebush Road, Cambridge, Ontario		4,905	March 23, 2020
1750 Berlier Street, Laval, Québec		8,600	August 25, 2020
1 Christoph-Seydel-Straße, Radeberg, Germany[3]		25,088	September 1, 2020
6701 Financial Drive, Mississauga, Ontario		23,900	September 17, 2020
4 Zoete Inval, Breda, Netherlands[3]		28,396	September 28, 2020
1–5 Markkaweg, Nieuw-Vennep, Netherlands[3]		16,134	December 8, 2020
1–9 Siemensstraße, Eppertshausen, Germany[3]		31,594	December 10, 2020
4 Stevinlaan, Ede, Netherlands[3]		39,375	December 29, 2020
6 Guldenweg, Varsseveld, Netherlands[3]		9,727	December 29, 2020
30 Handelsweg, Ridderkerk, Netherlands[3]		15,102	December 30, 2020
Total	$	623,000	

(1) Excludes transaction costs of $38,378.

(2) Berkshire portfolio consists of 12 investment properties.

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

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

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

Detailed below are the considerations paid for the acquired investment properties for the years ended December 31, 2020 and December 31, 2019:

	Note		**Year ended December 31, 2020**		Year ended December 31, 2019
Cash paid		**$**	**597,030**	$	357,954
Deposits paid in prior period and released to seller on closing			**2,700**		1,322
Assumed non-cash working capital and capital expenditure obligations			**8,641**		5,851
Assumed mortgages[1]	9		**14,629**		5,384
Total consideration paid before undernoted items			**623,000**		370,511
Transaction costs and land transfer taxes			**38,378**		6,182
Assumed ground lease liability			**2,293**		—
Total acquisitions of investment properties		**$**	**663,671**	$	376,693

(1) For the year ended December 31, 2019, mortgages were assumed from Dream Impact Trust, a related party of the Trust.

Note 6

JOINT ARRANGEMENTS

Joint Venture

The Trust participates in a joint venture with other related parties that own a development property and account for its interest using the equity method.

The Trust holds an 80% equity interest in a company formed for the purpose of acquiring land for development purposes. The remaining interests are owned by Dream Asset Management Corporation ("DAM") and PAULS Corp, LLC, related parties of the Trust (see Note 26). The Trust has joint control over this company via an operating agreement which requires unanimous consent. Accordingly, the Trust has recorded its equity interest as an equity accounted investment.

On December 3, 2019, the company acquired 24.5 acres of development land in Las Vegas, Nevada, for a purchase price including transaction costs of $10,146 at 100% interest ($8,117 at the Trust's 80% interest).

The following table presents the financial results of the joint venture as at December 31, 2020 and December 31, 2019:

	December 31, 2020		December 31, 2019	
	At 100% ownership interest	**At 80% ownership interest**	At 100% ownership interest	At 80% ownership interest
Non-current assets	**$ 11,164**	$ **9,034**	$ 10,010	$ 8,008
Net assets	**$ 11,164**	$ **9,034**	$ 10,010	$ 8,008

For the year ended December 31, 2020, the Trust's share of net income from investment in the joint venture was $39 (for the year ended December 31, 2019 – share of net loss was $109).

Under the operating agreement, the Trust has committed to make certain future capital contributions (see Note 27).

Co-owned investment properties

The Trust's interests in co-owned investment properties are accounted for based on the Trust's share of interest in the assets, liabilities, revenues and expenses of the investment properties. On August 30, 2019, the Trust completed the acquisition of its remaining 50% interest in a portfolio of six properties in Regina, Saskatchewan, previously co-owned with Dream Impact Trust (formerly known as Dream Hard Asset Alternatives Trust), a related party of the Trust (see Note 26).

Note 7

OTHER NON-CURRENT ASSETS

	Note	**December 31, 2020**	December 31, 2019
Deposits on acquisitions of investment properties		**$ 2,100**	$ 2,700
Property and equipment and other		**673**	651
Fair value of interest rate swaps	30	**—**	1,422
Total		**$ 2,773**	$ 4,773

Note 8

AMOUNTS RECEIVABLE

	December 31, 2020	December 31, 2019
Trade receivables	**$ 5,095**	$ 2,837
Less: Provision for impairment of trade receivables	**(1,177)**	(559)
Trade receivables, net	**3,918**	2,278
Other amounts receivable	**6,126**	5,132
Amounts receivable	**$ 10,044**	$ 7,410

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, tenant's financial condition and other factors.

The Trust leases industrial properties to tenants under operating leases. Minimum rental commitments, including joint operations, on non-cancellable tenant operating leases over their remaining terms are as follows:

	December 31, 2020
2021	$ 176,882
2022	158,939
2023	127,405
2024	104,237
2025	81,845
2026+	179,074
Total	$ 828,382

Note 9
DEBT

	December 31, 2020	December 31, 2019
Mortgages(1)	**$ 820,964**	$ 1,015,143
Revolving credit facility(2)	**(662)**	(575)
U.S. term loan(2)	**190,289**	—
Debentures(2)	**248,339**	—
Total debt	**1,258,930**	1,014,568
Less: Current portion	**(130,157)**	(61,651)
Non-current debt	**$ 1,128,773**	$ 952,917

(1) Mortgages consist of borrowings, net of unamortized financing costs and unamortized fair value adjustments.

(2) Revolving credit facility, U.S. term loan and debentures balances consist of borrowings (as applicable), net of unamortized financing costs.

Continuity of total debt

The following tables provide a continuity of total debt for the years ended December 31, 2020 and December 31, 2019:

						December 31, 2020
	Note	**Mortgages**	**Revolving credit facility(1)**	**U.S. term loan**	**Debentures**	**Total**
Total debt as at January 1, 2020		**$ 1,015,143**	**$ (575)**	**$ —**	**$ —**	**$ 1,014,568**
Cash items:						
Borrowings		**—**	**91,095**	**196,410**	**250,000**	**537,505**
Lump sum repayments		**(180,799)**	**(90,055)**	**—**	**—**	**(270,854)**
Principal repayments		**(22,733)**	**—**	**—**	**—**	**(22,733)**
Financing costs additions		**—**	**(1,014)**	**(719)**	**(1,669)**	**(3,402)**
Non-cash items:						
Debt assumed on acquisition of investment properties	5	**14,629**	**—**	**—**	**—**	**14,629**
Foreign exchange adjustments		**(6,116)**	**(1,040)**	**(5,430)**	**—**	**(12,586)**
Other adjustments(2)		**840**	**927**	**28**	**8**	**1,803**
Total debt as at December 31, 2020		**$ 820,964**	**$ (662)**	**$ 190,289**	**$ 248,339**	**$ 1,258,930**

(1) Amounts drawn against the secured revolving credit facility during the period from January 1, 2020 to June 11, 2020 were denominated in both Canadian and U.S. dollars. Amounts drawn against the unsecured revolving credit facility during the period from June 12, 2020 to December 31, 2020 were denominated in Canadian dollars, U.S. dollars and euros. U.S. dollar amounts and euros have been converted at the respective foreign exchange rates in accordance with the Trust's accounting policy.

(2) Other adjustments include amortization and write-off of financing costs of $2,150 and amortization of fair value adjustments on assumed debt of $(347).

	Note		Mortgages		Revolving credit facility[1]		Total
							December 31, 2019
Total debt as at January 1, 2019		$	910,970	$	26,760	$	937,730
Cash items:							
Borrowings			228,648		174,794		403,442
Lump sum repayments			(56,681)		(201,379)		(258,060)
Principal repayments			(24,636)		—		(24,636)
Financing costs additions			(3,587)		(350)		(3,937)
Non-cash items:							
Debt classified as liabilities related to assets held for sale	23		(36,367)		—		(36,367)
Debt assumed on acquisition of investment properties[2]	5		5,384		—		5,384
Foreign exchange adjustments			(9,065)		(791)		(9,856)
Other adjustments[3]			477		391		868
Total debt as at December 31, 2019		$	1,015,143	$	(575)	$	1,014,568

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

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

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

Revolving credit facility

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

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

	Maturity date		**Borrowing capacity**		**Principal outstanding**		**Amounts available to be drawn**
							December 31, 2020
Unsecured Facility[1][2]	**January 14, 2022**	**$**	**318,300**	**$**	**—**	**$**	**318,300**

(1) Canadian BA rate plus 1.45% or Canadian prime rate plus 0.45% on Canadian dollar draws, U.S. LIBOR rate plus 1.45% or U.S. base rate plus 0.45% on U.S. dollar draws, or euro LIBOR rate plus 1.45% on euro draws.

(2) The Unsecured Facility has the ability to be drawn in Canadian dollars, U.S. dollars, and euros. All foreign currency denominated balances have been converted in accordance with the Trust's accounting policy

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

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

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

U.S. term loan

On October 30, 2020, the Trust obtained a US$150,000 unsecured credit facility (the "U.S. Unsecured Facility"). The U.S. Unsecured Facility allowed for a single drawdown prior to November 30, 2020. On November 17, 2020, the Trust drew down on the U.S. Unsecured Facility by entering into a US$150,000, three-year unsecured term loan (the "U.S. term loan") bearing interest at U.S. LIBOR plus 1.40% per annum with a maturity date of January 31, 2024. Concurrently on the same day, the Trust entered into a cross-currency interest rate swap agreement with the same lender to exchange the US$150,000 gross proceeds from the U.S. term loan into euros (see Note 31).

Debentures

On December 22, 2020, the Trust completed a private placement, issuing $250,000 of Series A senior unsecured debentures (the "Debentures") at 1.662%, maturing on December 22, 2025. Concurrently on the same day, the Trust entered into a cross-currency interest rate swap agreement with a major financial institution to exchange $250,000 gross proceeds from the Debentures into euros (see Note 31).

Debt weighted average effective interest rates and maturity profile

As at December 31, 2020, the weighted average effective interest rate on total debt was 3.07% (December 31, 2019 – 3.73%). The effective interest rate includes the impact of fair value adjustments on assumed debt and financing costs but excludes the impact of cross-currency interest rate swaps.

The scheduled principal repayments and debt maturities are as follows:

	Debt balance due at maturity	Scheduled principal repayments on debt maturing in future periods	Amount
2021	$ 110,013	$ 21,049	$ 131,062
2022	43,874	18,116	61,990
2023	98,077	15,543	113,620
2024	253,818	14,319	268,137
2025	279,984	12,627	292,611
2026–2030	363,769	36,404	400,173
Total	$ 1,149,535	$ 118,058	$ 1,267,593
Unamortized financing costs			(8,807)
Unamortized fair value adjustments			144
Total debt			$ **1,258,930**

Note 10

SUBSIDIARY REDEEMABLE UNITS

The Trust has the following subsidiary redeemable units outstanding:

		Year ended December 31, 2020		Year ended December 31, 2019	
	Note	**Number of units issued and outstanding**	**Amount**	Number of units issued and outstanding	Amount
Balance at beginning of year		**18,551,855**	**$ 243,771**	18,551,855	$ 176,613
Remeasurement of carrying value	21	**—**	**186**	—	67,158
Balance at end of year		**18,551,855**	**$ 243,957**	18,551,855	$ 243,771

For the years ended December 31, 2020 and December 31, 2019, the Trust recorded $13,051 and 13,376, respectively, in distributions on the subsidiary redeemable units, which are included as interest expense in the consolidated statements of comprehensive income (see Note 20). For the year ended December 31, 2019, all subsidiary redeemable units that are held by the wholly owned subsidiaries of Dream Office REIT were enrolled in the Distribution Reinvestment Plan (see Note 15). On December 22, 2020, Dream Office REIT provided formal notice to the Trust that its wholly owned subsidiaries holding the subsidiary redeemable units will no longer participate in the Distribution Reinvestment Plan.

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.

As at December 31, 2020 and December 31, 2019, 18,551,855 Special Trust Units were issued and outstanding.

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, 2020 and December 31, 2019, up to a maximum of 2,400,000 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, 2020 and December 31, 2019:

		Year ended December 31,	
	Note	**2020**	2019
Balance at beginning of year		**$ 10,250**	$ 6,608
Deferred compensation expense	19	**2,197**	2,156
REIT Units issued for vested deferred trust units		**(1,052)**	(1,563)
Remeasurement of carrying value of deferred trust units	21	**1,031**	3,140
Cash settlement of deferred trust units		**(113)**	(91)
Balance at end of year		**$ 12,313**	$ 10,250

	Year ended December 31,	
	2020	2019
Outstanding and payable at beginning of year	**883,045**	827,815
Granted(1)	**309,711**	214,644
REIT Units issued	**(86,338)**	(131,072)
Cancelled or forfeited	**(13,115)**	(20,169)
REIT Units settled in cash	**(8,686)**	(8,173)
Outstanding and payable at end of year(2)	**1,084,617**	883,045

(1) Includes 62,516 income deferred trust units granted during the year ended December 31, 2020 (December 31, 2019 – 51,369 income deferred trust units).

(2) Includes 684,371 vested but not issued deferred trust units as at December 31, 2020 (December 31, 2019 – 491,176).

The following table summarizes the deferred trust units granted for the years ended December 31, 2020 and December 31, 2019:

	December 31, 2020		December 31, 2019	
	Grant price range	**Number of units granted(1)**	Grant price range	Number of units granted(1)
Deferred trust units granted	**$ 9.12–14.22**	**247,195**	$ 10.92–13.37	163,275

(1) Includes 186,545 deferred trust units granted to key management personnel as at December 31, 2020 (December 31, 2019 – 119,225).

Note 12

INCOME TAXES

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

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

	December 31, 2020	December 31, 2019
Deferred tax assets		
Income tax loss carry-forwards	**$ 5,685**	$ 5,104
Financial instruments	**25**	34
Deferred tax liabilities		
Investment properties	**(23,282)**	(14,649)
Deferred tax liabilities, net	**$ (17,572)**	$ (9,511)

As at December 31, 2020, there were unused tax losses of $468 for which no deferred tax asset is recognized (December 31, 2019 – $nil) which expire in 2026.

The following table reconciles the expected income taxes based upon the 2020 and 2019 statutory rates and the income tax expense recognized during the years ended December 31, 2020 and December 31, 2019:

	Year ended December 31,	
	2020	2019
Income before income taxes (continuing and discontinued operations)	**$ 208,814**	$ 187,890
Less: Income distributed to unitholders	**(190,204)**	(155,087)
Income subject to taxation in subsidiary corporations	**18,610**	32,803
Statutory tax rate	**26.5%**	25.4%
Tax calculated at statutory tax rate	**4,932**	8,340
Increase (decrease) resulting from:		
Tax benefits not recognized	**4,324**	328
Non-deductible expenses	**3**	17
Effects of different tax rates in U.S. and Europe in which the group operates	**(179)**	—
Non-taxable portion of capital gains	**(279)**	(1)
Other items	**(123)**	(226)
Deferred and current income taxes expense, net(1)	**$ 8,678**	$ 8,458

(1) At December 31, 2020, current income taxes expense was $6 (December 31, 2019, current income tax recovery – $18).

Note 13

OTHER NON-CURRENT LIABILITIES

	Note	**December 31, 2020**	December 31, 2019
Tenant security deposits		**$ 15,265**	$ 13,572
Fair value of cross-currency swaps	30	**9,484**	—
Fair value of interest rate swaps	30	**5,184**	895
Ground lease		**2,474**	—
Total		**$ 32,407**	$ 14,467

Note 14

AMOUNTS PAYABLE AND ACCRUED LIABILITIES

	Note	**December 31, 2020**	December 31, 2019
Trade payables and accrued liabilities		**$ 33,561**	$ 26,182
Accrued interest		**3,731**	3,610
Rent received in advance		**5,077**	3,082
Distributions payable	16	**8,906**	7,878
Total		**$ 51,275**	$ 40,752

Note 15

EQUITY

		December 31, 2020		December 31, 2019	
	Note	**Number of REIT Units**	**Amount**	Number of REIT Units	Amount
Unitholders' equity		**152,678,861**	**$ 1,605,724**	134,801,881	$ 1,372,564
Retained earnings		**—**	**281,531**	—	187,443
Accumulated other comprehensive income (loss)	17	**—**	**17,621**	—	(435)
Total equity		**152,678,861**	**$ 1,904,876**	134,801,881	$ 1,559,572

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.

Public offerings of REIT Units

The following table summarizes the public offerings of REIT Units issued for the years ended December 31, 2020 and December 31, 2019. Total costs related to the offerings were charged directly to unitholders' equity.

	Year ended December 31, 2020			
Date of public offering	**Number of REIT Units**	**Unit price**	**Gross proceeds**	**Issue costs**
February 12, 2020(1)	**16,859,000**	**$ 13.65**	**$ 230,125**	**$ 9,892**

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

	Year ended December 31, 2019			
Date of public offering	Number of REIT Units	Unit price	Gross proceeds	Issue costs
February 13, 2019(1)	13,800,000	$ 10.45	$ 144,210	$ 6,408
April 25, 2019(2)	12,477,500	11.55	144,115	6,405
December 11, 2019(3)	12,834,000	13.45	172,617	7,565
Total	39,111,500		$ 460,942	$ 20,378

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

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

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

On December 19, 2019, the Trust completed a private placement to sell an aggregate of 325,000 REIT Units to Michael J. Cooper, Trustee, and Brian Pauls, Chief Executive Officer and Trustee, at a price of $13.45 per REIT Unit, for gross proceeds of $4,371.

Short form base shelf prospectus

On October 15, 2019, the Trust filed and obtained a receipt for a final short form base shelf prospectus dated October 11, 2019, which is valid for a 25-month period, during which time the Trust may, from time to time, offer and issue REIT Units, subscription receipts and debt securities, or any combination thereof, having an aggregate offering price of up to $2,000,000. As at December 31, 2020, $402,742 of REIT Units have been issued under the current base shelf prospectus. On January 29, 2021, the Trust issued a further $259,072 of REIT Units under the current base shelf prospectus, bringing the total to $661,814. The issuance is pursuant to the current base shelf prospectus as supplemented by the prospectus supplement.

Normal course issuer bid

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

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

For the year ended December 31, 2020, no REIT Units were purchased through the NCIB.

Distribution Reinvestment Plan and Unit Purchase Plan

The Distribution Reinvestment Plan ("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 Dream Industrial REIT reinvested in additional Units. Unitholders who participate in the DRIP receive an additional distribution of Units equal to 3% of each cash distribution that is reinvested. The reinvestment price per Unit is calculated by reference to a five-day weighted average closing price of the REIT Units on the TSX preceding the relevant distribution date, which typically is on or about the 15th day of the month following the declaration.

In response to the market disruption caused by the COVID-19 pandemic, the Trust suspended its DRIP effective as of the distribution payable on April 15, 2020 to unitholders of record as at March 31, 2020. On December 18, 2020, the Trust announced its reinstatement of the DRIP and Unit Purchase Plan commencing with the distribution payable on January 15, 2021 to unitholders of record as at December 31, 2020. During the period of suspension, the DRIP was only paid in cash.

For the year ended December 31, 2020, 931,334 REIT Units (December 31, 2019 – 3,170,829 REIT Units) were issued under the DRIP and $11,881 (December 31, 2019 – $38,311) was recorded as distributions in the consolidated statements of changes in equity. Subsequent to December 31, 2020, the Trust issued an additional 224,233 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, 2020, 308 REIT Units (December 31, 2019 – 821 REIT Units) were issued under the Unit Purchase Plan for proceeds of $4 (December 31, 2019 – $10).

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. The Trust determines the distribution rate by, among other considerations, its assessment of cash flows generated from (utilized in) operating activities. Cash flows generated from (utilized in) operating activities may differ from distributions declared, 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 unpredictibility 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. 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, 2020 and December 31, 2019.

The following table summarizes distributions paid and payable for the years ended December 31, 2020 and December 31, 2019:

	Year ended December 31, 2020	2019
Paid in cash	$ **(96,482)**	$ (55,167)
Paid by way of reinvestment in REIT Units[1]	**(8,538)**	(24,935)
Add-back: Payable at December 31, 2019/December 31, 2018	**7,878**	5,370
Deduct: Payable at December 31, 2020/December 31, 2019	**(8,906)**	(7,878)
Total distributions paid and payable	$ **(106,048)**	$ (82,610)

(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, 2020:

Date distribution announced	Month of distribution	Date distribution was paid or is payable	Distribution per REIT A Unit	Total cash distributions paid	Total DRIP distributions
December 18, 2020	December 2020	January 15, 2021	$ 0.05333	$ 8,110	$ 820[1]
January 20, 2021	January 2021	February 12, 2021	0.05333	8,083	2,068[2]

(1) $820 distributions were reinvested in additional 63,933 REIT Units (including 3% bonus distributions on Units reinvested pursuant to DRIP).

(2) $2,068 distributions were reinvested in additional 160,300 REIT Units (including 3% bonus distributions on Units reinvested pursuant to DRIP).

Note 17
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Year ended December 31,					
			2020			2019
	Opening balance January 1	**Net change during the year**	**Closing balance December 31**	Opening balance January 1	Net change during the year	Closing balance December 31
Unrealized gain (loss) on foreign currency translation of foreign operations, net of taxes	**$ (435)**	**$ 22,344**	**$ 21,909**	$ 10,911	$ (11,346)	$ (435)
Unrealized loss on hedge of net investment, net of taxes[1]	**—**	**(3,399)**	**(3,399)**	—	—	—
Unrealized loss on cash flow hedge, net of taxes[1]	**—**	**(435)**	**(435)**	36	(36)	—
Transaction costs on hedging instruments, net of taxes[1]	**—**	**(220)**	**(220)**	—	—	—
Share of other comprehensive loss from equity accounted investment	**—**	**(234)**	**(234)**	—	—	—
Accumulated other comprehensive income (loss)	**$ (435)**	**$ 18,056**	**$ 17,621**	$ 10,947	$ (11,382)	$ (435)

(1) As at December 31, 2020, taxes were $nil.

Note 18
INVESTMENT PROPERTIES REVENUE

	Year ended December 31,	
	2020	2019
Rental income	**$ 199,615**	$ 162,278
Recoveries revenue	**36,331**	33,053
Total	**$ 235,946**	$ 195,331

Note 19
GENERAL AND ADMINISTRATIVE EXPENSES

		Year ended December 31,	
	Note	**2020**	2019
Asset management fee	26	**$ (6,063)**	$ (4,775)
Deferred compensation expense	11	**(2,197)**	(2,156)
Professional service fees, public reporting, overhead-related costs and other		**(8,628)**	(5,129)
General and administrative expenses		**$ (16,888)**	$ (12,060)

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, 2020 and December 31, 2019:

	Year ended December 31,	
	2020	2019
Interest expense and other financing costs incurred, at contractual rate	**$ (33,001)**	$ (34,150)
Amortization of financing costs	**(1,684)**	(1,441)
Amortization of fair value adjustments	**347**	635
Interest expense on debt (continuing operations)	**(34,338)**	(34,956)
Add (deduct):		
Amortization of financing costs	**1,684**	1,441
Amortization of fair value adjustments	**(347)**	(635)
Change in accrued interest	**154**	358
Cash interest paid on debt associated with discontinued operations	**—**	(1,389)
Cash interest paid on debt (continuing and discontinued operations)	**$ (32,847)**	$ (35,181)

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.

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,	
	2020	2019
Paid in cash	**$ (9,739)**	$ —
Paid by way of reinvestment in REIT Units	**(3,344)**	(13,376)
Add-back: Interest payable at December 31, 2019/December 31, 2018	**1,114**	1,114
Deduct: Interest payable at December 31, 2020/December 31, 2019	**(1,082)**	(1,114)
Interest on subsidiary redeemable units	**$ (13,051)**	$ (13,376)

The interest payable on subsidiary redeemable units at December 31, 2020 was settled in cash on January 15, 2021.

Note 21

FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS

		Year ended December 31,	
	Note	**2020**	2019
Unrealized remeasurement of carrying value of subsidiary redeemable units	10	**$ (186)**	$ (67,158)
Unrealized remeasurement of carrying value of deferred trust units	11	**(1,031)**	(3,140)
Unrealized remeasurement of interest rate swaps	30	**(5,711)**	(519)
Total unrealized fair value adjustments to financial instruments		**$ (6,928)**	$ (70,817)
Realized remeasurement of foreign currency swaps(1)	30	**(3,415)**	—
Realized remeasurement of cross-currency interest rate swap(2)		**(572)**	—
Total fair value adjustments to financial instruments		**$ (10,915)**	$ (70,817)

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

(2) Hedge accounting was not applied to the cross-currency interest rate swaps outstanding from January 1, 2020 to November 18, 2020.

Note 22

NET LOSS ON TRANSACTIONS AND OTHER ACTIVITIES

	Year ended December 31, 2020	2019
Internal leasing costs	$ **(3,067)**	$ (2,321)
Foreign exchange gain (loss)	**1,582**	(1,572)
Depreciation of property and equipment	**(19)**	(55)
Cost on sale of investment properties	**—**	(438)
Other	**—**	(226)
Total	$ **(1,504)**	$ (4,612)

Note 23

DISCONTINUED OPERATIONS AND DISPOSITIONS

Assets held for sale

As at December 31, 2020 and December 31, 2019, there were no investment properties classified as assets held for sale.

On June 30, 2019, the Trust classified as assets held for sale all of the remaining investment properties in the Eastern Canada region. On July 31, 2019, the Trust completed the sale of the entire Eastern Canada region for gross proceeds net of adjustments and before transaction costs of $259,454.

The tables below summarize the activity of investment properties classified as assets held for sale and the associated debt for the years ended December 31, 2020 and December 31, 2019.

Investment properties held for sale

	Note	Year ended December 31, 2020	2019
Balance at beginning of year		$ **—**	$ 3,900
Additions:			
Building improvements		**—**	349
Lease incentives and initial direct leasing costs		**—**	709
Dispositions, transfers to/from investment properties:			
Investment properties classified to assets held for sale	4	**—**	260,120
Disposition of investment properties		**—**	(264,604)
Changes included in net income:			
Realized fair value adjustments to investment properties(1)		**—**	(450)
Amortization of lease incentives		**—**	(24)
Balance at end of year		$ **—**	$ —

(1) Fair value adjustments to investment properties held for sale totalling $(450) was realized in income from discontinued operations, net of taxes, during the year ended December 31, 2019.

Debt related to investment properties held for sale

	Note	Year ended December 31, 2020	2019
Balance at beginning of year		$ **—**	$ —
Cash items:			
Lump sum repayments		**—**	(36,246)
Principal repayments		**—**	(116)
Non-cash items:			
Debt classified as liabilities related to assets held for sale	9	**—**	36,367
Other adjustments(1)		**—**	(5)
Balance at end of year		$ **—**	$ —

(1) Other adjustments include write-offs and amortization of deferred financing costs and fair value adjustments of assumed debt.

Discontinued operations – Eastern Canada region

The Trust presented separately the results of operations and cash flows from the Eastern Canada region for the years ended December 31, 2020 and December 31, 2019 as follows:

	Year ended December 31, 2020	2019
Investment properties revenue	**$ —**	$ 19,323
Investment properties operating expenses	**(17)**	(8,552)
Net rental income (loss)	**(17)**	10,771
Other expenses	**—**	(2,596)
Fair value adjustments and net losses on transactions and other activities		
Fair value adjustments to investment properties	**—**	(2,391)
Net losses on transactions and other activities:		
Costs on sale of investment properties	**(2)**	(2,758)
Internal leasing costs	**—**	(367)
	(2)	(5,516)
Income (loss) from discontinued operations, net of taxes	**$ (19)**	$ 2,659

	Year ended December 31, 2020	2019
Cash generated from (utilized in):		
Operating activities	**$ —**	$ 4,476
Investing activities	**—**	257,330
Financing activities	**—**	(83,222)

Dispositions

For the year ended December 31, 2020, there were no dispositions completed by the Trust. For the year ended December 31, 2019, the Trust disposed of 41 investment properties for gross proceeds net of adjustments and before transaction costs totalling $272,634.

Note 24

SUPPLEMENTARY CASH FLOW INFORMATION

The components of depreciation and amortization under operating activities include:

	Note	Year ended December 31, 2020	2019
Amortization of lease incentives	4, 23	**$ 1,645**	$ 1,641
Depreciation of property and equipment	22	**19**	55
Total depreciation and amortization		**$ 1,664**	$ 1,696

The components of other adjustments under operating activities include:

	Note	Year ended December 31, 2020	2019
Change in straight-line rent	4	**$ (1,674)**	$ (1,233)
Deferred unit compensation expense	11	**2,197**	2,156
Deferred income tax expense	12	**8,672**	8,476
Interest on subsidiary redeemable units	20	**13,051**	13,376
Foreign exchange loss (gain)	22	**(1,582)**	1,572
Costs on sale of investment properties	22, 23	**2**	3,196
Other	22	**—**	226
Total other adjustments		**$ 20,666**	$ 27,769

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

	Year ended December 31, 2020	2019
Increase in amounts receivable	**$ (2,602)**	$ (3,211)
Decrease (increase) in prepaid expenses and other assets	**(444)**	2,869
Decrease (increase) in other non-current assets	**346**	(105)
Decrease in amounts payable and accrued liabilities	**(332)**	(5,249)
Increase (decrease) in other non-current liabilities	**1,693**	(424)
Change in non-cash working capital	**$ (1,339)**	$ (6,120)

Note 25

SEGMENTED INFORMATION

For the year ended December 31, 2019, the Trust's reportable operating segments of its investment properties and results of operations were segmented into geographic components, namely Western Canada, Ontario, Québec and the U.S. For the year ended December 31, 2020, the Trust included Europe as a new segment commencing in the first quarter of 2020, to incorporate the Trust's newly acquired properties in that geographic market.

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

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

Year ended December 31, 2020	**Western Canada**	**Ontario**	**Québec**	**U.S.**	**Europe**	**Segment total**	**Other(1)**	**Total**
Investment properties revenue	**$ 64,166**	**$ 65,357**	**$ 37,579**	**$ 49,415**	**$ 19,428**	**$ 235,945**	**$ 1**	**$ 235,946**
Investment properties operating expenses	**(22,988)**	**(19,378)**	**(9,730)**	**(12,782)**	**(2,159)**	**(67,037)**	**(26)**	**(67,063)**
Net rental income (segmented income)	**$ 41,178**	**$ 45,979**	**$ 27,849**	**$ 36,633**	**$ 17,269**	**$ 168,908**	**$ (25)**	**$ 168,883**
Fair value adjustments on investment properties(2)	**$ (12,627)**	**$ 73,196**	**$ 58,319**	**$ 18,928**	**$ (17,737)**	**$ 120,079**	**$ —**	**$ 120,079**
Net gain (loss) on transactions and other activities(3)	**(1,354)**	**(1,079)**	**(634)**	**—**	**—**	**(3,067)**	**1,563**	**(1,504)**

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

(2) During the year ended December 31, 2020, the Trust wrote off transaction costs associated with acquisitions in Europe, Ontario and Québec totalling $38,378 and included in fair value adjustments on investment properties.

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

Year ended December 31, 2019	Western Canada	Ontario	Québec	U.S.	Segment total	Other(1)	Total
Investment properties revenue	$ 65,800	$ 51,939	$ 34,389	$ 42,981	$ 195,109	$ 222	$ 195,331
Investment properties operating expenses	(21,971)	(15,236)	(8,754)	(10,124)	(56,085)	(220)	(56,305)
Net rental income (segmented income)	$ 43,829	$ 36,703	$ 25,635	$ 32,857	$ 139,024	$ 2	$ 139,026
Fair value adjustments on investment properties	$ (15,746)	$ 144,547	$ 23,883	$ 28,162	$ 180,846	$ (358)	$ 180,488
Net loss on transactions and other activities(2)	(1,174)	(606)	(541)	—	(2,321)	(2,291)	(4,612)

(1) Other includes properties sold and properties originally held for sale and subsequently sold during 2019 that were not presented separately as discontinued operations. Furthermore, other includes items within net gain (loss) on transactions and other activities that were not segmented.

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

Investment properties

Year ended December 31, 2020		Western Canada	Ontario	Québec	U.S.	Europe	Total
Investment properties	$	**613,301** $	**1,076,343** $	**493,228** $	**585,388** $	**473,341** $	**3,241,601**
Capital expenditures[1]		**4,989**	**6,906**	**3,009**	**2,340**	**1,291**	**18,535**

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

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

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

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

Note 26

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

Dream Industrial REIT has an asset management agreement (the "Asset Management Agreement" or the "AMA") with DAM, a subsidiary of Dream Unlimited Corp., pursuant to which DAM provides certain asset management services to Dream Industrial REIT 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 AMA provides for a range of asset management services for the following fees:

- asset management fee calculated and payable on a monthly basis, equal to 0.25% of the gross asset value of properties;
- acquisition fee equal to: (a) 1.0% of the purchase price of a property on the first $100,000 of properties acquired in each fiscal year; (b) 0.75% of the purchase price of a property on the next $100,000 of properties acquired in each fiscal year; and (c) 0.50% of the purchase price of a property in excess of $200,000 of properties acquired in each fiscal year;
- financing fee equal to the actual expenses incurred by DAM in supplying services related to financing transactions;
- incentive fee equal to 15% of the Trust's adjusted funds from operations ("AFFO") per Unit as defined in the AMA, which includes gains on the disposition of any properties in the year, in excess of the hurdle amount initially set at 80 cents per Unit and which increases annually by 50% of the increase in the consumer price index (the "Hurdle Amount"); and
- capital expenditure fee equal to 5% of all hard construction costs incurred on each capital project with costs in excess of $1,000, excluding work done on behalf of tenants or any maintenance capital expenditures.

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

Disposition gains in the AFFO calculation used for determining the incentive fee are based on the fair value of the Trust's investment properties, at the applicable date, relative to their historic purchase price. As at December 31, 2020, the historic purchase price for the Trust's investment properties was $2,641,913 (December 31, 2019 – $2,009,428).

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

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

The Trust and DAM are party to an amended Shared Services and Cost Sharing Agreement as of January 1, 2016. According to the terms of the amended arrangement, DAM will continue to provide administrative and support services on an as-needed basis and will be reimbursed on a cost-recovery basis for any expenses incurred. The Trust will continue to reimburse DAM for any shared costs allocated in each calendar year. This amended agreement provides for the automatic reappointment of DAM for additional one-year terms commencing on January 1 unless and until terminated in accordance with its terms or by mutual agreement of the parties.

On November 26, 2019, the Trust formed a company and entered into an operating agreement with a subsidiary of each of DAM and PAULS Corp, LLC for the purpose of acquiring land to develop an industrial property in Las Vegas, Nevada. The Trust holds an 80% interest in the company, and each of the subsidiaries of DAM and PAULS Corp, LLC hold 10% each.

Dream Impact Trust

DILP had a co-ownership agreement to jointly own six properties at 50% ownership interest with a subsidiary of Dream Impact Trust. Furthermore, DIMLP had a Property Management Agreement to manage the co-owned properties. On August 30, 2019, the Trust completed the acquisition of Dream Impact Trust's 50% interest in six investment properties in Regina, Saskatchewan. Concurrently, the co-ownership agreement and Property Management Agreement to manage the co-owned properties were terminated.

DIMLP had lease agreements with a subsidiary of Dream Impact Trust to lease rooftop space. On October 29, 2019, the lease agreements with Dream Impact Trust were assigned to a third party.

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 4th of every year for additional one-year terms unless terminated by any party.

As at December 31, 2020, Dream Office REIT indirectly owns, through its subsidiaries, 8,052,451 REIT Units (December 31, 2019 – 8,792,170) and 18,551,855 LP B Units (December 31, 2019 – 18,551,855), representing approximately 15.5% ownership in the Trust (December 31, 2019 – 17.8%). On January 29, 2021, the Trust completed a public offering of 20,240,000 REIT Units (see Note 32) resulting in Dream Office REIT's ownership reducing to 13.9%.

PAULS Corp, LLC ("PAULS Corp")

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

DAM, our asset manager, has engaged an affiliate of PAULS Corp to assist the Trust in sourcing and completing acquisitions in the U.S. DAM pays a portion of the acquisition fee it receives from the Trust for each successful acquisition.

Dream Industrial US Holdings Inc. has 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.

As previously mentioned, a subsidiary of PAULS Corp holds a 10% interest in a company with the Trust and a subsidiary of DAM for the purpose of acquiring land to develop an industrial property in Las Vegas, Nevada. The subsidiary of PAULS Corp is responsible for managing the day-to-day operations of the development project.

Board of Trustees and officers

On December 19, 2019, the Trust completed a private placement to sell an aggregate of 325,000 REIT Units to Michael J. Cooper, Trustee, and Brian Pauls, Chief Executive Officer and Trustee, at a price of $13.45 per REIT Unit, for gross proceeds of $4,371 (see Note 15).

The Trust has a Deferred Unit Incentive Plan and during the year 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, including both continuing and discontinued operations for the years ended December 31, 2020 and December 31, 2019:

	Year ended December 31, 2020	2019
Incurred under the AMA:		
Asset management fee (included in general and administrative expenses)	**$ (6,063)**	$ (5,190)
Acquisition fee (included in investment properties)	**(4,319)**	(2,662)
Expense reimbursements related to financing arrangements	**(962)**	(380)
Total costs incurred under the Asset Management Agreement	**$ (11,344)**	$ (8,232)
Total costs reimbursed under the Shared Services and Cost Sharing Agreement	**$ (1,219)**	$ (716)
Total property management fees earned under the Property Management Agreement	**$ —**	$ 7

Agreements with Dream Impact Trust

The following table summarizes our fees received from Dream Impact Trust for the years ended December 31, 2020 and December 31, 2019:

	Year ended December 31, 2020	2019
Total revenue under lease agreements and the Property Management Agreement	**$ —**	$ 119

Agreement and transactions with Dream Office REIT

The following table summarizes the costs reimbursed to Dream Office REIT for the years ended December 31, 2020 and December 31, 2019:

	Year ended December 31, 2020	2019
Total costs reimbursed under the Services Agreement	**$ (6,169)**	$ (4,037)

The following table summarizes our distributions paid and payable to subsidiaries of Dream Office REIT for the years ended December 31, 2020 and December 31, 2019:

	Year ended December 31, 2020	2019
Distributions paid and payable to Dream Office REIT on subsidiary redeemable units	**$ (13,051)**	$ (13,376)
Distributions paid and payable to Dream Office REIT on REIT Units	**(6,157)**	(5,846)
Total distributions paid and payable to Dream Office REIT	**$ (19,208)**	$ (19,222)

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, 2020 and December 31, 2019:

	Year ended December 31, 2020	2019
Property management	**$ (812)**	$ (733)
Portfolio management	**(955)**	(439)
Leasing costs	**(508)**	(133)
Financing costs	**(10)**	(85)
Pre-development cost recovery	**(214)**	—
Total costs incurred under the Property Management Agreement	**$ (2,499)**	$ (1,390)

Amounts due from (to) related parties

Amounts due from related parties		December 31, 2020		December 31, 2019
Dream Office REIT	$	**375**	$	2,275
DAM		**73**		—

Amounts due to related parties		December 31, 2020		December 31, 2019
DAM	$	**(2,143)**	$	(935)
Dream Office REIT		**(1,352)**		(302)
PAULS Corp		**(56)**		(100)

Distributions and interest payable to Dream Office REIT

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

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

(2) Distributions payable is in relation to the 8,052,451 REIT Units held by Dream Office REIT as at December 31, 2020 (December 31, 2019 – 8,792,170 REIT Units).

Note 27

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.

The Trust participates in a joint venture with other related parties that own a development site in Las Vegas, Nevada (see Note 6). Under the operating agreement, the Trust has committed to make capital contributions of US$10,703 for the development of the project, in addition to the purchase price of the land. Since inception of the joint venture to December 31, 2020, the Trust has funded US$885 (December 31, 2019 – $nil) in development costs.

Note 28

CAPITAL MANAGEMENT

The Trust's capital consists of debt, including mortgages, the revolving credit facility, U.S. term loan, 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 and capital expenditure requirements. Further, the Trust also ensures that it remains within its quantitative financial covenants and maintains its credit rating. On October 22, 2020, the Trust was assigned an Issuer Rating of BBB with Stable Trend by DBRS Limited. The Trust's maximum credit exposure is equal to its trade receivables as at December 31, 2020 and December 31, 2019.

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 the interest coverage ratio and net debt-to-gross carrying value. Other significant indicators include assets not pledged, weighted average interest rate, average term to maturity of debt 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 and capital expenditures, and for evaluating the need to raise funds for further expansion. Various mortgages 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 and debt service coverage ratios. These covenants are measured at the subsidiary limited partnership level, and all have been complied with as at December 31, 2020 and December 31, 2019. For the years ended December 31, 2020 and December 31, 2019, there were no events of default on any of the Trust's obligations under its mortgages, revolving credit facility, U.S. term loan or 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, capital expenditures 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 measure, to among other considerations, its assessment of cash flows generated from (utilized in) operating activities.

Note 29

FINANCIAL INSTRUMENTS – RISK MANAGEMENT

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

Market risk

Market risk consists of interest rate risk, currency 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 revolving credit facility. 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 term loan by entering into a cross-currency interest rate swap and fixing the rate. The Trust had no other variable rate debt as at December 31, 2020 and December 31, 2019. 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 2021 as at December 31, 2020:

		Interest rate risk			
			-1%		+1%
	Carrying amount	Income	Equity	Income	Equity
Financial assets					
Cash and cash equivalents[1]	$ 254,935	$ (2,549)	$ (2,549)	$ 2,549	$ 2,549
Financial liabilities					
Debt due to mature in 2021[2]	110,013	1,100	1,100	(1,100)	(1,100)

(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. These balances generally receive interest income at the bank's prime rate less 1.85% to 2.00%. Cash and cash equivalents as at December 31, 2020 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.

Currency risk

The Trust is exposed to foreign exchange 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 foreign exchange rates may result in a change in other comprehensive income. For the year ended December 31, 2020, a $0.05 change in the value of the U.S. dollar relative to the Canadian dollar would result in a $10,494 change to comprehensive income; while a $0.05 change in the value of the euro relative to Canadian dollar would result in a $599 change to comprehensive income.

The Trust's objective in managing foreign exchange 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 cross-currency interest rate swap arrangements to exchange Canadian or U.S. dollars for 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, 2020 and December 31, 2019, 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. The maximum exposure to credit risk is the carrying value of the trade receivables disclosed in Note 8. 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.

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 which would affect the purchasers' ability to repay assumed debt.

Increase in credit risk as a result of COVID-19

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

For the year ended December 31, 2020, the Trust has recorded COVID-related provisions totalling $2,064 which are included in investment properties operating expenses within the consolidated statements of comprehensive income. This provisions balance represents an estimate of potential credit losses on our trade receivables for all uncollected rent as at December 31, 2020, as well as the 25% of recurring gross contractual rent that the Trust forgave for eligible tenants through our participation in the Canada Emergency Commercial Rent Assistance ("CECRA") program, operated jointly by the federal and provincial governments during the period from April 1, 2020 to September 30, 2020.

Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting obligations associated with the maturity of financial obligations. As at December 31, 2020, current assets exceeded current liabilities by $86,490 (December 31, 2019 – current assets exceeded current liabilities by $349,043). The Trust's main sources of liquidity are its cash and cash equivalents on hand, revolving credit facility and unencumbered assets. The Trust is able to use its revolving credit facility on short notice which eliminates the need to hold a significant amount of cash and cash equivalents on hand. Working capital balances fluctuate significantly from period to period depending on the timing of receipts and payments. 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 revolving credit facility to ensure sufficient capital will be available to cover obligations as they become due.

Hedge effectiveness

Hedge ineffectiveness for cross-currency interest rate swaps 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 cross-currency interest rate swaps which is not matched by the loan;
- differences in critical terms between the cross-currency interest rate swaps and loans; and
- the effects of the forthcoming reforms to LIBOR, because these might take effect at a different time and have a different impact on the hedged items (the European investment and U.S. term loan) and the hedging instrument (the cross-currency interest rate swap used to hedge the debt).

Note 30

OTHER FINANCIAL INSTRUMENTS

Cross-currency interest rate swap arrangements

The following table summarizes the Trust's cross-currency interest rate swap arrangements outstanding as at December 31, 2020:

	As at December 31, 2020						
		Euro notional amount		U.S./CAD dollar notional amount	Maturity date	Financial instrument measurement	Fair value liability (see Note 13)
U.S. dollar to euro cross-currency interest rate swap – U.S. term loan(1)(2)	€	127,108	$	150,000	January 31, 2024	Fair value through other comprehensive income	$ (7,572)
Canadian dollar to euro cross-currency interest rate swap – Debentures(3)	€	161,499	$	250,000	December 22, 2025	Fair value through other comprehensive income	$ (1,912)
Total							$ (9,484)

(1) The interest rate associated with the euro notional amount is 0.857%. The interest rate associated with the U.S. dollar notional amount is a variable rate using LIBOR plus a spread.

(2) For the purpose of hedge accounting, this swap arrangement is bifurcated into a cashflow and net investment hedge. See section below for further details.

(3) The interest rate associated with the euro notional amount is 0.489%. The interest rate associated with the Canadian dollar notional amount is 1.662%.

No cross-currency interest rate swap arrangements were outstanding as at December 31, 2019.

Hedge accounting applied on select financial instruments

The table below summarizes the Trust's financial instruments in which hedge accounting was applied for the year ended December 31, 2020. There were no financial instruments in which hedge accounting was applied for the year ended December 31, 2019.

		Cash flow hedge		Net investment hedge
Year ended December 31, 2020		U.S. dollar to Canadian dollar cross-currency interest rate swap		Canadian dollar to euro cross-currency interest rate swap
Hedging instrument				
Opening balance	$	—	$	—
Change in fair value used for calculating hedge ineffectiveness		(5,865)		(3,399)
Carrying amount(1), December 31, 2020	$	(5,865)	$	(3,399)
Hedged item				
Opening balance	$	—	$	—
Foreign currency translation used for calculating hedge ineffectiveness		5,430		—
Unrealized gain (loss) on hedge – Other Comprehensive Income	$	(435)	$	(3,399)

(1) Total cross-currency interest rate swaps net financial liability of $9,484 in "non-current liabilities" comprise the carrying amount and transaction costs on hedging instruments, net of taxes of $220.

U.S. term loan and U.S. dollar to euro cross-currency interest rate swap arrangement

On November 17, 2020, the Trust issued a US$150,000 variable rate term loan and concurrently entered into a cross-currency interest rate swap arrangement to convert the U.S. dollar proceeds into euros. 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 cross-currency interest rate swap arrangement to hedge a portion of the foreign exchange risk associated with its European investments. The Trust also uses the cross-currency interest rate swap arrangement to hedge 100% the U.S. dollar cash flows associated with the U.S. term loan.

For hedge accounting purposes, the cross-currency interest rate swap arrangement is bifurcated into two separate cross-currency interest rate swaps to maximize hedge effectiveness:

(i) Euro to Canadian dollar cross-currency interest rate swap to hedge a portion of the foreign exchange risk associated with the Trust's European investment (designated as a net investment hedge); and

(ii) Canadian dollar to U.S. dollar cross-currency interest rate swap to hedge the U.S. dollar cash flows associated with the U.S. term loan (designated as a cash flow hedge).

In the euro to Canadian dollar cross-currency interest rate swap, 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 cross-currency interest rate swap. There is an economic relationship between the hedged item (European investment) and the hedging instrument (cross-currency interest rate swap) as the foreign exchange movements on the European investment mirror the spot exchange movements on the cross-currency interest rate swap.

In the Canadian dollar to U.S. dollar cross-currency interest rate swap, there is an economic relationship as the cash flows in the hedged item (U.S. term loan) mirror the U.S. cash flows in the hedging instrument (cross-currency interest rate swap).

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.

Debentures and Canadian dollar to euro cross-currency interest rate swap arrangement

On December 22, 2020, the Trust issued $250,000 of fixed rate debentures and concurrently entered into a cross-currency interest rate swap to convert the gross proceeds from the Debentures into euros. 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 cross-currency interest rate swap to hedge a portion of the foreign exchange risk associated with its European investment.

For hedge accounting purposes, the cross-currency interest rate swap has 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 a transaction costs of hedging and is amortized to net income through the settlement of interest payments on the cross-currency interest rate swap. There is an economic relationship between the hedged item (European investment) and the hedging instrument (cross-currency interest rate swap) as the foreign exchange movements on the European investment mirror the spot exchange movements on the cross-currency interest rate swap. 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.

Foreign currency swap arrangements

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

Interest rate swaps

The following tables summarize the details of the interest rate swaps that are outstanding as at December 31, 2020 and December 31, 2019:

Fair value assets

As at December 31, 2020, there were no interest rate swaps in an asset position.

							As at December 31, 2019
Transaction date		Mortgage principal amount (notional)	Fixed interest rate	Maturity date	Financial instrument measurement		Fair value assets (see Note 7)
August 26, 2015	$	43,760	2.93%	September 1, 2022	Fair value through profit or loss	$	560
July 30, 2019		50,000	3.15%	August 1, 2029	Fair value through profit or loss		862
Total	$	93,760				$	1,422

Fair value liabilities

							As at December 31, 2020
Transaction date		**Mortgage principal amount (notional)**	**Fixed interest rate**	**Maturity date**	**Financial instrument measurement**		**Fair value liability (see Note 13)**
August 30, 2017	**$**	**41,102**	**3.44%**	**August 30, 2024**	**Fair value through profit or loss**	**$**	**(2,027)**
July 30, 2019		**50,000**	**3.15%**	**August 1, 2029**	**Fair value through profit or loss**		**(3,157)**
Total	**$**	**91,102**				**$**	**(5,184)**

							As at December 31, 2019
Transaction date		Mortgage principal amount (notional)	Fixed interest rate	Maturity date	Financial instrument measurement		Fair value liability (see Note 13)
August 30, 2017	$	42,349	3.44%	August 30, 2024	Fair value through profit or loss	$	(233)
January 17, 2018		44,839	3.73%	April 3, 2023	Fair value through profit or loss		(662)
Total	$	87,188				$	(895)

Note 31

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 between Levels 1, 2 and 3 for the years ended December 31, 2020 and December 31, 2019.

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, 2020**		**Fair value as at December 31, 2020 — Level 1**		**Level 2**		**Level 3**
Recurring fair value measurements									
Non-financial assets									
Investment properties	4	**$**	**3,241,601**	**$**	**—**	**$**	**—**	**$**	**3,241,601**

	Note		Carrying value as at December 31, 2019		Fair value as at December 31, 2019 — Level 1		Level 2		Level 3
Recurring fair value measurements									
Non-financial assets									
Investment properties	4	$	2,428,664	$	—	$	—	$	2,428,664

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 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 critical and key assumptions 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 rates – reflecting current market assessments of the return expectations.
- Market rents, leasing costs and vacancy rates – reflecting management's best estimates with reference to recent leasing activity and external market data.

As at December 31, 2020 and December 31, 2019, 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 applying the income approach.

The Trust includes a valuation team that analyzes the fair value of each investment property at least once a 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, Chief Financial Officer ("CFO") and Chief Operating Officer ("COO") for approval. Discussion of valuation processes, key inputs, results and reasons for the fair value movements are held between the CEO, CFO, COO and the valuation team at least once every quarter, in line with the Trust's quarterly reporting.

Financial instruments

Financial instruments carried at amortized cost or accounted for as investments in associates where the carrying value does not approximate fair value are noted below:

	Note	**Carrying value as at December 31, 2020**	**Fair value as at December 31, 2020 Level 1**	**Level 2**	**Level 3**
Financial instruments at amortized cost					
Mortgages	9	**$ 820,964**	**$ —**	**$ —**	**$ 871,829**
Unsecured Facility	9	**(662)**	**—**	**—**	**—**
U.S. term loan	9	**190,289**	**—**	**207,668**	**—**
Debentures	9	**248,339**	**—**	**251,153**	**—**

	Note	Carrying value as at December 31, 2019	Fair value as at December 31, 2019 Level 1	Level 2	Level 3
Financial instruments at amortized cost					
Mortgages	9	$ 1,015,143	$ —	$ —	$ 1,018,854
Secured revolving credit facility	9	(575)	—	—	—

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

	Note	**Carrying value as at December 31, 2020**	**Fair value as at December 31, 2020 Level 1**	**Level 2**	**Level 3**
Recurring fair value measurements					
Financial liabilities					
Fair value of cross-currency interest rate swaps	13	**$ (9,484)**	**$ —**	**$ (9,484)**	**$ —**
Fair value of interest rate swaps	13	**(5,184)**	**—**	**(5,184)**	**—**

	Note	Carrying value as at December 31, 2019	Fair value as at December 31, 2019 Level 1	Level 2	Level 3
Recurring fair value measurements					
Financial assets					
Fair value of interest rate swaps	7	$ 1,422	$ —	$ 1,422	$ —
Financial liabilities					
Fair value of interest rate swaps	13	895	—	895	—

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

Mortgages

The fair value of mortgages as at December 31, 2020 and December 31, 2019 is determined by discounting the expected cash flows of each mortgage using market discount rates. 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. 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.

Revolving credit facility

Demand revolving credit facilities are variable rate debt priced at prevailing market interest rates plus a Trust-specific credit spread. Because the interest rate on the facilities fluctuates with changes in market rates, the fair value of the credit facilities is equivalent to amounts drawn on the facilities. Because the applicable interest rate includes an unobservable Trust-specific credit spread, these are Level 3 measurements in the fair value hierarchy.

Cross-currency interest rate swap arrangements

The fair value measurement of the cross-currency interest rate swap arrangements was valued internally 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 was 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 32

SUBSEQUENT EVENTS

On January 29, 2021, the Trust completed a public offering of 20,240,000 REIT Units at a price of $12.80 per REIT Unit for gross proceeds of $259,072, including 2,640,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

On February 1, 2021, the Trust early discharged seven Canadian mortgages totalling $130,681, with a weighted average face interest rate of 3.59%. The Trust incurred debt settlement costs totalling $3,059 in relation to the early discharge of mortgages. The early discharge of mortgages and associated debt settlement costs were funded with the Trust's net proceeds from the January 29, 2021 public offering of REIT Units.

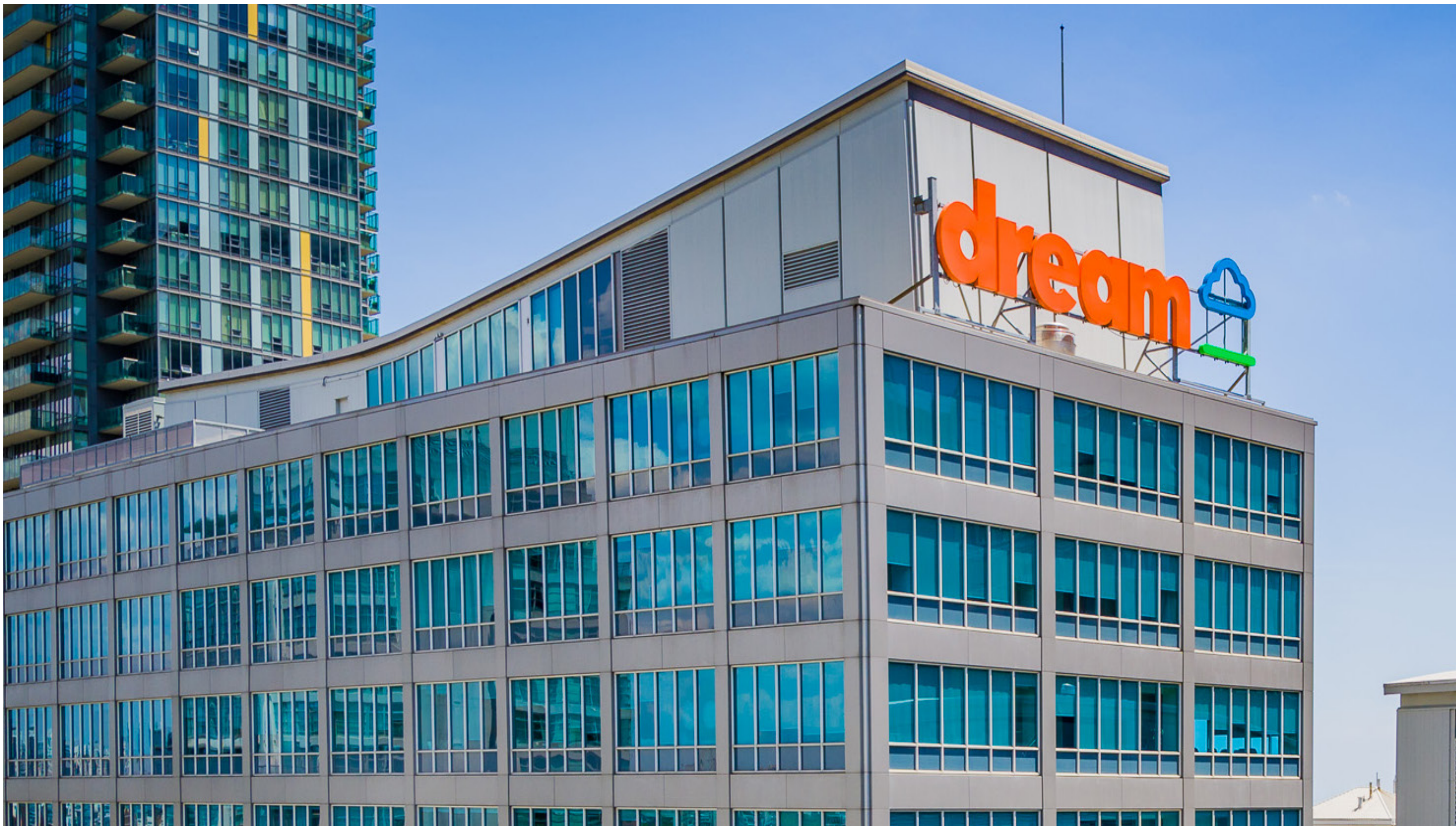
Subsequent to December 31, 2020, the Trust completed the following acquisitions in Canada, Europe, and the U.S.:

	Purchase price(1)	Date acquired
401 Marie-Curie Boulevard, Montréal, Québec	$ 114,150	January 29, 2021
Derchinger Straße 116, Augsburg, Germany(2)	8,440	February 1, 2021
2000 Gateway Boulevard, Cincinnati, OH(3)	15,467	February 12, 2021
Total	$ 138,057	

(1) Gross purchase price before adjustments and transaction costs.

(2) Acquisition in Germany was settled in euros and translated into Canadian dollars as at the transaction date.

(3) Acquisition in U.S. was settled in U.S. dollars and translated into Canadian dollars as at the transaction date.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STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Listing Symbol: DIR.UN
For more information, please visit dreamindustrialreit.ca

DISTRIBUTION REINVESTMENT AND UNIT PURCHASE PLAN

The purpose of our Distribution Reinvestment and Unit Purchase Plan ("DRIP") is to provide unitholders with a convenient way of investing in additional units without incurring transaction costs such as commissions, service charges or brokerage fees. By participating in the Plan, you may invest in additional units in two ways:

Distribution reinvestment: Unitholders will have cash distributions from Dream Industrial REIT reinvested in additional units as and when cash distributions are made. If you register in the DRIP you will also receive a "bonus" distribution of units equal to 3% of the amount of your cash distribution reinvested pursuant to the Plan. In other words, for every $1.00 of cash distributions reinvested by you under the Plan, $1.03 worth of units will be purchased.

Cash purchase: Unitholders may invest in additional units by making cash purchases.

To enrol, contact:
Computershare Trust Company of Canada
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1
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