



Dream Industrial REIT

# Annual Report 2021



Guldenweg 6  
Varsseveld, Netherlands



## **dream** industrial REIT

Dream Industrial REIT owns and operates a \$6 billion global portfolio totalling 43 million square feet<sup>(1)</sup> of well-located, diversified industrial properties across North America and Europe.

---

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

(1) Reflects 100% of the investment properties in equity accounted investment as at December 31, 2021.

# Letter to Unitholders



In 2021, Dream Industrial continued to successfully execute on its long-term strategy and achieved significant milestones during the year. Over the past 12 months, we have completed \$2.4 billion of acquisitions, adding over 15 million square feet of high-quality real estate across North America and Europe. With the addition of over \$1.7 billion of assets in Europe, we have achieved significant scale in Europe to execute on development and asset management strategies, which will provide a strong platform for us to continue to build long term value. In Canada, we continued to build on our strong market positioning in our core markets of the Greater Toronto Area and Greater Montréal Area through high-quality acquisitions as well as executing on our development and intensification pipeline. We are seeing strengthening fundamentals in Western Canada, especially in Calgary which is becoming a key logistics hub in the region. We also seeded a U.S. industrial fund which allows us to effectively grow in the U.S. alongside capital from reputable institutional investors, while continuing to perform property management and leasing for the assets which enhances our return on investment.

Our development program is a key pillar of our strategy to add high-quality assets to our portfolio at attractive economics. During the year, we expanded our greenfield development program with the acquisition of over 65 acres of land in the GTA and Cambridge, which should yield over one million square feet of high-quality logistics product in the next 2-3 years. We acquired a 50-acre site in Calgary

earlier this month and are under contract on an additional 30 acres in Calgary and the GTA. These sites should add an additional one million square feet in the medium term. We are continuing to source income-producing assets that offer intensification potential. In 2021 we added over 2.3 million square feet of excess density that we intend to develop over time. We have over 2.4 million square feet of projects that are currently underway or are in advanced stages of planning. We expect the vast majority of these projects to be substantially completed in the next 24 months and generate an attractive unlevered yield on cost of approximately 6%. Beyond our immediate pipeline, we have over 2 million square feet of additional excess density within our portfolio, which will provide strong cash flow and value appreciation.

Operationally, our leasing team continues to outperform the market, and we have significantly enhanced the organic growth profile of the business. During 2021, we signed 5 million square feet of leases at a 19% spread over the expiring/prior rental rate. Market rents continue to rise rapidly across our portfolio and currently exceed our in-place rents by approximately 19%, which provides significant room for us to continue to achieve strong leasing spreads. In addition to strong rental spreads, we are programmatically adding contractual rental escalators to all our leases at an accelerated rate. Our current leases in Canada have embedded rent escalators that should result in average contractual rental rate



growth of nearly 2.5% annually. In Europe, approximately 90% of the leases are indexed to the consumer price index and an additional 8% have an average contractual rent growth of 2%.

We continued to execute on our capital strategy which has been a valuable tool to support our growth trajectory. During the year, we raised over \$1 billion of unsecured debt at an average interest rate of only 0.4% after swapping into Euros. Our average cost of debt decreased by approximately 175 bps during the year to 0.83%. We continue to maintain one of the strongest and most flexible balance sheets in the Canadian REIT sector and are well-positioned to allocate capital towards the most attractive investment opportunities.

We have also made significant progress on our ESG initiatives including the development of an ESG action plan and road map. In the annual Dream Sustainability Report, we reported on our 2020-2021 ESG accomplishments which include its progress on energy-efficient roofing projects, LED lighting upgrades, solar-panel installation projects, green certifications for existing and recently acquired buildings, and sustainable policies for new development. We established a Green Financing Framework and issued \$650 million in green bonds during 2021. We have allocated approximately \$290 million of the proceeds towards eligible green projects through the end of 2021, with an additional \$200 million of

green projects underway. As part of the Dream Group of Companies' commitment, which includes Dream Unlimited Corp., Dream Impact Trust, Dream Office REIT and Dream Industrial REIT, we have set a goal for DIR to be net zero by 2035 for operations including Scope 1 and 2 emissions, and net zero by 2050 for select Scope 3 emissions.

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 strong logistics focused tenants and the embedded growth opportunities provided by our growing development pipeline has significantly enhanced the outlook for our operating results in 2022 and future years. 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 15th, 2022

# At a Glance\*

Dream Industrial REIT is one of the largest Canadian REITs with an approximately 43 million square foot portfolio of high-quality logistics focused assets in some of the strongest markets globally. The REIT has maintained an impressive track record of disciplined capital allocation and continues to create significant value for its unitholders.

**\$5.7 billion**

investment properties fair value

**15.4%**

2021 YoY FFO per unit growth<sup>(1)</sup>

**239**

assets<sup>(2)(3)</sup>

**4.4%**

distribution yield<sup>(4)</sup>

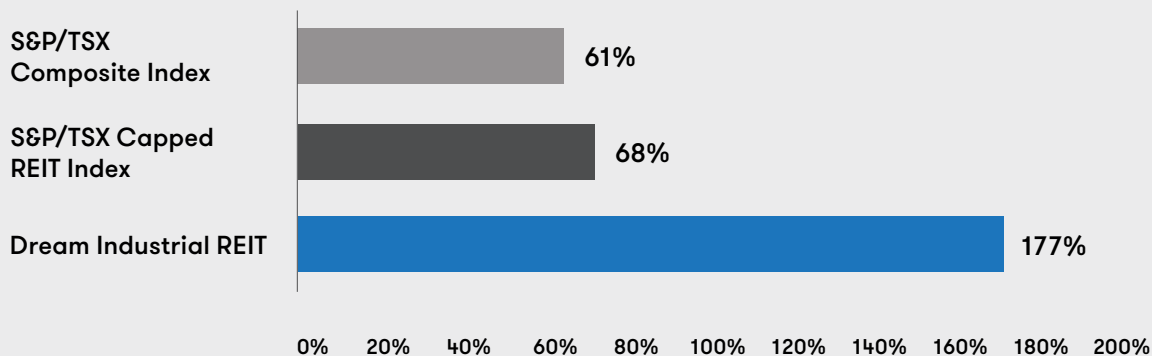
**5.4%**

YoY CPNOI 2021 growth<sup>(5)</sup>

**BBB**<sup>(mid)</sup>

DBRS issuer rating

## 5 Year Cumulative Total Return



\* All figures as at December 31, 2021.

(1) FFO per Unit is a non-GAAP ratio. FFO per Unit is comprised of FFO (a non-GAAP financial measure) divided by the weighted average number of Units. For more information, refer to the Non-GAAP ratios section in the MD&A.

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

(3) Includes the Trust's owned and managed properties as at December 31, 2021.

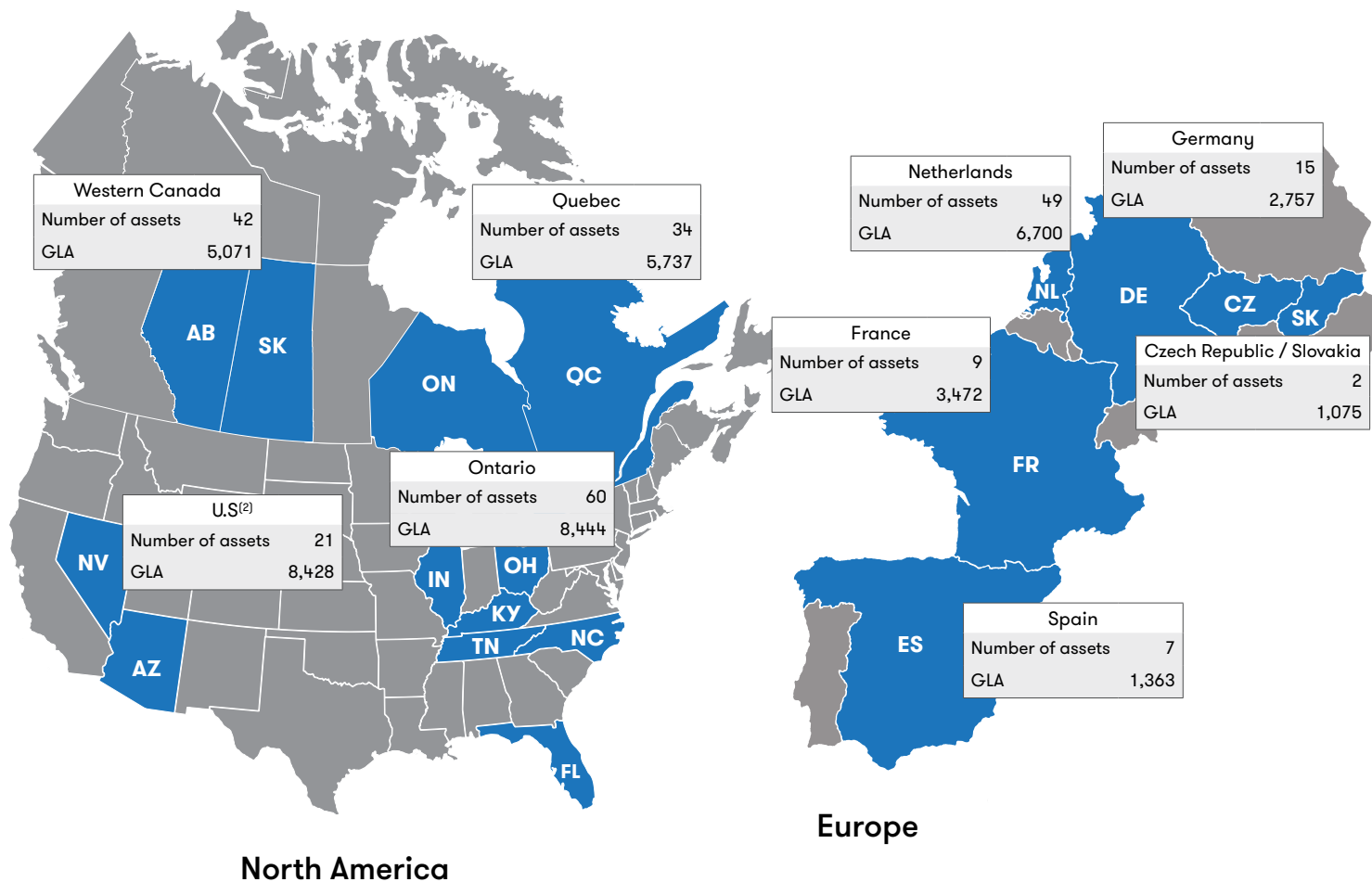
(4) Distribution yield is calculated as annual distributions per unit divided by unit price as of February 15, 2022.

(5) Comparative properties net operating income ("CP NOI") (constant currency basis) is a non-GAAP financial measure. The most directly comparable financial measure to CP NOI (constant currency basis) is net rental income. For more information, refer to the Non-GAAP financial measures section in the MD&A.



401 Marie-Curie Boulevard  
Montreal, QC, Canada

# Our Geographic Reach



**576 million**

people (total addressable market)<sup>(1)</sup>

**2 million**

total site area and PUD<sup>(2)\*</sup>

**1,276**

tenants<sup>(3)</sup>

**22**

industries<sup>(3)</sup>

**43 million**

SF total GLA<sup>(2)</sup>

**98.2%**

in place and committed occupancy

**18.7%**

market rent spread

**4.6 years**

WALT<sup>(4)</sup>

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

\* Properties under development

(1) Represents total population of Canada, U.S., France, Germany, Netherlands and Spain as at January 2022. Source: Data Commons.

(2) Reflects 100% of the investment properties in equity accounted investment as at December 31, 2021.

(3) Includes tenants occupying investment properties that are owned and managed by the Trust.

(4) Excludes the Trust's share of equity accounted investments as at December 31, 2021.





## High-quality functional assets well suited for e-commerce use

### Distribution<sup>(1)</sup>



**26.5M**   **120**   **1,089**  
square feet   assets   acres

### Urban Logistics<sup>(1)</sup>



**11.5M**   **87**   **603**  
square feet   assets   acres

### Light Industrial<sup>(1)</sup>



**5.0M**   **32**   **289**  
square feet   assets   acres

## Continuing to high-grade the portfolio



Near Term Development Projects			
	Number of projects	(in thousands of sq ft.) <sup>(2)</sup>	Unlevered yield
Total projects underway	7	849	6.6%
Total projects in planning	4	1,561	~5.6%
Total projects in pipeline	6	895	N/A
Total near-term development pipeline	17	3,305	-

(1) Excludes investment properties in equity accounted investment as at December 31, 2021.

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

# ESG Highlights



## Sustainability Report

See our 2020-2021 Sustainability Report under the Sustainability section of our website at: [www.sustainability.dream.ca](http://www.sustainability.dream.ca)

Stevinlann 4  
Ede, Netherlands

## Environmental

### Green Financing

framework established to integrate sustainable finance in our capital strategy

### 40 Assets

with energy ratings of EPC B or higher totaling 5.2 million sq. ft.

### \$650 Million

green bonds issued as of December 31, 2021

### 2.4 Million

sq. ft. of green building certifications underway for 10 properties<sup>(1)(3)</sup> (including properties under development and U.S. portfolio at 100%)

### 1.4 Million

sq. ft. of buildings with green certifications including LEED, BREEAM and DGNB added to the portfolio (including U.S. portfolio at 100%)

### 11.2 Million

sq. ft of white/cool roofs

### 17 MW

of potential installed solar capacity from 30+ renewable energy projects assessed for feasibility

### 3 MW

of installed solar capacity added at 9 properties

### 1.2 Million

sq. ft. LED lighting upgrades<sup>(2)</sup>



## Social

**~\$100,000**

paid out towards donations as well as employee tuition and professional fees in 2021

### Centralized Technology Platform

for marketing, leasing and asset management to improve tenant relationship management

### Improved Accessibility

through ramp installations and washroom upgrades at 5 buildings representing 190,000 sq. ft.<sup>(1)</sup>

**96%**

employee response rate for employee engagement satisfaction survey

### Protected Employees

by ensuring rigorous health and safety measures were taken to during the COVID-19 pandemic

### Tenant Survey

to determine satisfaction levels and measure interest in sustainable initiatives<sup>(1)</sup>

 **63%**

of employees are women<sup>(4)</sup>

 **61%**

of managers are women<sup>(4)</sup>

### Best Workplace

Dream was named a 2021 Best Workplaces™ for Giving Back by Great Places to Work®

## Governance



**Top 25%**

ESG Risk Rating. This represents a low risk<sup>(5)</sup>



**Top 3**

2021 GRESB rank for Public Disclosure among North America industrial group<sup>(1)</sup>

**100%**

of properties assessed for climate change risk<sup>(1)</sup>

### Improved Financial Resiliency

by increased scale of portfolio to \$5.7 billion in 2021, further diversified portfolio and tenant mix, and achieved an investment grade credit rating significantly improving our access to capital

### Developed ESG Framework

outlining key milestones and operational initiatives with executive compensation linked to ESG metrics and deliverables

**\$512 Million**

available liquidity as of December 31, 2021

(1) Occurred as of September 30, 2021.

(2) Between January 1, 2020 and September 30, 2021.

(3) Existing and forecasted building areas as of September 30, 2021.

(4) Includes only employees dedicated to Dream Industrial REIT activities and excludes employees on unpaid leaves of absence (e.g., permanent disability, long-term disability, parental leave) and interns in 2020.

(5) Based on 1,054 real estate companies rated by Sustainalytics globally. As of December, 2021.

Copyright ©2021 Sustainalytics. All rights reserved. This publication contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers>.

# ESG Commitments

As part of our overarching approach to ESG, we have committed to reduce carbon emissions in line with international standards. We look forward to sharing our net zero strategy in 2022, which will include best-in-class methodologies, science based interim targets, road-maps and reporting requirements. In addition, most of our new developments will be green certified.

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



## United Nations Principles for Responsible Investment

The United Nations Principles for Responsible Investment (UN PRI) is the world's leading responsible investor collaboration. It supports its signatories to incorporate environmental, social and governance (ESG) factors into their investment and ownership decisions. Signatories commit to follow UN PRI's six principles and report annually on their progress through the UN PRI Reporting Framework. Dream Unlimited, with support from Dream Industrial, became a signatory to the UN PRI in 2021 and will report on our responsible investment activities starting in 2023.

### NET ZERO ASSET MANAGERS INITIATIVE

## NZAM

The Net Zero Asset Managers (NZAM) Initiative is an alliance of global asset managers committing to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with the global efforts to limit warming to 1.5 degrees Celsius. The initiative covers 220 signatories and U.S.\$57.4 trillion in assets under management of which Dream Unlimited, with the support of Dream Industrial, was one of the first Canadian companies to join.



## Taskforce on Climate-related Financial Disclosures

In 2017, the Financial Stability Board established the Taskforce on Climate-related Financial Disclosures (TCFD) to provide guidance and recommendations on climate-related risk and opportunity disclosures. The TCFD recommendations are structured around four core reporting areas: governance, strategy, risk management and metrics and targets. More than 2,300 organizations support the TCFD. Dream Industrial became an official supporter of the TCFD recommendations in 2021.

## **Communicating our Plan to Reach Net Zero by 2035**

Dream Industrial has committed to net zero by 2035 for operations including Scope 1 and Scope 2 emissions and net zero by 2050 for select Scope 3 emissions. Over the next year we will communicate a thoughtful and specific strategy on how we will achieve this overarching goal with a detailed plan, including interim targets, how we will reduce our Scope 1, Scope 2, and select Scope 3 emissions.



100 East Beaver Creek  
Richmond Hill, ON, Canada



Christoph-Seydel-Straße 1  
Radeberg, Germany



401 Marie-Curie Boulevard  
Montréal, QC, Canada



Abbotside Drive  
Caledon, ON, Canada

# Table of Contents

## Section I

Key Performance Indicators	1
Business Update	2
Basis of Presentation	6
Forward-Looking Disclaimer	7
Background	8
Our Strategy	8

## Section II

Our Assets	9
Our Operations	14
Our Results of Operations	21

## Section III

Investment Properties	27
Our Financing	33
Our Equity	38

## Section IV

Selected Annual Information	43
Foreign Currency Information	43
Quarterly Information	44
Non-GAAP Financial Measures	46
Non-GAAP Ratios	50
Supplementary Financial Measures and Ratios and Other Disclosures	53

## Section V

Disclosure Controls and Our Procedures and Internal Control Over Financial Reporting	55
--	----

## Section VI

Risks and Our Strategy to Manage	56
----------------------------------	----

## Section VII

Critical Accounting Judgments, Estimates and Assumptions	60
--	----

Changes in Accounting Policies and Disclosures and Future Accounting Policy Changes	62
---	----

## Consolidated Financial Statements

Management's Responsibility for the Consolidated Financial Statements	63
---	----

Independent Auditor's Report	64
------------------------------	----

Consolidated Balance Sheets	69
-----------------------------	----

Consolidated Statements of Comprehensive Income	70
---	----

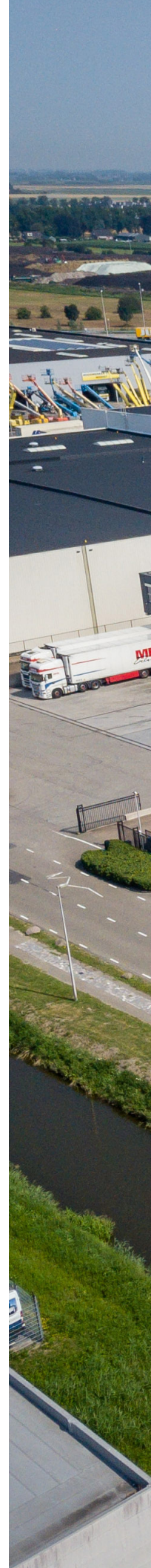
Consolidated Statements of Changes in Equity	71
--	----

Consolidated Statements of Cash Flows	72
---------------------------------------	----

Notes to the Consolidated Financial Statements	73
--	----

Trustees and Management Team	IBC
------------------------------	-----

Corporate Information	IBC
-----------------------	-----





Exportweg 20-20  
Waddinxveen, Netherlands

## 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, 2021	December 31, 2020
<b>Total portfolio</b>		
Number of assets <sup>(1)(2)</sup>	239	177
Investment properties fair value	\$ 5,696,607	\$ 3,241,601
Gross leasable area ("GLA") (in millions of sq. ft.) <sup>(2)</sup>	43.0	27.3
Occupancy rate – in-place and committed (period-end) <sup>(3)</sup>	98.2%	95.6%
Occupancy rate – in-place (period-end) <sup>(3)</sup>	97.7%	94.7%
Average in-place and committed base rent per sq. ft. (period-end) <sup>(4)</sup>		
Canadian portfolio	\$ 7.87	\$ 7.48
European portfolio (€)	€ 4.72	€ 5.11
Estimated market rent to in-place and committed base rent spread (%) (period-end) <sup>(4)</sup>		
Canadian portfolio	24.4%	9.4%
European portfolio	6.8%	6.7%
Weighted average lease term ("WALT") (years) <sup>(4)</sup>	4.6	4.1

	Three months ended		Year ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
<b>Operating results</b>				
Net rental income	\$ 60,432	\$ 44,512	\$ 217,899	\$ 168,883
Comparative properties net operating income ("NOI") (constant currency basis) <sup>(3)(5)</sup>	40,096	37,252	138,032	131,010
Net income	189,971	81,513	608,345	200,136
Funds from operations ("FFO") <sup>(5)</sup>	52,033	31,935	176,616	119,646
<b>Per Unit amounts</b>				
FFO – diluted <sup>(6)(7)</sup>	\$ 0.21	\$ 0.19	\$ 0.81	\$ 0.71
Distribution rate	\$ 0.17	\$ 0.17	\$ 0.70	\$ 0.70



	As at	
	December 31, 2021	December 31, 2020
<b>Financing</b>		
Credit rating – DBRS	<b>BBB (mid)</b>	BBB (mid)
Net total debt-to-total assets (net of cash and cash equivalents) ratio <sup>(6)</sup>	<b>31.4%</b>	31.3%
Net total debt-to-normalized adjusted EBITDAFV ratio (years) <sup>(6)</sup>	<b>8.0</b>	6.2
Interest coverage ratio (times) <sup>(6)</sup>	<b>8.0</b>	4.4
Weighted average face interest rate on debt <sup>(8)</sup>	<b>0.83%</b>	2.57%
Secured debt as a percentage of total assets <sup>(9)</sup>	<b>9.3%</b>	23.3%
Unencumbered investment properties as a percentage of investment properties <sup>(9)</sup>	<b>72.9%</b>	44.5%
Cash and cash equivalents	\$ <b>164,015</b>	\$ 254,935
Available liquidity <sup>(5)</sup>	\$ <b>511,612</b>	\$ 573,235
<b>Capital</b>		
Total equity (per consolidated financial statements)	\$ <b>3,499,423</b>	\$ 1,904,876
Total equity (including LP B Units) <sup>(5)</sup>	\$ <b>3,818,886</b>	\$ 2,148,833
Total number of Units (in thousands) <sup>(10)</sup>	<b>252,417</b>	171,231
Net asset value (“NAV”) per Unit <sup>(6)</sup>	\$ <b>15.13</b>	\$ 12.55
Unit price	\$ <b>17.22</b>	\$ 13.15

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

(2) Includes the Trust’s owned and managed properties as at December 31, 2021.

(3) Includes the Trust’s share of equity accounted investment as at December 31, 2021.

(4) Excludes the Trust’s share of equity accounted investment as at December 31, 2021.

(5) Comparative properties NOI (constant currency basis), FFO, available liquidity, and total equity (including LP B Units) are non-GAAP financial measures. See the “Non-GAAP Financial Measures” section for a description of these non-GAAP financial measures. These measures are not standardized financial measures under International Financial Reporting Standards (“IFRS”) and might not be comparable to similar measures disclosed by other issuers.

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

These ratios are not standardized financial measures under IFRS and might not be comparable to similar measures disclosed by other issuers.

(7) See the “Supplementary Financial Measures and Ratios and Other Disclosures” section for a description of the determination of diluted amounts per Unit under the heading “Weighted average number of Units”.

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

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

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

## BUSINESS UPDATE

Dream Industrial REIT achieved significant milestones in 2021. We grew our portfolio with over \$2.4 billion of acquisitions completed during the year, and added over 15 million square feet of assets to our existing portfolio, with approximately \$400 million of assets in Canada and Europe under contract or in varying stages of due diligence. We have grown the portfolio while maintaining a strong and flexible balance sheet. We raised over \$1.1 billion of equity, including \$88 million through our at-the-market equity program (“ATM Program”) during the year. These acquisitions as well as the low interest rate on our euro-equivalent debt and stronger comparative properties NOI (constant currency basis) growth have positioned us well to drive significant FFO per Unit growth in 2022. We ended 2021 with over \$500 million of available liquidity and net total debt-to-total assets (net of cash and cash equivalents) of only 31%, which provides ample cushion against the market volatility witnessed in early 2022 and positions us well to continue to successfully execute on our strategic plan.

## Operations update

**Robust leasing momentum at attractive rental spreads** – Since the beginning of 2021, the Trust has signed approximately 3.6 million square feet of new leases and renewals in Canada at an average spread of 21.2%. In Europe, the Trust has signed 1.2 million square feet at a 10.5% spread over prior/expiring rents. This leasing activity has resulted in a positive impact on the outlook for comparative properties NOI growth in the Trust’s portfolio.

Since the end of Q3 2021, the Trust has already addressed approximately 1.9 million square feet of 2022 expiries.

- In Canada, the Trust signed over 600,000 square feet of leases expected to commence in 2022 at an average spread of 30%; and
- In Europe, the Trust signed 1.3 million square feet of leases expected to commence in 2022 at an average spread of 12%.

Furthermore, one million square feet of new leases and renewals commencing in 2022 were committed prior to Q3 2021 at an average spread of 26%, and an additional 1.4 million square feet of new lease and renewals commenced in the second half of 2021 at an average spread of 15%.

Along with generating significant rental rate growth, the Trust is programmatically adding contractual annual rental rate escalators to its leases that allow for consistently rising comparative properties NOI over time. Currently, the average contractual rent growth embedded in the Trust's Canadian portfolio equates to 2.4%. In the Trust's European portfolio, approximately 90% of the leases are indexed to the consumer price index ("CPI") and an additional 8% have an average contractual rent growth of 2%.

Historically low availability rates and rising replacement costs have resulted in a strong outlook for rental rates across the Trust's operating markets. As at December 31, 2021, market rents exceed the average in-place base rent across the Trust's portfolio by approximately 19%, compared to approximately 9% as of December 31, 2020.

Since the end of Q3 2021, the Trust continued to successfully execute on its asset management strategy to increase cash flow growth from its portfolio.

- In January 2022, the Trust signed a lease for the entire 130,000 square foot Phase 1 expansion at its Marie-Curie property in Québec, which resulted in an unlevered yield on construction cost of approximately 9%. The lease will commence in April 2022; and
- At the Trust's 60 Steckle property in Ontario, the Trust is completing a value-add refurbishment. The Trust acquired the 100,000 square foot property vacant in Q2 2021 for a total purchase price of \$12 million. The Trust expects to spend approximately \$2 million in value-add capital improvements and expects to generate an unlevered yield on cost of approximately 7.5%, with stabilization expected in May 2022.

**Net rental income for the quarter and year-to-date** – Net rental income for the three and twelve months ended December 31, 2021 was \$60 million and \$218 million, respectively, representing an increase of \$16 million, or 35.8%, and \$49 million, or 29.0%, relative to the prior year comparative periods. The increase was mainly driven by the impact of acquired investment properties in 2021 and 2020, as well as comparative properties NOI (constant currency basis) growth in 2021, partially offset by the impact of investment properties disposed during 2021.

**Solid pace of comparative properties NOI ("CP NOI") (constant currency basis) growth** – CP NOI (constant currency basis) for the three and twelve months ended December 31, 2021 was \$40 million and \$138 million, respectively. For the same periods in 2020, CP NOI (constant currency basis) was \$37 million and \$131 million, respectively. This represents an increase of 7.6% for the three months ended December 31, 2021 and 5.4% for the year ended December 31, 2021 compared to the prior comparative periods. The growth in CP NOI (constant currency basis) was led by a 17% and 12.3% year-over-year increase in CP NOI in Ontario for the three months and year ended December 31, 2021, respectively. This was driven primarily by increasing rental spreads on new and renewed leases in Ontario where the average in-place base rent increased by 10% and 9.4%, respectively, along with a 360 and 150 basis points increase in average occupancy, respectively, for the three months and year ended December 31, 2021. In Québec, a 3% increase in in-place base rent drove year-over-year CP NOI growth of 5.2%. CP NOI for Europe increased by 3.9% year-over-year, driven primarily by a 4.2% increase in in-place base rent.

**Strong rent collections** – The Trust's portfolio has remained resilient through market disruptions and rent collections have returned to pre-pandemic levels. The Trust has collected approximately 99% of recurring contractual gross rent during 2021. In addition, the Trust has collected substantially all of the contractual gross rent for 2020. The Trust has not entered into any material rent deferral arrangements subsequent to Q2 2020. To date, the Trust has received over 99% of the \$2.3 million of contractual gross rent deferred during Q2 2020.

## Acquisitions, development and finance update

**Acquisitions** – Of the approximately \$630 million of acquisitions that were firm, under contract or in exclusive negotiations as of the date of the Trust’s press release dated October 13, 2021, the Trust has closed on acquisitions totalling approximately \$499 million in Q4 2021, representing a weighted average cap rate of 4.3%. These acquisitions have added 2.5 million square feet of high-quality, well-located and functional logistics space to the Trust’s portfolio.

- The Trust closed on the previously announced 600,000 square foot urban logistics and high-tech industrial campus in The Hague, Netherlands (“Tech Park”) for a purchase price of €90 million (\$129 million), equating to a going in cap rate of 4.6%. The Trust is currently underway on two pre-leased expansions for 65,000 square feet that are expected to be complete in early 2022. The cost of the expansion is forecasted to be €10 million with an estimated unlevered yield on cost of 6.2%. In addition, there is an additional 39,000 square feet of intensification potential. These expansion projects are expected to be finalized in 2022;
- The Trust acquired a portfolio of 11 logistics and light industrial assets totalling 1.0 million square feet located in the Greater Golden Horseshoe region in Ontario (“GGH Portfolio”) for a total purchase price of \$160 million. The GGH Portfolio is 100% occupied by strong tenants primarily in the logistics, automotive, and consumer goods sectors, with a weighted average lease term of approximately 5.3 years. The average in-place rent is approximately 25% below market, allowing for growing cash flows over time. In addition, the portfolio also includes nearly 300,000 square feet of excess density that the Trust intends to develop over time;
- The Trust acquired a 250,000 square foot single-tenant building located in Hamburg, one of the most important logistics hubs in Germany and home to the third largest port in Europe. Built in 1999 with additional expansions completed in 2006 and 2011, the property is 100% occupied by a logistics user with a weighted average lease term of seven years. The building is situated on a 11.5-acre site, and there is potential to intensify the site by approximately 50,000 square feet; and
- Furthermore, the Trust completed the previously announced acquisitions of five income-producing assets in Germany and the Greater Toronto Area (“GTA”) totalling 0.7 million square feet for a total purchase price of \$118 million. These sites contain over 300,000 square feet of excess density that the Trust intends to develop over time.

For the full year 2021, the Trust completed over \$2.4 billion of acquisitions across North America and Europe, which resulted in 15 million square feet of assets being added to its portfolio. The pipeline for future acquisitions remains robust and the Trust is under contract or in varying stages of due diligence on approximately \$400 million of assets in Canada and Europe.

**Development pipeline** – The Trust has initiated a structured development program that allows it to add high-quality assets to its portfolio in markets with steep barriers to entry.

- During the quarter, the Trust acquired a 28-acre land parcel in Cambridge for \$26 million, which should support the development of approximately 420,000 square feet in the next 24 months. The site is well located and in close proximity to Highway 401 and allows the Trust to expand its footprint in the Kitchener-Waterloo-Cambridge sub-market which is attracting significant demand for logistics space. The Trust expects to achieve an unlevered yield on cost of approximately 5.3%; and
- In addition, the Trust acquired a 50-acre site in Calgary for \$14 million and is under contract on another 20-acre site in Calgary for an expected purchase price of \$12 million. These sites can support the development of approximately 800,000 square feet of modern urban logistics product. The sites are located in the Balzac sub-market which is close to the airport and has excellent connectivity to major highways and downtown Calgary. The Trust expects unlevered yield on cost of approximately 6% on stabilization.

The Trust continues to make significant progress on its current pipeline of projects. The following is a summary of the key updates on the Trust’s development pipeline:

- **401 Marie-Curie Boulevard, Montréal:** The first phase of the expansion at 401 Marie-Curie in the Greater Montréal Area is substantially complete and the Trust signed a lease for the 130,000 square foot expansion commencing April 2022, resulting in an unlevered yield on cost of approximately 8.9%. As part of the second phase, the Trust will add 96,000 square feet of warehouse space expected to be completed by the end of 2022. Overall, the Trust expects to add 226,000 square feet of additional GLA at the property, and achieve an unlevered yield of over 7% on the two-phase project;
- **100 East Beaver Creek, Richmond Hill:** The Trust is currently underway on its 43,000 square foot expansion. The Trust expects completion in Q4 2022 with an expected unlevered yield on cost of over 9%;
- **Dresden, Germany:** The Trust has signed a contract to commence construction of a 241,000 square foot expansion at its existing property in Dresden, Germany. Completion is expected by the end of 2022 with an unlevered yield on cost of approximately 6.5%;

- **Abbotside, Caledon:** The Trust received site plan approval for the construction of approximately 150,000 square feet of modern last-mile logistics space on its recently acquired site located on Abbotside Drive in the GTA. The Trust commenced construction in January 2022, with completion expected in early 2023. The Trust expects to achieve an unlevered yield on cost of over 5.5%;
- **Mississauga redevelopment:** The Trust intends to build a 209,000 square foot building in one of the most sought-after sub-markets in the GTA West region. Construction is expected to commence in Q3 2022 with completion expected in 2023. The Trust is forecasting an unlevered yield on cost of over 5%; and
- **Montréal expansion:** The Trust is currently advancing a 120,000 square foot intensification project at an existing property in Montréal. The Trust has the opportunity to refurbish the existing building and significantly increase the GLA at the existing 200,000 square foot building. The Trust expects to commence construction on this expansion in Q2 2022 and is forecasting an unlevered yield on cost of over 6.5%.

**Capital strategy** – The Trust continues to maintain significant financial flexibility as it executes on its strategy to grow and upgrade portfolio quality. During the quarter, the Trust issued \$250 million of Series D Unsecured Debentures with net proceeds expected to be allocated towards funding eligible green projects under the Trust’s Green Financing Framework. Over the past 24 months, the Trust has successfully transitioned its debt stack to be largely unsecured, with the proportion of secured debt dropping to 9.3% of total assets and approximately 28% of total debt (non-GAAP financial measure), compared to 64.7% one year ago. On a year-over-year basis, average cost of debt decreased 174 basis points from 2.57% in Q4 2020 to 0.83% in Q4 2021.

During the quarter, the Trust completed a \$287.7 million equity offering during the quarter at an issue price of \$16.50. Since Q3 2021, the Trust has utilized its ATM Program to raise approximately \$56.4 million, at an average unit price of \$16.64. Subsequent to quarter-end, the Trust raised a further \$43.2 million through the ATM Program at an average unit price of \$16.27. The net proceeds from the equity offering as well as the ATM Program were utilized to fund over \$500 million of acquisitions completed since the end of Q3 2021, over \$20 million in development costs, and general trust purposes.

The Trust ended Q4 2021 with total available liquidity of \$512 million, which provides sufficient capacity to execute on its acquisition and development pipeline while keeping leverage within its targeted range.

**Amendment to the Trust’s Asset Management Agreement (“AMA”)** – Effective January 1, 2022, the Trust has amended its AMA with Dream Asset Management Corporation (“DAM”), the Trust’s asset manager, to clarify certain definitions and simplify the administration of the agreement. The amendments do not materially change the overall financial impact to the Trust and DAM.

A Special Committee of the Board of Trustees was formed to evaluate the amendments. The Committee was advised by an independent financial and legal advisor, National Bank Financial and Goodmans LLP, respectively, and unanimously recommended approval of the amendments to the Board of Trustees. The principal amendments to the agreement include:

- **Change in Fiscal Year to match Trust’s year-end** – The fiscal year under the original agreement commenced every October 4<sup>th</sup> and ended October 3<sup>rd</sup>. The fiscal year-end for the agreement has been updated to December 31<sup>st</sup> to align with the Trust’s financial reporting period so that the calculation of asset management fees align with the Trust’s publicly reported financial metrics in its quarterly and annual financial statements and management’s discussion and analysis (“MD&A”);
- **FFO per Unit replacing AFFO per Unit in calculations** – FFO per Unit is published quarterly within the Trust’s financial disclosures and is a metric that is widely available and consistently calculated by analysts and investors. The adoption of an FFO per Unit standard is not expected to materially impact the management fees under the agreement as compared to the prior methodology;
- **Incorporation of development activities** – The original agreement did not contemplate greenfield development, expansions or redevelopments, so the historical purchase price of the properties for the purposes of determining an incentive fee did not include development costs. With the Trust’s significant increase in development activities, the Trust has amended the agreement to include development costs in the calculation of the historical purchase price of its properties, which is expected to reduce incentive fees payable by the Trust in respect of development or redevelopment properties as compared to the prior methodology; and
- **Separate contracts for North America and Europe** – With the Trust’s expansion into Europe, the original agreement has been amended to separate the contracts between North America and Europe. The overall economics to the Trust and DAM will approximate the aggregate fees payable under the prior agreement. This amendment provides more flexibility to pursue future strategic initiatives, capital allocation decisions and performance measurement across the Trust’s various operating regions.

## Environmental, social and governance (“ESG”) update

During the quarter, the Trust issued its 2020–2021 Sustainability Report (the “Sustainability Report”), which provides a comprehensive summary of measurable, data-driven highlights, including an ESG Scorecard that illustrates the upward trajectory in data collection, lighting upgrades, green building certifications and use of renewable energy. Key accomplishments in the report include 2021 commitments made by the Trust to climate action and responsible investing by supporting the Net Zero Asset Managers (“NZAM”) Initiative, UN Principles for Responsible Investment (“UN PRI”) and the Task Force on Climate-related Financial Disclosures (“TCFD”), as part of the Dream Group of Companies’ commitment, which includes Dream Unlimited Corp., Dream Impact Trust, Dream Office REIT and Dream Industrial REIT. In the quarter, and in alignment with the Trust’s NZAM Commitment, the Trust initiated the planning of a detailed strategy to reduce Scope 1 and Scope 2 emissions to net zero by 2035, and select Scope 3 emissions to net zero by 2050.

The Sustainability Report provides an overview of the Trust’s approach to ESG and best practices for key initiatives including renewable energy, lighting upgrades, roofing, and green building certifications with metrics to define progress that has been made and future commitments. The Sustainability Report also describes the Trust’s approach and strategy to incorporate sustainability in its development program and sustainable attributes in its near-term development projects.

The Sustainability Report establishes targets in eligible green projects, green building certifications, light emitting diode (“LED”) lighting upgrades, solar photovoltaic installed capacity, and the measurement and disclosure of energy, water, and waste data. In addition, the Trust confirms that its forward-looking plans will continue to focus on executing its ESG action plan and roadmap. The Trust’s strategic sustainability priorities for 2022 will include conducting a comprehensive Global Real Estate Sustainability Benchmark (“GRESB”) diagnostic and opportunity assessment, incorporating sustainability more deeply into the Trust’s development process, expanding data coverage, analytics and reporting; exploring and executing on more renewable energy opportunities; implementing sustainability policies; and continuing to integrate sustainability into our capital program, operations and procurement.

The Trust continues to explore and execute on green financing opportunities in its capital strategy, and in the quarter, the Trust closed its second green bond offering consisting of \$250 million aggregate principal amount. The 2020–2021 Sustainability Report identifies \$288 million in completed eligible green projects and an additional \$240 million in eligible green projects that are underway. These eligible green projects can be applied to the proceeds of the Trust’s inaugural \$400 million green bond offering from June 2021, as well as the Trust’s second \$250 million green bond offering that closed in the quarter, in accordance with the Trust’s Green Financing Framework. The Trust will issue an annual allocation report in 2022.

To improve the energy efficiency of its properties, the Trust continues to invest in LED lighting upgrades. In the quarter, the Trust exceeded its target to upgrade one million square feet of GLA in LED lighting in 2021. A total of 385,000 square feet of GLA was upgraded to LED lighting in the quarter to bring the annual total for 2021 to 1,090,000 square feet of GLA.

The Trust continues to incorporate a range of sustainable features in its buildings and expand the number of green-certified buildings in its portfolio. The Trust has completed feasibility assessments of three buildings located in North America and four buildings located in Europe and will be proceeding with the certification process in 2022. This initiative will increase the Trust’s green-certified portfolio by over one million square feet of GLA. As noted in the Sustainability Report, the Trust will continue to proactively increase its stock of green buildings by expanding the certification program within its current portfolio and through its investment pipeline. Commencing in 2022, the Trust will obtain green building certifications on 100% of new developments.

The Trust is executing on its commitment to invest in clean power and in the quarter finalized plans for several solar panel projects in Canada and Europe; installation will commence early in 2022, with additional projects coming on stream as project plans are finalized in the coming year. Including existing panels, the Trust is targeting to install over 50,000 solar panels across 3.5 million square feet of GLA, representing over 10% of its total portfolio.

In addition to environmental initiatives, the Trust is committed to investing in social programs for its workforce. The Trust is dedicated to supporting the mental health and well-being of its employees, and in the quarter held numerous workshops to discuss stigmas surrounding mental illness and provide employees with strategies to support their mental health.

## 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, 2021. Such consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). The Canadian dollar is the functional and reporting currency for purposes of preparing the consolidated financial statements.

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

This management's discussion and analysis ("MD&A") is dated as at February 15, 2022.

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

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

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

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

### **FORWARD-LOOKING DISCLAIMER**

Certain information herein contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation, including but not limited to statements relating to the Trust's objectives and strategies to achieve those objectives; the 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 including the anticipated closing, purchase price and value of additional acquisitions under contract or in exclusivity; the anticipated commencement of certain leases and the average spread thereof and the Trust's ability to maintain annual rental rate escalators in future leases and renewals; the expected going-in cap rate of acquisitions; our acquisition pipeline; expectations regarding cash flow and cash distributions; the Trust's intention and ability to fund any potential shortfalls with cash and cash equivalents on hand and with the amounts available on the unsecured revolving credit facility; any potential future suspension and subsequent reinstatement of the DRIP and Unit Purchase Plan; the Trust's long-term growth goals through its retained interest in the U.S. Fund; the pro forma composition of our portfolio after the completion of the acquisitions and potential development opportunities, including the GLA to be added to the Trust's portfolio following the acquisitions; our unencumbered investment properties pool; our development, expansion, value-add capital improvements and refurbishments and redevelopment plans, including timing of construction commencement and intensification, the expansion potential of the Trust's portfolio; timing for commencing construction and completion of our developments, anticipated development yields and the percentage of the Trust's total assets it expects to have under active development; use of the net proceeds from the Trust's financings recent equity offering and the ATM Program, including the net proceeds from the issuance of Series D Unsecured Debentures to be utilized towards eligible green investments under the Trust's Green Financing Framework; the Trust's ability to deliver on ESG initiatives including various sustainability policies, completing eligible green projects, issuing an annual allocation report with respect to the Trust's Green Financing Framework and expanding the number of green-certified buildings in its portfolio; the Trust's ability to obtain green building certifications for its portfolio and the expansion of its green building certification program over time; the installation of solar panels by the Trust; the implementation and results of the Trust's solar power programs; the Trust's portfolio strategy and conservative financial policy; the Trust's ability to perform well operationally and financially through the novel coronavirus ("COVID-19") pandemic; the amount by which market rents exceed in-place rents and the outlook for rental rate growth; the Trust's beliefs, plans, estimates, projections and intentions; and similar statements concerning anticipated future events, future growth and future leasing activity, including those associated with user demand relative to supply of quality industrial product in the Trust's operating markets, increasing scale in the Trust's existing sub-markets and adding to its large urban logistics clusters, the ability to lease vacant space and rental rates on future leases, results of operations, performance, business prospects and opportunities, acquisitions or divestitures, tenant base, rent collection, future maintenance and development plans, capital investments, financing, income taxes, litigation and the real estate industry in general. Forward-looking statements generally can be identified by words such as "outlook", "objective", "strategy", "may", "will", "would", "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; real estate ownership risks including oversupply of industrial properties or a reduction in demand for real estate in the area, the attractiveness of properties to potential tenants or purchasers, competition with other landlords with similar available space, and the ability of the owner to provide adequate maintenance at competitive costs; relative illiquidity of real estate investments and limited ability to

vary our portfolio promptly to respond to changing economic or investment conditions; significant expenditures associated with real estate ownership regardless of whether the property is producing sufficient income to pay such expenses; employment levels; the uncertainties around the timing and amount of future financings; uncertainties surrounding the COVID-19 pandemic; the financial condition of tenants and borrowers; leasing risks; risks associated with the geographically concentrated nature of our properties; interest rate and currency rate fluctuations; risks associated with cross-currency interest rate swap (“CCIRS”) arrangements; regulatory risks and changes in law; environmental risks; competition from other developers, managers and owners of properties; risks associated with participating in joint arrangements; environmental and climate change risks; insurance risks including liability for risks which are uninsurable under any insurance policy; cyber-security risks; our ability to sell investment properties at a price that reflects fair value; and our ability to source and complete accretive acquisitions.

Although the forward-looking statements contained in this MD&A are based on what we believe are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited to, 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; valuation assumptions including market rents, leasing costs, vacancy rates, discount rates and cap 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; changes to historically low rates and rising replacement costs in the Trust’s operating markets and increases in market rents; 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 15, 2022. 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](http://www.dreamindustrialreit.ca).

## **BACKGROUND**

Dream Industrial REIT is an unincorporated, open-ended real estate investment trust. As at December 31, 2021, the Trust owns, manages and operates a global portfolio comprising 239 assets totalling approximately 43.0 million square feet of gross leasable area in key markets across Canada, Europe and the U.S. The Trust’s goal is to grow and upgrade the quality of its portfolio, which primarily consists of distribution and urban logistics properties, and to provide overall attractive returns to unitholders. Our REIT Units are listed on the Toronto Stock Exchange (“TSX”) under the trading symbol “DIR.UN”.

## **OUR STRATEGY**

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

- owning and operating a high-quality portfolio of industrial assets in markets with strong operating fundamentals;
- investing in our key markets in industrial assets offering long-term cash flow and 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, Europe and the U.S. We have strong established relationships in all our local markets, which allows us to source high-quality and accretive acquisitions with long-term cash flow and 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 investment properties pool, while reducing borrowing costs and preserving liquidity.

## Focus on ESG

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, manages and operates a portfolio of 239 assets (351 industrial buildings) totalling approximately 43.0 million square feet of GLA in key markets across Canada, Europe and the U.S. as at December 31, 2021.

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

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

### Focused portfolio strategy

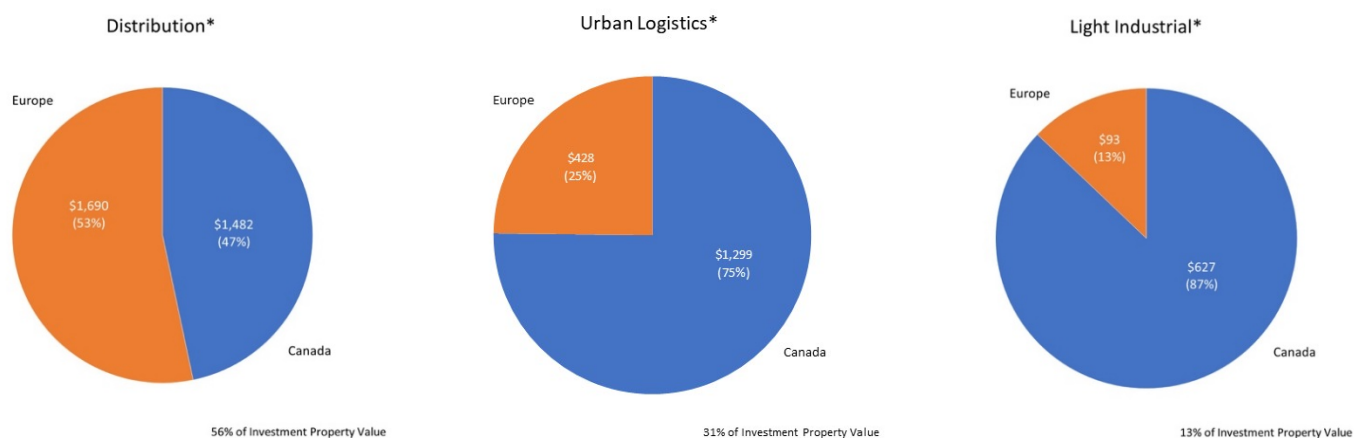
In Canada, the Trust's focus is on mid- to large-bay properties primarily in the GTA and the Greater Montréal Area where it expects to benefit from increased user demand relative to supply of quality industrial product, and where in-place rental rates are generally below market rental rates and the outlook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

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

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



As at December 31, 2021, the Trust’s investment property value (excluding the U.S. portfolio) 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, 2021 are summarized in the table below:

	December 31, 2021			
	Distribution	Urban logistics	Light industrial	Total
Number of assets <sup>(1)(2)</sup>	120	87	32	239
Number of buildings <sup>(2)</sup>	138	165	48	351
Total GLA (thousands of square feet) <sup>(2)</sup>	26,489	11,520	5,038	43,047
Owned GLA (thousands of square feet) <sup>(3)</sup>	20,948	10,606	5,038	36,592
Site area (in acres) <sup>(2)</sup>	1,089	603	289	1,981

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

(2) Includes the Trust’s owned and managed properties as at December 31, 2021.

(3) Includes the Trust’s share of equity accounted investment as at December 31, 2021.

### Development strategy

The Trust’s greenfield development program currently comprises three land parcels, two of which were acquired in Q2 2021 and the third acquired in Q4 2021; these are located in Brampton, Caledon and Cambridge, all in Ontario. These sites total approximately 66 acres and should support the development of over one million square feet of high-quality logistics GLA over the next 24–36 months. These are prime logistics markets in the Greater Golden Horseshoe region and are expected to benefit from the strong market fundamentals.

Currently, the Trust has the unique opportunity to add high-quality GLA through the expansion and redevelopment of existing sites across its predominantly urban portfolio in North America and Europe. The Trust continuously evaluates redevelopment and intensification opportunities across its portfolio from technical and financial feasibility perspectives, and its current redevelopment pipeline consists of several sites in Ontario and Europe. The Trust continues to add to its redevelopment/intensification pipeline through its acquisition activity. During 2021, the Trust’s acquisition activity allowed it to add over 2.3 million square feet of excess density on currently income-producing assets that the Trust can develop over time.

The Trust currently has approximately 0.8 million square feet of projects underway and an additional 1.6 million square feet of projects in advanced stages of planning. The Trust expects a significant portion of these projects to be completed in the next 24 months and generate an attractive unlevered yield on cost of approximately 6%.

The following tables provide details on the Trust's projects that are currently underway or in advanced stages of planning:

(in millions of dollars)		GLA <sup>(1)</sup>		Cost incurred <sup>(2)</sup>	Cost to complete	Total cost	Construction completion	Unlevered yield	Current objective
Location	Region	(in thousands of sq. ft.)							
<b>Underway</b>									
Marie-Curie Boulevard, Montréal – Ph. 1	Québec	130	\$ 12.0	\$ 2.5	\$ 14.5	H1 2022	8.9%	Intensification	
The Hague, Netherlands	Europe	65	—	14.4	14.4	H1 2022	6.2%	Intensification	
Marie-Curie Boulevard, Montréal – Ph. 2	Québec	96	2.2	12.8	15.0	H2 2022	6.6%	Intensification	
Dresden, Germany	Europe	241	3.0	27.3	30.3	H2 2022	6.5%	Intensification	
100 East Beaver Creek, Richmond Hill	Ontario	43	1.4	4.2	5.6	H2 2022	9.3%	Intensification	
Blaise Pascal, Montréal	Québec	120	0.2	18.8	19.0	H1 2023	6.6%	Intensification	
Abbotside, Caledon	Ontario	154	14.1	24.1	38.2	H1 2023	5.6%	New development	
<b>Total underway</b>		<b>849</b>	<b>\$ 32.9</b>	<b>\$104.1</b>	<b>\$ 137.0</b>		<b>6.6%</b>		
<b>Planning</b>									
Cambridge, ON	Ontario	420				H2 2023		New development	
Mississauga, ON	Ontario	209				H2 2023		Redevelopment	
Whitby, ON	Ontario	379				H2 2024		Redevelopment	
Brampton, ON	Ontario	553				H1 2025		New development	
<b>Total planning</b>		<b>1,561</b>	<b>~\$ 117</b>	<b>~\$ 245</b>	<b>~\$ 362</b>		<b>~ 5.6%</b>		
<b>Total near-term development pipeline</b>		<b>2,410</b>	<b>~\$ 150</b>	<b>~\$ 349</b>	<b>~\$ 499</b>		<b>~ 5.9%</b>		

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

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

The Trust continued construction of a two-phase intensification project at 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 32%, offering the opportunity to increase the property's footprint by approximately 226,000 square feet, taking coverage to 45%. The first phase of construction is substantially complete with the Trust signing a lease for the entire 130,000 square foot expansion, resulting in an unlevered yield on construction costs of 8.9%. The second phase of construction, for 96,000 square feet, commenced in Q4 2021. We expect to achieve an unlevered yield on construction costs of over 7.0% on the two-phase project.

The Trust is currently underway on the construction of approximately 65,000 square feet at its recently acquired 600,000 square foot high-tech and industrial cluster in The Hague, Netherlands. The expansions are already pre-leased and are expected to stabilize in early 2022, with an anticipated unlevered yield on construction costs of approximately 6.2%.

During the quarter, the intensification project in Dresden, Germany, advanced to the next stage of development as construction has commenced. The 30.4-acre site holds an existing 274,000 square foot asset, and site density will increase by approximately 20% with the 241,000 square foot expansion. This prime logistics facility expansion is estimated to achieve an unlevered yield on construction costs of 6.5%.

Construction has commenced on an expansion of an existing 110,000 square foot property in the GTA, consisting of 100 East Beaver Creek, which is located in Richmond Hill and is close to Highway 404 and Highway 407. Construction of the 43,000 square foot facility is expected to be complete within the year, with an anticipated unlevered yield on construction costs of over 9%.

The Trust advanced the greenfield development of the 154,000 square foot prime logistics facility in Caledon, Ontario and 120,000 square foot expansion in Montréal, Québec. The design-builders have been engaged with municipal approvals underway, advancing this to the next stage of development construction.

In addition to the above projects, the Trust is in the preliminary stages of planning for approximately 0.9 million square feet of near-term expansion and redevelopment opportunities as shown in the following table. The Trust continues to advance other intensification opportunities across its portfolio. The Trust currently estimates that its excess land portfolio provides opportunities to add approximately 1.3 million square feet of high-quality industrial space over time.

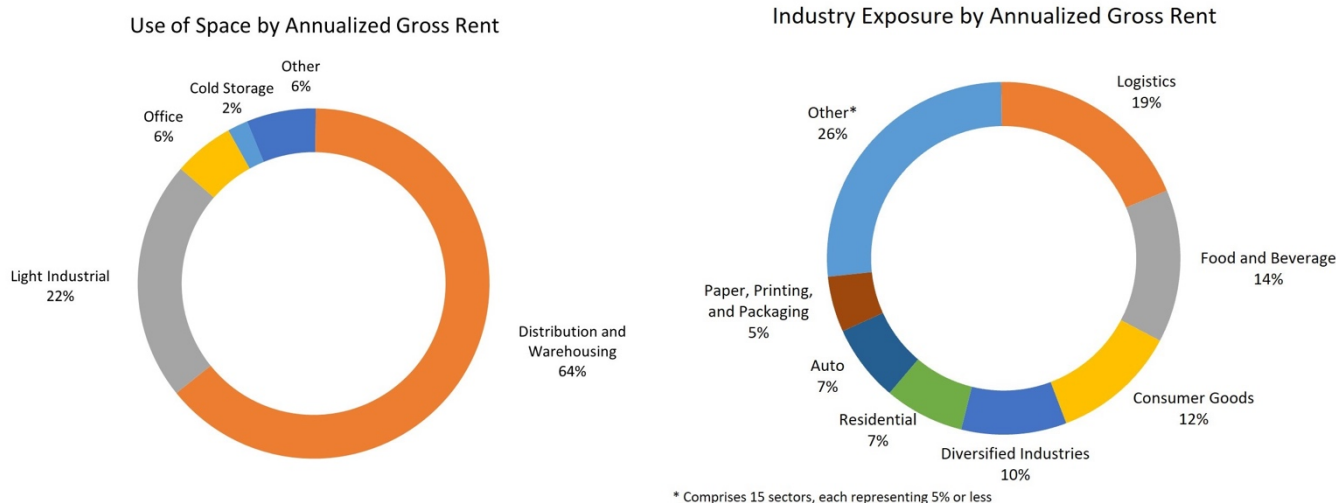
Location	Region	GLA <sup>(1)</sup> (in thousands of sq ft.)	Current objective
Montréal, QC	Québec	100	Intensification
Terrebonne, QC	Québec	27	Intensification
Brebières, FR	France	425	Intensification
Amiens, FR	France	136	Intensification
Breda, NL	Netherlands	183	Intensification
Varsseveld, NL	Netherlands	24	Intensification
<b>Total pipeline</b>		<b>895</b>	

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

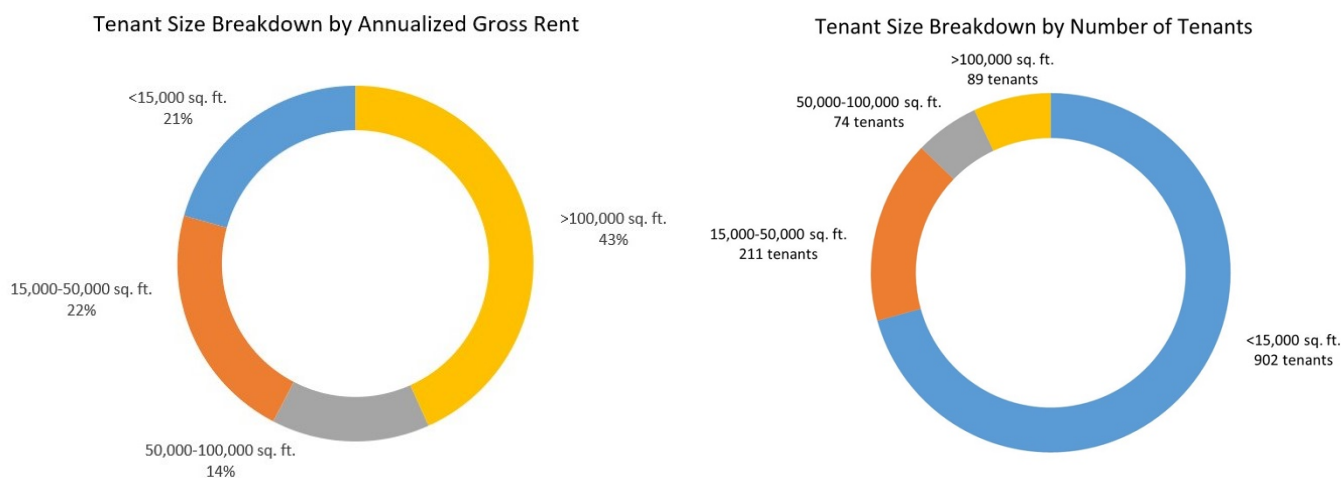
## Tenant base profile

Our portfolio comprises primarily functional distribution and warehousing space occupied by tenants from various industries, with no one industry accounting for more than 20% of annualized gross rent. As at December 31, 2021, the Trust had over 1,200 tenants (including those tenants occupying investment properties that are owned, managed and classified as assets held for sale).

The following charts show the industries in which our tenants operate, and their use of space based on annualized gross rental revenue, as at December 31, 2021:



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, 2021:



Approximately 79% of our annualized gross rental revenue was derived from over 370 tenants each occupying over 15,000 square feet with an average size of approximately 79,000 square feet. The remaining annualized gross rental revenue was derived from 902 smaller tenants primarily located in the urban logistics assets.

The following table outlines the contributions to our annualized gross rental revenue of our top ten tenants (including equity accounted investment) as at December 31, 2021. Our top ten tenants have a weighted average lease term of 4.6 years.

Tenant	Use of space	Gross rental revenue	Thousands of sq. ft.
Auchan Supermarché Plaisir	Distribution & warehousing	2.7%	1,583
TC Transcontinental	Distribution & warehousing, light industrial	1.4%	523
Immeubles RB Ltd.	Distribution & warehousing	1.2%	419
Gienow Windows and Doors	Distribution & warehousing, light industrial	1.1%	371
Conforama	Distribution & warehousing	1.1%	597
Spectra Premium Industries Inc.	Distribution & warehousing, light industrial	1.0%	476
DHL Supply Chain s.r.o.	Distribution & warehousing	1.0%	661
United Agri Products Canada Inc.	Distribution & warehousing	0.9%	275
RLS Slovakia, s.r.o.	Distribution & warehousing	0.9%	597
Emil Lux GmbH & Co. KG	Distribution & warehousing	0.8%	435
<b>Total</b>		<b>12.1%</b>	<b>5,937</b>

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

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

The table below summarizes the grouping of buildings into property clusters by region as at December 31, 2021 and December 31, 2020:

	December 31, 2021				December 31, 2020		
	Number of buildings <sup>(1)</sup>	Number of assets <sup>(1)</sup>	Owned GLA <sup>(2)</sup> (thousands of sq. ft.)	Total GLA <sup>(1)</sup> (thousands of sq. ft.)	Number of buildings	Number of assets	Owned GLA (thousands of sq. ft.)
Ontario	97	60	8,444	8,444	79	47	6,758
Québec	47	34	5,737	5,737	40	29	4,278
Western Canada	80	42	5,071	5,071	81	43	5,079
<b>Canadian portfolio</b>	<b>224</b>	<b>136</b>	<b>19,252</b>	<b>19,252</b>	<b>200</b>	<b>119</b>	<b>16,115</b>
<b>European portfolio</b>	<b>93</b>	<b>82</b>	<b>15,367</b>	<b>15,367</b>	<b>42</b>	<b>40</b>	<b>3,885</b>
<b>Total before U.S. portfolio</b>	<b>317</b>	<b>218</b>	<b>34,619</b>	<b>34,619</b>	<b>242</b>	<b>159</b>	<b>20,000</b>
<b>U.S. portfolio</b>	<b>34</b>	<b>21</b>	<b>1,973</b>	<b>8,428</b>	<b>29</b>	<b>18</b>	<b>7,276</b>
<b>Total portfolio</b>	<b>351</b>	<b>239</b>	<b>36,592</b>	<b>43,047</b>	<b>271</b>	<b>177</b>	<b>27,276</b>

(1) Includes the Trust's owned and managed properties as at December 31, 2021.

(2) Includes the Trust's share of equity accounted investment as at December 31, 2021.

## OUR OPERATIONS

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

### Total portfolio in-place and committed occupancy

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

(percentage)	Total portfolio		
	December 31, 2021	September 30, 2021	December 31, 2020
Ontario	97.7	97.4	97.8
Québec	99.1	98.5	98.1
Western Canada	95.6	93.9	94.8
<b>Canadian portfolio</b>	<b>97.6</b>	<b>96.8</b>	<b>96.9</b>
<b>European portfolio</b>	<b>99.0</b>	<b>99.3</b>	<b>96.1</b>
<b>Total before U.S. portfolio</b>	<b>98.2</b>	<b>97.9</b>	<b>96.8</b>
<b>U.S. portfolio<sup>(1)</sup></b>	<b>98.2</b>	<b>99.2</b>	<b>92.6</b>
<b>Total portfolio</b>	<b>98.2</b>	<b>98.0</b>	<b>95.6</b>

(1) Includes the Trust's share of equity accounted investment as at December 31, 2021.

Our in-place and committed occupancy, excluding the U.S. portfolio, includes lease commitments totalling approximately 174,000 square feet for space that is being readied for occupancy but for which rental revenue is not yet recognized.

In-place and committed occupancy in Ontario increased by 30 basis points ("bps") relative to September 30, 2021. During the quarter, the Trust acquired 14 fully occupied properties totalling approximately 1.2 million square feet. Additionally, 101,000 square feet of new leases and 76,000 square feet of renewals commenced compared to 101,000 square feet of expiries. The Trust continues to actively market its vacant spaces and address future renewals to capture higher rents. On a year-over-year basis, in-place and committed occupancy decreased by 10 bps relative to December 31, 2020.

In-place and committed occupancy in Québec increased by 60 bps relative to September 30, 2021 and increased by 100 bps relative to December 31, 2020, primarily due to 210,000 square feet of new and renewed leases commencing during the quarter compared to 168,000 square feet of expiries. The Trust continues to actively market its vacant spaces and address future renewals to capture higher rents.

In-place and committed occupancy in Western Canada increased by 170 bps compared to the prior quarter with 385,000 square feet of new and renewed leases having commenced during the quarter, slightly offset by 277,000 square feet of expiries. The Trust continues to actively market the vacant spaces and concluded the quarter with 86,000 square feet of committed vacancies. On a year-over-year basis, in-place and committed occupancy increased by 80 bps relative to December 31, 2020.

In-place and committed occupancy in Europe decreased by 30 bps quarter-over-quarter and increased by 290 bps compared to the prior year comparative quarter, primarily as a result of the Pan-European logistics portfolio, which was acquired on June 24, 2021 and was fully leased.

In-place and committed occupancy in the U.S. decreased by 100 bps relative to September 30, 2021 as a result of 178,000 square feet of expiries, partially offset by 100,000 square feet of renewals. On a year-over-year basis, in-place and committed occupancy increased by 560 bps relative to December 31, 2020 primarily due to positive leasing absorption resulting from the new lease that commenced in Q1 2021 with a subsidiary of Amazon on 302,500 square feet of previously vacant space in Q3 2020.

## Canadian and European portfolios occupancy continuity

The following tables detail the changes in in-place and committed occupancy across our Canadian and European portfolios (excluding the U.S. portfolio) for the three months and year ended December 31, 2021:

	Three months ended December 31, 2021					
	Canadian portfolio		European portfolio		Total portfolio	
	Thousands of sq. ft.	Percentage of GLA	Thousands of sq. ft.	Percentage of GLA	Thousands of sq. ft.	Percentage of GLA
Occupancy (in-place and committed) at beginning of period	17,408	96.8%	14,010	99.3%	31,418	97.9%
Vacancy committed for future occupancy	(137)	(0.8%)	(6)	—%	(143)	(0.5%)
Occupancy (in-place) at beginning of period	17,271	96.0%	14,004	99.3%	31,275	97.4%
Occupancy related to acquired properties and remeasurements	1,185		1,233		2,418	
Occupancy (in-place) at beginning of period – adjusted	18,456	95.9%	15,237	99.2%	33,693	97.3%
Natural expiries and relocations	(546)	(2.8%)	(260)	(1.7%)	(806)	(2.3%)
Early terminations	(68)	(0.4%)	—	—%	(68)	(0.2%)
New leases	290	1.5%	5	—%	295	0.9%
Renewals and relocations	480	2.5%	228	1.5%	708	2.0%
Occupancy (in-place) at period-end	18,612	96.7%	15,210	99.0%	33,822	97.7%
Vacancy committed for future occupancy	172	0.9%	2	0.0%	174	0.5%
<b>Occupancy (in-place and committed) at period-end</b>	<b>18,784</b>	<b>97.6%</b>	<b>15,212</b>	<b>99.0%</b>	<b>33,996</b>	<b>98.2%</b>

	Year ended December 31, 2021					
	Canadian portfolio		European portfolio		Total portfolio	
	Thousands of sq. ft.	Percentage of GLA	Thousands of sq. ft.	Percentage of GLA	Thousands of sq. ft.	Percentage of GLA
Occupancy (in-place and committed) at beginning of period	15,620	96.9%	3,732	96.1%	19,352	96.8%
Vacancy committed for future occupancy	(229)	(1.4%)	—	—%	(229)	(1.1%)
Occupancy (in-place) at beginning of period	15,391	95.5%	3,732	96.1%	19,123	95.7%
Occupancy related to a sold property	(14)		—		(14)	
Occupancy related to acquired properties and remeasurements	2,983		11,462		14,445	
Occupancy (in-place) at beginning of period – adjusted	18,360	95.4%	15,194	98.9%	33,554	96.9%
Natural expiries and relocations	(2,467)	(12.8%)	(1,141)	(7.4%)	(3,608)	(10.4%)
Early terminations	(420)	(2.2%)	—	—%	(420)	(1.2%)
New leases	1,465	7.6%	153	1.0%	1,618	4.7%
Renewals and relocations	1,674	8.7%	1,004	6.5%	2,678	7.7%
Occupancy (in-place) at period-end	18,612	96.7%	15,210	99.0%	33,822	97.7%
Vacancy committed for future occupancy	172	0.9%	2	0.0%	174	0.5%
<b>Occupancy (in-place and committed) at period-end</b>	<b>18,784</b>	<b>97.6%</b>	<b>15,212</b>	<b>99.0%</b>	<b>33,996</b>	<b>98.2%</b>

The overall tenant retention ratio across our portfolio for the three months and year ended December 31, 2021 was 87.8% and 74.2%, respectively. Tenant retention ratio is calculated as the ratio of total square feet of renewed and relocated space over natural expiries and relocations.

## Canadian and European portfolios new lease, renewal and relocation spreads

The following table details the new lease, renewal and relocation spreads for deals transacted from October 1, 2021 to January 31, 2022 across our Canadian and European portfolios (excluding U.S. portfolio):

Canadian and European portfolios	Thousands of sq. ft.	Rental rate spread <sup>(1)</sup>
Ontario	273	66.6%
Québec	331	37.6%
Western Canada	482	(0.4%)
<b>Canadian portfolio</b>	<b>1,086</b>	<b>19.5%</b>
<b>European portfolio</b>	<b>608</b>	<b>4.7%</b>

(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, 2021 to January 31, 2022 across our Canadian and European portfolios (excluding U.S. portfolio):

Canadian and European portfolios	Thousands of sq. ft.	Rental rate spread <sup>(1)</sup>
Ontario	1,147	60.1%
Québec	1,101	27.8%
Western Canada	1,383	(3.4%)
<b>Canadian portfolio</b>	<b>3,631</b>	<b>21.2%</b>
<b>European portfolio</b>	<b>1,212</b>	<b>10.5%</b>

(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 three months and year ended December 31, 2021, our leasing team transacted approximately 1.7 million and 4.8 million square feet of leasing activity, respectively. Rental spreads were strong in Ontario, Québec and Europe, reflecting the robust demand for industrial space. In Western Canada, negative rental spreads were paired with contractual rental steps within these leases to capture some future rental growth. Along with generating significant rental rate growth, the Trust is programmatically adding contractual annual rental rate escalators to its leases that allow for consistently rising comparative properties NOI over time. Currently, the average contractual rent growth embedded in the Trust's Canadian portfolio equates to 2.4%. In the Trust's European portfolio, approximately 90% of the leases are indexed to CPI and an additional 8% have an average contractual rent growth of 2%.

## Canadian and European portfolios 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 Canadian and European portfolios (excluding U.S. portfolio):

Canadian and European portfolios	Average in-place and committed base rent (per sq. ft.)		
	December 31, 2021	September 30, 2021	December 31, 2020
Ontario	\$ 7.79	\$ 7.59	\$ 7.09
Québec	7.20	7.16	6.65
Western Canada	8.78	8.78	8.74
<b>Canadian portfolio</b>	<b>\$ 7.87</b>	<b>\$ 7.78</b>	<b>\$ 7.48</b>
<b>European portfolio (€)</b>	<b>€ 4.72</b>	<b>€ 4.55</b>	<b>€ 5.11</b>

As at December 31, 2021, the average in-place and committed base rent for our Canadian portfolio was \$7.87 per square foot, compared to \$7.78 per square foot as at September 30, 2021 and \$7.48 per square foot as at December 31, 2020. The increase in the Canadian portfolio is driven by lease renewals and future lease commitments, capturing strong positive rental rate spreads primarily in the Ontario and Québec regions as well as higher in-place rents on acquisitions closed in the quarter.

As at December 31, 2021, the average in-place and committed base rent for our European portfolio was €4.72 per square foot, compared to €4.55 per square foot as at September 30, 2021 and €5.11 per square foot as at December 31, 2020. The decrease in weighted average in-place and committed rents year-over-year was attributable to acquired properties in Spain, Slovakia and the Czech Republic within the Pan-European logistics portfolio, availing us of the opportunity to drive rental rates higher as current in-place rents in this portfolio are approximately 10% below market.

The following table compares the average in-place and committed base rent per square foot with our estimated market rent per square foot by region for our Canadian and European portfolios (excluding U.S. portfolio) as at December 31, 2021:

	December 31, 2021			
Canadian and European portfolios	Average in-place and committed base rent (per sq. ft.)	Estimated market rent (per sq. ft.)	Estimated market rent/average in-place and committed base rent	WALT (years)
Ontario	\$ 7.79	\$ 11.06	42.0%	4.5
Québec	7.20	8.79	22.1%	3.6
Western Canada	8.78	8.82	0.5%	3.5
<b>Canadian portfolio</b>	<b>\$ 7.87</b>	<b>\$ 9.79</b>	<b>24.4%</b>	<b>4.0</b>
<b>European portfolio (€)</b>	<b>€ 4.72</b>	<b>€ 5.04</b>	<b>6.8%</b>	<b>5.3</b>
<b>Total portfolio (excluding U.S. portfolio) WALT (years)</b>				<b>4.6</b>

Estimated market rent represents management's best estimate of the base rent that would be achieved in a new arm's length lease in the event that a unit becomes vacant after a reasonable marketing period, with an inducement and lease term appropriate for the particular space. Market rent by property is reviewed regularly by our leasing and portfolio management teams. Market rents may differ by property or by unit and depend upon a number of factors. Some of the factors considered include the condition of the space, the location within the building, the amount of office build-out for the units, the lease term and a normal level of tenant inducements. Market rental rates are also compared quarterly against recent comparable lease deals in each market and quarterly independent external appraisal information, if applicable. The current estimated market rents are at a point in time, with no allowance for increases in future years and are subject to change based on future market conditions in the respective regions.

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

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

The following table details our Canadian and European portfolio lease maturity profile by region, net of renewals and new leases completed as at December 31, 2021. The lease maturity profile excludes the U.S. portfolio and one asset targeted for demolition and redevelopment with a planned construction starting in Q3 2022; this asset comprises three buildings in the GTA totalling 212,000 square feet with 189,000 square feet of committed occupancy.

Canadian and European portfolios (in thousands of sq. ft.)	Vacancy, net of commitments	2022	2023	2024	2025	2026	2027+	Total
Ontario	174	602	1,384	667	1,232	1,484	2,689	8,232
Québec	50	608	1,106	1,142	987	693	1,151	5,737
Western Canada	221	588	1,118	828	566	566	1,184	5,071
<b>Canadian portfolio</b>	<b>445</b>	<b>1,798</b>	<b>3,608</b>	<b>2,637</b>	<b>2,785</b>	<b>2,743</b>	<b>5,024</b>	<b>19,040</b>
<b>European portfolio</b>	<b>155</b>	<b>1,569</b>	<b>1,064</b>	<b>1,320</b>	<b>1,039</b>	<b>2,371</b>	<b>7,849</b>	<b>15,367</b>
<b>Canadian and European portfolios total GLA</b>	<b>600</b>	<b>3,367</b>	<b>4,672</b>	<b>3,957</b>	<b>3,824</b>	<b>5,114</b>	<b>12,873</b>	<b>34,407</b>
Percentage of Canadian and European total GLA	1.7%	9.8%	13.6%	11.5%	11.1%	14.9%	37.4%	100.0%

Subsequent to quarter-end, the Trust has finalized renewal and new lease commitments totalling 0.2 million square feet in Canada and 0.3 million square feet in Europe in relation to its 2022 expiries.



## Canadian and European portfolios lease expiry profile for 2022

The following table details our Canadian and European portfolio lease maturity profile for 2022 by region, net of renewals and net of committed new leases on vacant space. The lease maturity profile excludes the U.S. portfolio and one asset targeted for demolition and redevelopment with a planned construction start in Q3 2022; this asset comprises three buildings in the GTA totalling 212,000 square feet with 189,000 square feet of committed occupancy.

Canadian and European portfolios (in thousands of sq. ft.)	Ontario	Québec	Western Canada	Canadian portfolio	European portfolio	Total
2022 expiries (as at December 31, 2021)	(1,068)	(1,098)	(1,300)	(3,466)	(2,555)	(6,021)
Expiries committed for renewals	466	490	712	1,668	986	2,654
Expiries, net of committed renewals	(602)	(608)	(588)	(1,798)	(1,569)	(3,367)
Commitment as a % of expiries	43.6%	44.6%	54.8%	48.1%	38.6%	44.1%
Current vacancies	(260)	(50)	(307)	(617)	(157)	(774)
Current vacancies committed for future occupancy	86	—	86	172	2	174
Current vacancies, net of commitments for future occupancy	(174)	(50)	(221)	(445)	(155)	(600)

## Net rental income

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

The chief operating decision-maker, determined to be the Chief Executive Officer of the Trust, continues to take into consideration the operating performance of its retained interest in the U.S. portfolio after the sale to the U.S. Fund when assessing the operating performance of the U.S. segment. Accordingly, effective July 1, 2021, the Trust's segmented income included the Trust's share of net rental income from equity accounted investment.

For a detailed discussion about investment properties revenue and operating expenses for the three months and years ended December 31, 2021 and December 31, 2020, refer to the "Our Results of Operations" section.

	Three months ended December 31,				Year ended December 31,			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
Ontario	\$ 15,250	25%	\$ 12,290	28%	\$ 55,703	26%	\$ 45,979	27%
Québec	11,220	19%	7,198	16%	38,488	18%	27,849	17%
Western Canada	10,567	18%	10,494	24%	42,260	19%	41,178	24%
Canadian portfolio	37,037	62%	29,982	68%	136,451	63%	115,006	68%
European portfolio	22,723	38%	5,474	12%	61,332	28%	17,269	10%
U.S. portfolio	2,665	4%	9,058	20%	24,138	11%	36,633	22%
Net property management and other income	237	0%	—	—%	554	0%	—	—%
Net rental income from sold properties	4	0%	(2)	0%	4	0%	(25)	0%
Less: Net rental income from equity accounted investment	(2,234)	(4%)	—	—%	(4,580)	(2%)	—	—%
<b>Net rental income</b>	<b>\$ 60,432</b>	<b>100%</b>	<b>\$ 44,512</b>	<b>100%</b>	<b>\$ 217,899</b>	<b>100%</b>	<b>\$ 168,883</b>	<b>100%</b>

Net rental income for the three months and year ended December 31, 2021 increased by \$15.9 million, or 35.8%, and \$49.0 million, or 29.0%, respectively, over the prior year comparative periods. The increase was mainly driven by the impact of acquired investment properties in 2021 and 2020, as well as comparative properties NOI (constant currency basis) growth in 2021, partially offset by the impact of investment properties disposed during 2021.

## Comparative properties NOI (constant currency basis)

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

The chief operating decision-maker, determined to be the Chief Executive Officer of the Trust, continues to take into consideration the operating performance of its retained interest in the U.S. portfolio after the sale to the U.S. Fund when assessing the operating performance of the U.S. segment. Accordingly, effective July 1, 2021, the Trust's segmented income included the Trust's share of comparative properties NOI (constant currency basis) from equity accounted investment.

The tables below detail the comparative properties NOI (constant currency basis) and other items to assist in understanding the impact each component has on net rental income for the three months and years ended December 31, 2021 and December 31, 2020:

	Three months ended				Change in weighted average occupancy %	Change in in-place base rent %	Owned and managed GLA (thousands of sq. ft.)
	December 31, 2021	December 31, 2020	Change in \$	Change in %			
Ontario	\$ 14,032	\$ 11,994	\$ 2,038	17.0%	3.6%	10.0%	6,756
Québec	7,725	7,341	384	5.2%	1.0%	3.0%	4,258
Western Canada	10,998	10,985	13	0.1%	—%	0.3%	5,070
Canadian portfolio	32,755	30,320	2,435	8.0%	1.7%	4.8%	16,084
European portfolio (constant currency basis)	5,134	4,942	192	3.9%	0.5%	4.2%	2,604
U.S. portfolio (constant currency basis)	2,207	1,990	217	10.9%	6.2%	2.8%	7,277
<b>Comparative properties NOI (constant currency basis)</b>	<b>40,096</b>	<b>37,252</b>	<b>2,844</b>	<b>7.6%</b>	<b>1.9%</b>	<b>4.8%</b>	<b>25,965</b>
Impact of foreign currency translation on comparative properties NOI	—	474	(474)				
NOI from acquired properties – Canada	4,145	—	4,145				
NOI from acquired properties – Europe	17,219	148	17,071				
NOI from acquired properties – U.S.	415	—	415				
NOI from disposed share of properties	(43)	6,708	(6,751)				
Net property management and other income	237	—	237				
Straight-line rent	1,293	263	1,030				
Amortization of lease incentives	(497)	(436)	(61)				
Lease termination fees and other	(136)	51	(187)				
COVID-19 related adjustments and provisions	(63)	52	(115)				
Less: NOI from equity accounted investment	(2,234)	—	(2,234)				
<b>Net rental income</b>	<b>\$ 60,432</b>	<b>\$ 44,512</b>	<b>\$ 15,920</b>	<b>35.8%</b>			

	Year ended				Change in weighted average occupancy %	Change in in-place base rent %	Owned and managed GLA (thousands of sq. ft.)
	December 31, 2021	December 31, 2020	Change in \$	Change in %			
Ontario	\$ 43,635	\$ 38,869	\$ 4,766	12.3%	1.5%	9.4%	21,680
Québec	28,552	28,261	291	1.0%	(1.9%)	3.3%	16,407
Western Canada	43,449	43,229	220	0.5%	(0.1%)	0.9%	20,272
Canadian portfolio	115,636	110,359	5,277	4.8%	—%	4.6%	58,359
U.S. portfolio (constant currency basis)	22,396	20,651	1,745	8.4%	3.7%	3.2%	7,277
<b>Comparative properties NOI (constant currency basis)</b>	<b>138,032</b>	<b>131,010</b>	<b>7,022</b>	<b>5.4%</b>	<b>0.9%</b>	<b>4.0%</b>	<b>65,636</b>
Impact of foreign currency translation on comparative properties NOI	—	1,877	(1,877)				
NOI from acquired properties – Canada	20,429	7,543	12,886				
NOI from acquired properties – Europe	59,820	17,270	42,550				
NOI from acquired properties – U.S.	1,468	—	1,468				
NOI from disposed share of properties	(56)	13,302	(13,358)				
Net property management and other income	554	—	554				
Straight-line rent	2,998	1,674	1,324				
Amortization of lease incentives	(1,796)	(1,645)	(151)				
Lease termination fees and other	1,170	228	942				
COVID-19 related adjustments and provisions	(140)	(2,376)	2,236				
Less: NOI from equity accounted investment	(4,580)	—	(4,580)				
<b>Net rental income</b>	<b>\$ 217,899</b>	<b>\$ 168,883</b>	<b>\$ 49,016</b>	<b>29.0%</b>			

For the three months ended December 31, 2021, comparative properties NOI (constant currency basis) was \$40.1 million compared to \$37.3 million in the prior year comparative quarter, reflecting an increase of \$2.8 million, or 7.6%. Free rent granted to tenants during the quarter and prior year comparative quarter was \$0.5 million and \$0.1 million, respectively.

For the year ended December 31, 2021, comparative properties NOI (constant currency basis) was \$138.0 million compared to \$131.0 million in the prior year, reflecting an increase of \$7.0 million, or 5.4%. Free rent granted to tenants over the respective periods was \$1.3 million and \$1.4 million, respectively.

Comparative properties NOI for Ontario increased by \$2.0 million, or 17.0%, compared to the prior year comparative quarter, primarily due to significant increases in rental spreads, contractual rent escalations from existing leases and strong increases in occupancy in all sub-markets. For the year ended December 31, 2021, comparative properties NOI increased by \$4.8 million, or 12.3%, compared to the prior year period primarily due to new leasing in GTA and Kitchener, in addition to the same reasons as discussed.

In Québec, comparative properties NOI increased by \$0.4 million, or 5.2%, compared to the prior year comparative quarter as a result of increases in rental rates on new and renewed leases and increases in occupancy. For the year ended December 31, 2021, comparative properties NOI increased by \$0.3 million, or 1.0%, compared to the prior year period primarily due to contractual rent increases, slightly offset by transitory vacancy in a property in Laval. In February 2021, the Trust re-leased the Laval vacancy at rates generating similar near-term NOI but with higher contractual escalations; the lease commenced on June 1, 2021.

Western Canada's comparative properties NOI remained relatively consistent compared to the prior year comparative quarter. For the year ended December 31, 2021, comparative properties NOI increased by \$0.2 million, or 0.5%, due to increases in rental rates from strong leasing activity in Edmonton and Calgary.

For the three months ended December 31, 2021, comparative properties NOI (constant currency basis) for Europe increased by \$0.2 million, or 3.9%, compared to the prior year comparative quarter, primarily attributable to increased occupancy in Netherlands and Germany, and higher rental rates.

Comparative properties NOI for the U.S. (constant currency basis) increased by \$0.2 million, or 10.9%, compared to the prior year comparative quarter, driven primarily by annual rent increases, as well as increases in occupancy at the 302,500 square foot property located in Louisville, Kentucky, which was previously vacant in Q4 2020. For the year ended December 31, 2021, comparative properties NOI (constant currency basis) increased by \$1.7 million, or 8.4%, when compared to the prior year comparative period for primarily the same reasons as discussed.

## OUR RESULTS OF OPERATIONS

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Investment properties revenue	\$ 79,285	\$ 61,323	\$ 289,815	\$ 235,946
Investment properties operating expenses	(18,853)	(16,811)	(71,916)	(67,063)
<b>Net rental income</b>	<b>60,432</b>	<b>44,512</b>	<b>217,899</b>	<b>168,883</b>
<b>Other income</b>				
Share of net income from equity accounted investment	26,239	—	39,270	—
Interest, fee income and other	(123)	(22)	2,103	891
	<b>26,116</b>	<b>(22)</b>	<b>41,373</b>	<b>891</b>
<b>Other expenses</b>				
General and administrative (“G&A”)	(6,654)	(4,508)	(22,807)	(16,888)
Interest:				
Debt and other financing costs <sup>(1)</sup>	(3,679)	(8,501)	(24,530)	(34,338)
Subsidiary redeemable units	(3,247)	(3,247)	(12,986)	(13,051)
Debt settlement costs	—	—	(31,569)	(4,324)
	<b>(13,580)</b>	<b>(16,256)</b>	<b>(91,892)</b>	<b>(68,601)</b>
<b>Fair value adjustments and net loss on transactions and other activities</b>				
Fair value adjustments to investment properties	141,841	91,855	586,011	120,079
Fair value adjustments to financial instruments	(18,818)	(36,489)	(111,723)	(10,915)
Net gain (loss) on transactions and other activities	3,579	(308)	(3,066)	(1,504)
	<b>126,602</b>	<b>55,058</b>	<b>471,222</b>	<b>107,660</b>
<b>Income before income taxes and discontinued operations</b>	<b>199,570</b>	<b>83,292</b>	<b>638,602</b>	<b>208,833</b>
Current income tax recovery (expense)	(367)	2	(18,124)	(6)
Deferred income tax expense, net	(9,232)	(1,781)	(12,133)	(8,672)
<b>Income from continuing operations, net of taxes</b>	<b>189,971</b>	<b>81,513</b>	<b>608,345</b>	<b>200,155</b>
<b>Loss from discontinued operations, net of taxes</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(19)</b>
<b>Net income</b>	<b>\$ 189,971</b>	<b>\$ 81,513</b>	<b>\$ 608,345</b>	<b>\$ 200,136</b>
<b>Other comprehensive income (loss)</b>				
Items that will be reclassified subsequently to net income:				
Unrealized gain (loss) on foreign currency translation of foreign operations, net of taxes	\$ (43,374)	\$ (6,753)	\$ (65,397)	\$ 22,344
Unrealized gain (loss) on hedging instruments, net of taxes	35,234	(4,054)	42,808	(4,054)
Share of other comprehensive income (loss) from equity accounted investment	(487)	(427)	1,387	(234)
	<b>(8,627)</b>	<b>(11,234)</b>	<b>(21,202)</b>	<b>18,056</b>
<b>Comprehensive income</b>	<b>\$ 181,344</b>	<b>\$ 70,279</b>	<b>\$ 587,143</b>	<b>\$ 218,192</b>

(1) For the three months and year ended December 31, 2021, the mark-to-market amortization netted against interest expense on debt and other financing costs were \$898 and \$1,794, respectively (for the three months and year ended December 31, 2020 – \$73 and \$347, respectively).

## Investment properties revenue

Investment properties revenue includes base rent from investment properties, recovery of operating costs, property taxes and capital expenditures from tenants, property management and other income from the U.S. Fund, 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, 2021 increased by \$18.0 million, or 29.3%, and \$53.9 million, or 22.8%, respectively, when compared to the prior year respective periods. The increases in the respective periods were mainly driven by the impact of acquired properties in 2021 and 2020 (+\$26.5 million and +\$68.8 million, respectively), as well as organic growth in the portfolio resulting from higher occupancy and rental rates on new leases and renewals, higher straight-line rent and other income (+\$3.0 million and +\$10.2 million, respectively), partially offset by the impact of the disposition of the U.S. properties to the U.S. Fund during the current quarter and prior quarter (-\$11.6 million and -\$25.1 million, respectively).

## Investment properties operating expenses

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

Investment properties operating expenses for the three months ended December 31, 2021 increased by \$2.0 million, or 12.1%, over the prior year comparative quarter primarily due to the impact of acquired properties in 2021 and 2020 (+\$4.7 million), partially offset by the sale of U.S. properties to the U.S. Fund (-\$2.5 million). Investment properties operating expenses for the year ended December 31, 2021 increased by \$4.9 million, or 7.2%, when compared to the prior year mainly due to the impact of acquired properties in 2021 and 2020 (+\$11.5 million), partially offset by the sale of U.S. properties to the U.S. Fund (-\$6.4 million) noted above.

## General and administrative (“G&A”) expenses

The following table summarizes our G&A expenses for the three months and years ended December 31, 2021 and December 31, 2020:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Asset management fee	\$ (2,672)	\$ (1,606)	\$ (8,877)	\$ (6,063)
Professional fees and general corporate expenses <sup>(1)</sup>	(3,100)	(2,372)	(10,566)	(8,628)
Deferred compensation expenses	(882)	(530)	(3,364)	(2,197)
<b>Total</b>	<b>\$ (6,654)</b>	<b>\$ (4,508)</b>	<b>\$ (22,807)</b>	<b>\$ (16,888)</b>

(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, 2021 increased by \$2.1 million, or 47.6%, and \$5.9 million, or 35.0%, respectively, when compared to the prior year respective periods. Asset management fees to DAM increased due to acquired properties in 2021 and 2020. Professional fees and general corporate expenses increased year-over-year primarily due to costs associated with growing the European portfolio. Deferred compensation expenses increased year-over-year mainly due to the fair value remeasurement and a higher unit price at year-end.

## Share of net income from equity accounted investment

Share of net income from equity accounted investment represents our share of net income pick-up from our investment in the U.S. Fund effective July 1, 2021. Net income from the U.S. Fund mainly comprises net rental income, interest expense on debt, G&A expenses, and fair value adjustments to investment properties and debt. Net income from our investment in the U.S. Fund is not necessarily of a recurring nature and the amounts may vary year-over-year or quarter-over-quarter due to fluctuations in fair value adjustments to investment properties and debt and changes in our ownership levels.

For the three months and year ended December 31, 2021, our share of net income from the U.S. Fund was \$26.2 million and \$39.3 million, respectively.

## 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, 2021 decreased by \$4.8 million, or 56.7%, and \$9.8 million, or 28.6%, respectively, when compared to the prior year respective periods. Interest expense decreased primarily due to the prepayment of Canadian mortgages during 2021 and the transfer of U.S. mortgages to the U.S. Fund in the prior quarter, partially offset by interest incurred on the unsecured debentures entered into during the year.

## Debt settlement costs

During the year ended December 31, 2021, the Trust discharged mortgages in Canada, Europe and the U.S. totalling \$433.7 million, with a weighted average face interest rate of 3.58%. The Trust incurred debt settlement costs (including the write-off of unamortized financing costs and debt fair value adjustment) totalling \$31.6 million in relation to the early discharge of mortgages and the disposition of the U.S. properties.

During the year ended December 31, 2020, the Trust discharged mortgages totalling \$159.5 million, with a weighted average face interest rate of 3.74%. The Trust incurred debt settlement costs totalling \$4.3 million in relation to the early discharge of mortgages.

## Fair value adjustments to investment properties

Refer to the "Investment Properties" section under the heading "Fair value adjustments to investment properties" for a discussion of fair value changes to investment properties for the three months and years ended December 31, 2021 and December 31, 2020.

## Fair value adjustments to financial instruments

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

The fair value measurements of the interest rate swaps are calculated internally using external data provided by qualified professionals based on the present value of the estimated future cash flows determined using observable yield curves, and the adjustments may vary significantly year-over-year.

The following table summarizes our fair value adjustments to financial instruments for the three months and years ended December 31, 2021 and December 31, 2020:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Unrealized remeasurement of carrying value of subsidiary redeemable units	\$ (18,923)	\$ (34,136)	\$ (75,506)	\$ (186)
Unrealized remeasurement of carrying value of deferred trust units	(1,208)	(1,822)	(5,190)	(1,031)
Unrealized remeasurement of interest rate swaps	1,313	704	5,396	(5,711)
Loss on conversion of Subscription Receipts	—	—	(37,635)	—
Gain on fair value adjustment on interest rate swap	—	—	1,212	—
Unrealized remeasurement of CCIRS	—	257	—	—
<b>Total net loss and unrealized fair value adjustments to financial instruments</b>	<b>\$ (18,818)</b>	<b>\$ (34,997)</b>	<b>\$ (111,723)</b>	<b>\$ (6,928)</b>
Realized fair value adjustment on foreign exchange swaps	—	—	—	(3,415)
Realized fair value adjustment on CCIRS	—	(1,492)	—	(572)
<b>Total</b>	<b>\$ (18,818)</b>	<b>\$ (36,489)</b>	<b>\$ (111,723)</b>	<b>\$ (10,915)</b>

## Net gain (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, 2021 and December 31, 2020:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Internal leasing costs	\$ (1,022)	\$ (772)	\$ (3,683)	\$ (3,067)
Foreign exchange gain <sup>(1)</sup>	4,001	469	2,093	1,582
Depreciation of property and equipment	(4)	(5)	(17)	(19)
Transaction costs on sale of investment properties	(303)	—	(2,366)	—
Derecognition of equity accounted investment	907	—	907	—
<b>Total</b>	<b>\$ 3,579</b>	<b>\$ (308)</b>	<b>\$ (3,066)</b>	<b>\$ (1,504)</b>

(1) The foreign exchange gain relates to capital transactions denominated in foreign currency with foreign wholly owned subsidiaries.

### Current and deferred income taxes expenses

Current income taxes expense for the year ended December 31, 2021 was \$18.1 million compared to nominal amounts in the prior year. The current income taxes expense in the current year mainly consist of \$16.9 million attributed to the sale and transfer of U.S. investment properties and our 80% interest in a U.S. development project to the U.S. Fund during the current quarter and prior quarter with the balance attributed to current income taxes expense in our recently acquired Pan-European logistics portfolio.

Deferred income taxes expense for the three months ended December 31, 2021 of \$9.2 million was primarily due to the increase in fair value of certain European investment properties. For the year ended December 31, 2021, deferred income taxes expense was \$12.1 million mainly due to a \$24.8 million increase in deferred income taxes expense driven by the increase in fair value of certain U.S. and European investment properties, partially offset by the \$12.7 million net deferred income taxes recovery from the sale and transfer of U.S. investment properties and our 80% interest in a U.S. development project to the U.S. Fund during the current quarter and prior quarter.

### Other comprehensive income (loss)

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

### Funds from operations (“FFO”) and diluted FFO per Unit and diluted FFO per Unit

FFO is a non-GAAP measure and diluted FFO per Unit is a non-GAAP ratio used by management in evaluating the Trust’s operating performance. Diluted FFO per Unit is a non-GAAP ratio and is calculated as FFO (a non-GAAP financial measure) divided by the weighted average number of Units. FFO is further defined and reconciled to net income which is its most comparable financial measure in the “Non-GAAP Financial Measures” section. See the “Supplementary Financial Measures and Ratios and Other Disclosures” section for a description of the determination of diluted amounts per Unit, under the heading “Weighted average number of Units”.

FFO and diluted FFO per Unit for the three months and years ended December 31, 2021 and December 31, 2020 are shown in the table below:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Net income	\$ 189,971	\$ 81,513	\$ 608,345	\$ 200,136
FFO	\$ 52,033	\$ 31,935	\$ 176,616	\$ 119,646
Weighted average number of Units (in thousands)	246,456	171,670	216,832	169,550
FFO per Unit – diluted	\$ 0.21	\$ 0.19	\$ 0.81	\$ 0.71

Diluted FFO per Unit for the three months and year ended December 31, 2021 was \$0.21 and \$0.81, respectively, compared to \$0.19 and \$0.71, respectively, for the three months and year ended December 31, 2020. The increases in the respective periods were primarily driven by comparative properties NOI (constant currency basis) growth, NOI from acquired properties in 2021 and 2020, and lower interest expense as a result of the Trust’s debt strategy to reduce borrowing costs announced in early 2020. This was partially offset by an increase in G&A expenses from higher asset management fees and the growth of our European platform, sale of U.S. portfolio to the U.S. Fund and dilution from timing of deployment of the Trust’s excess liquidity.

## 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

Under the AMA between the Trust and DAM, 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.

On July 21, 2021, the Trust, Dream Industrial LP and DAM entered into an amended and restated AMA which confirmed that the AMA will continue to apply to the Trust's equity interest in the U.S. Fund and its subsidiaries.

The following table summarizes our fees paid to or received from DAM for the three months and years ended December 31, 2021 and December 31, 2020:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Incurred under the AMA:				
Asset management fee (included in G&A expenses)	\$ (2,672)	\$ (1,606)	\$ (8,877)	\$ (6,063)
Acquisition fee (included in investment properties)	(2,501)	(1,141)	(12,315)	(4,319)
Capital expenditures fee	(365)	—	(695)	—
Expense reimbursements related to financing arrangements	(208)	(248)	(833)	(962)
<b>Total costs incurred under the AMA</b>	<b>\$ (5,746)</b>	<b>\$ (2,995)</b>	<b>\$ (22,720)</b>	<b>\$ (11,344)</b>
Total costs reimbursed under the Shared Services and Cost Sharing Agreement				
	\$ (190)	\$ (226)	\$ (739)	\$ (1,219)

The 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 CPI (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, 2021, the historic purchase price for the Trust's investment properties was \$4.6 billion (December 31, 2020 – \$2.6 billion).

For the most recently completed fiscal year ended December 31, 2021, for the AMA, the Hurdle Amount for the purpose of calculating the incentive fee was \$0.88 per Unit. As at December 31, 2021 and December 31, 2020, 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 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, 2021 and December 31, 2020:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Total costs reimbursed under the Services Agreement	\$ (1,928)	\$ (2,333)	\$ (5,979)	\$ (6,169)



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, 2021 and December 31, 2020:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Interest paid and payable to Dream Office REIT on subsidiary redeemable units	\$ (3,247)	\$ (3,247)	\$ (12,986)	\$ (13,051)

#### Agreements with PAULS Corp, LLC (“PAULS Corp”)

The following table summarizes our fees paid and costs reimbursed to an affiliate of PAULS Corp for the three months and years ended December 31, 2021 and December 31, 2020:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Total costs incurred under the Property Management Agreement <sup>(1)</sup>	\$ (51)	\$ (913)	\$ (1,258)	\$ (2,285)
Pre-development cost recovery/development fee	(67)	(20)	(455)	(214)
<b>Total costs incurred under the Property Management Agreement</b>	<b>\$ (118)</b>	<b>\$ (933)</b>	<b>\$ (1,713)</b>	<b>\$ (2,499)</b>
<b>Total costs incurred under the Sub Property Management Agreement</b>	<b>\$ (20)</b>	<b>\$ —</b>	<b>\$ (78)</b>	<b>\$ —</b>

(1) Amounts include financing fees, leasing fees, and cost recovery for property management and portfolio management.

#### Agreements with the U.S. Fund

The following table summarizes our fees earned from the U.S. Fund for the three months and years ended December 31, 2021 and December 31, 2020:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Total fees earned under the Property Management Agreement <sup>(1)</sup>	\$ 524	\$ —	\$ 1,267	\$ —

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

## SECTION III

### INVESTMENT PROPERTIES

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

#### Investment properties continuity

Changes in the value of our investment properties, excluding assets held for sale, by region for the three months and year ended December 31, 2021 are summarized in the following tables:

	Three months ended						
	October 1, 2021	Property acquisitions	Building improvements, lease incentives and initial direct leasing costs <sup>(1)</sup>	Fair value adjustments <sup>(2)</sup>	Amortization of lease incentives, foreign currency translation <sup>(3)</sup> and other adjustments	December 31, 2021	
Ontario	\$ 1,490,550	\$ 237,291	\$ 5,443	\$ 110,330	\$ 373	\$ 1,843,987	
Québec	864,196	—	8,483	49,185	304	922,168	
Western Canada	633,102	—	8,140	1,279	(423)	642,098	
<b>Canadian portfolio</b>	<b>2,987,848</b>	<b>237,291</b>	<b>22,066</b>	<b>160,794</b>	<b>254</b>	<b>3,408,253</b>	
<b>European portfolio</b>	<b>2,010,718</b>	<b>264,367</b>	<b>9,435</b>	<b>(20,149)</b>	<b>(53,658)</b>	<b>2,210,713</b>	
<b>Total income-producing properties</b>	<b>4,998,566</b>	<b>501,658</b>	<b>31,501</b>	<b>140,645</b>	<b>(53,404)</b>	<b>5,618,966</b>	
<b>Properties held for development</b>	<b>50,420</b>	<b>26,675</b>	<b>546</b>	<b>—</b>	<b>—</b>	<b>77,641</b>	
<b>Total investment properties</b>	<b>\$ 5,048,986</b>	<b>\$ 528,333</b>	<b>\$ 32,047</b>	<b>\$ 140,645</b>	<b>\$ (53,404)</b>	<b>\$ 5,696,607</b>	

(1) Included in properties held for development is \$546 of capitalized interest and other pre-development costs.

(2) During the three months ended December 31, 2021, the Trust wrote off acquisition related costs totalling \$26,609 included in fair value adjustments on investment properties.

(3) Included in the European portfolio is foreign currency translation adjustment totalling \$(54,117).

	Year ended					
	January 1, 2021	Property acquisitions <sup>(1)</sup> and reclassifications to assets held for sale	Building improvements, lease incentives and initial direct leasing costs <sup>(2)</sup>	Fair value adjustments <sup>(3)</sup>	Amortization of lease incentives, foreign currency translation <sup>(4)</sup> and other adjustments	December 31, 2021
Ontario	\$ 1,076,343	\$ 315,017	\$ 12,330	\$ 438,962	\$ 1,335	\$ 1,843,987
Québec	493,228	265,108	20,471	143,255	106	922,168
Western Canada	613,301	(1,370)	15,607	15,842	(1,282)	642,098
<b>Canadian portfolio</b>	<b>2,182,872</b>	<b>578,755</b>	<b>48,408</b>	<b>598,059</b>	<b>159</b>	<b>3,408,253</b>
<b>European portfolio</b>	<b>473,341</b>	<b>1,825,727</b>	<b>11,602</b>	<b>(29,897)</b>	<b>(70,060)</b>	<b>2,210,713</b>
<b>U.S. portfolio</b>	<b>585,388</b>	<b>(591,836)</b>	<b>2,437</b>	<b>17,061</b>	<b>(13,050)</b>	<b>—</b>
<b>Total income-producing properties</b>	<b>3,241,601</b>	<b>1,812,646</b>	<b>62,447</b>	<b>585,223</b>	<b>(82,951)</b>	<b>5,618,966</b>
<b>Properties held for development</b>	<b>—</b>	<b>76,538</b>	<b>1,103</b>	<b>—</b>	<b>—</b>	<b>77,641</b>
<b>Total investment properties</b>	<b>\$ 3,241,601</b>	<b>\$ 1,889,184</b>	<b>\$ 63,550</b>	<b>\$ 585,223</b>	<b>\$ (82,951)</b>	<b>\$ 5,696,607</b>

(1) Included in the European portfolio is the Pan-European logistics portfolio described under the "Acquisitions" section below. The purchase price for the Acquisition (as defined below) was \$837,865 (net of post-closing working capital adjustments of \$1,557).

(2) Included in properties held for development is \$1,103 of capitalized interest and other pre-development costs.

(3) During the year ended December 31, 2021, the Trust wrote off acquisition related costs totalling \$98,593 included in fair value adjustments on investment properties, primarily in the Europe region.

(4) Included in the U.S. and European portfolios are foreign currency translation adjustments totalling \$(13,234) and \$(70,587), respectively.

## Significant assumptions used in the valuation of investment properties

The fair value of the investment properties as at December 31, 2021 and December 31, 2020 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 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.

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, 2021 and December 31, 2020:

	December 31, 2021		Total portfolio <sup>(1)</sup> December 31, 2020	
	Range (%)	Weighted	Range (%)	Weighted
		average (%) <sup>(2)</sup>		average (%) <sup>(2)</sup>
Stabilized cap rates				
Ontario	4.00–7.75	4.79	4.50–7.50	5.04
Québec	4.25–6.00	4.97	5.00–6.75	5.56
Western Canada	5.50–7.50	6.23	6.00–7.75	6.61
<b>Canadian portfolio</b>	<b>4.00–7.75</b>	<b>5.15</b>	<b>4.50–7.75</b>	<b>5.60</b>
<b>European portfolio</b>	<b>3.25–9.00</b>	<b>4.81</b>	<b>5.00–9.00</b>	<b>6.41</b>
<b>U.S. portfolio<sup>(3)</sup></b>			<b>5.25–6.75</b>	<b>5.93</b>
<b>Total portfolio</b>	<b>3.25–9.00</b>	<b>5.02</b>	<b>4.50–9.00</b>	<b>5.75</b>

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

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

(3) Excludes assets sold as at December 31, 2021.

The significant valuation metrics used in the discounted cash flow method as at December 31, 2021 and December 31, 2020 are set out in the table below:

	December 31, 2021		Total portfolio <sup>(1)</sup> December 31, 2020	
	Range (%)	Weighted	Range (%)	Weighted
		average (%) <sup>(2)</sup>		average (%) <sup>(2)</sup>
Discount rate	4.00–8.50	5.82	5.50–8.50	6.55
Terminal cap rate	3.25–8.75	5.17	4.75–9.00	6.03

(1) Excludes assets sold as at December 31, 2021 and investment properties acquired during the respective quarter as applicable.

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

The Trust believes other valuation metrics, such as implied weighted average cap rates by region, will enable users to better understand how specific operating metrics, such as in-place rents versus market rents and in-place versus in-place and committed occupancy levels in the respective regions, may impact our values. Implied weighted average cap rate is determined using the annualized year ended December 31, 2021 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.

Investment property value per square foot by region is another valuation metric that enables users to compare the transacted value per square foot in similar markets during the period.

The following table summarizes the implied weighted average cap rate and value per square foot by region as at December 31, 2021 and December 31, 2020:

	Total portfolio <sup>(1)</sup>			
	December 31, 2021		December 31, 2020	
	Implied cap rate (%)	Value per square foot	Implied cap rate (%)	Value per square foot
Ontario	3.80	\$ 221	4.56	\$ 159
Québec	4.86	163	5.85	115
Western Canada	6.76	127	7.03	121
<b>Canadian portfolio</b>	<b>4.71</b>	<b>\$ 176</b>	<b>5.55</b>	<b>\$ 135</b>
<b>European portfolio (value per square foot in €)</b>	<b>4.07</b>	<b>€ 96</b>	<b>5.94</b>	<b>€ 72</b>
<b>U.S. portfolio (value per square foot in US\$)<sup>(2)</sup></b>			<b>6.02</b>	<b>\$ 63</b>
<b>Total portfolio (value per square foot in \$)</b>	<b>4.47</b>	<b>\$ 159</b>	<b>5.68</b>	<b>\$ 118</b>

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

(2) Excludes assets sold as at December 31, 2021.

## Acquisitions

During the three months and year ended December 31, 2021, the Trust completed \$499.7 million and \$2.4 billion, respectively, of acquisitions, bringing total investment properties to \$5.7 billion. In particular, on June 24, 2021, the Trust completed the acquisition of shares of a corporation that owned a portfolio of 31 institutional-quality logistics properties across Europe (the “Acquisition” or the “Pan-European logistics portfolio”). The purchase price for the Acquisition was \$839.4 million, excluding transaction costs of \$42.2 million, and was satisfied by the Trust’s cash on hand. During Q3 2021, the Trust and seller finalized the working capital amounts of the Acquisition resulting in a post-closing adjustment that reduced the purchase price by \$1.6 million. The total value of the investment properties in connection with the Acquisition was \$1.3 billion, which implies a going-in capitalization rate in the low 4% range, inclusive of excess land. In accordance with IFRS 3, “Business Combinations”, although the Acquisition involved the acquisition of shares of a corporation that owned the Pan-European logistics portfolio, the Trust has determined that the acquired set of activities of the Acquisition did not meet the definition of a business, and accordingly, the Acquisition was considered an asset acquisition for accounting purposes.

The following acquisitions were completed during the year ended December 31, 2021:

	Acquired GLA (thousands of sq. ft.)	Occupancy at acquisition (%)	WALT at acquisition (years)	Fair value of investment properties <sup>(1)</sup>	Date acquired
401 Marie-Curie Boulevard, Montréal, Québec	525	100.0	5.9	\$ 114,150	January 29, 2021
Derchinger Straße 116, Augsburg, Germany <sup>(2)</sup>	44	100.0	9.9	8,440	February 1, 2021
2000 Gateway Boulevard, Cincinnati, OH <sup>(2)</sup>	140	100.0	2.4	15,467	February 12, 2021
Eiselauer Weg 13, Ulm, Germany <sup>(2)</sup>	53	100.0	7.8	8,613	March 1, 2021
279 Humberline Drive, Etobicoke, Ontario	107	100.0	14.6	17,500	March 1, 2021
3055 rue Anderson, Montréal, Québec	366	100.0	3.2	61,750	March 11, 2021
1059 Boulevard des Entreprises, Montréal, Québec	57	100.0	2.0	7,100	March 23, 2021
1300–1410 55th Ave, Montréal, Québec	82	95.0	2.9	10,675	March 24, 2021
Hecto 1–3, Zevenaar, Netherlands <sup>(2)</sup>	159	100.0	10.0	30,665	March 30, 2021
Eiffelstraße 4, Herbrechtingen, Germany <sup>(2)</sup>	44	100.0	19.8	7,391	April 1, 2021
1680 Vimont Court, Ottawa, Ontario	146	100.0	4.5	26,100	April 23, 2021
295 Pinebush Road, Cambridge, Ontario	65	100.0	2.8	7,980	April 23, 2021
Brampton East Lands, Brampton, Ontario <sup>(3)</sup>	n/a	n/a	n/a	35,000	April 30, 2021
Carl-Zeiss-Strasse 10, Langenau, Germany <sup>(2)</sup>	115	100.0	0.5	12,649	May 6, 2021
3678 North CR 700 West, Indianapolis, IN <sup>(2)</sup>	282	100.0	7.0	30,969	June 1, 2021
Abbotside Way (land), Caledon, Ontario <sup>(3)</sup>	n/a	n/a	n/a	13,437	June 2, 2021
60 Steckle Place, Kitchener, Ontario	101	—	—	12,000	June 15, 2021
Pan-European logistics portfolio <sup>(2)(4)(5)</sup>	8,903	100.0	4.8	1,298,469	June 24, 2021
Hurksestraat Cluster, Eindhoven, Netherlands <sup>(2)</sup>	364	91.5	3.9	43,580	July 1, 2021
180 Sheldon Drive, Cambridge, Ontario	153	100.0	2.1	11,350	July 8, 2021
3100 Boulevard Des Batisseurs, Montréal, Québec	179	100.0	14.4	35,000	July 26, 2021
Carl-Benz-Straße 7–9, Monsheim, Germany <sup>(2)</sup>	71	100.0	2.6	10,056	August 1, 2021
5977 Trans-Canada Highway, Montréal, Québec	124	100.0	6.5	26,400	August 20, 2021
Doornhoek 4040, Veghel, Netherlands <sup>(2)</sup>	118	100.0	2.4	20,932	September 6, 2021
Koopvaardijweg 3, 3A & 5, Oosterhout, Netherlands <sup>(2)</sup>	358	100.0	14.6	55,094	September 22, 2021
165 Harwood Avenue N, Ajax, Ontario	76	100.0	10.0	18,000	October 29, 2021
Sälzerweg 5, Soest, Germany <sup>(2)</sup>	250	93.0	3.6	29,135	November 19, 2021
1725 McPherson Court, Pickering, Ontario	149	100.0	2.0	35,100	November 29, 2021
Laan van Ypenburg 60, 64, 108, 114, The Hague, Netherlands <sup>(2)</sup>	597	100.0	7.0	128,647	December 8, 2021
Greater Golden Horseshoe portfolio, Ontario <sup>(6)</sup>	978	100.0	5.3	160,100	December 15, 2021
1185 North Service Road East, Oakville, Ontario	57	100.0	3.2	17,000	December 17, 2021
Maple Grove Road (land), Cambridge, Ontario <sup>(3)</sup>	n/a	n/a	n/a	26,000	December 22, 2021
Lise-Meitner-Str. 5, Bremen-Stuhr, Germany <sup>(2)</sup>	131	100.0	4.1	18,490	December 24, 2021
Robert-Koch-Strasse 8, Winsen, Germany <sup>(2)</sup>	250	100.0	7.0	67,242	December 31, 2021
<b>Total</b>	<b>15,044</b>	<b>99.0</b>	<b>5.3</b>	<b>\$ 2,420,481</b>	

(1) Fair value of investment properties is as at the respective acquisition dates. Excludes transaction costs of \$98,593 and assumed ground lease liabilities of \$10,142.

(2) Acquisitions in the U.S. and Europe were settled in U.S. dollars and euros, respectively, and translated into Canadian dollars as at the respective transaction dates.

(3) Brampton East Lands, Abbotside Way (land) and Maple Grove Road (land) are parcels of land totalling 30 acres, 7.9 acres and 28 acres, respectively.

(4) The Pan-European logistics portfolio comprises 31 institutional-quality logistics properties in the Netherlands, France, Germany, Spain, the Czech Republic and Slovakia.

(5) \$1,298,469 represents the fair value of the Pan-European logistics portfolio. The purchase price for the Acquisition was \$837,865 (net of post-closing working capital adjustments of \$1,557).

(6) The Greater Golden Horseshoe portfolio comprises 11 properties across Ontario.

Subsequent to December 31, 2021, the Trust completed the following acquisitions:

	Fair value of investment properties <sup>(1)</sup>	Date acquired
480 Tapscott Road, Toronto, Ontario	\$ 22,250	January 28, 2022
Balzac Lands, Calgary, Alberta <sup>(2)</sup>	13,750	February 8, 2022
<b>Total</b>	<b>\$ 36,000</b>	

(1) Fair value of investment properties is as at the respective acquisition date and excludes transaction costs.

(2) Balzac Lands is a parcel of land totalling 50 acres.

For the year ended December 31, 2020, the Trust acquired 62 investment properties for gross proceeds net of adjustments and before transaction costs totalling \$623.0 million.

## Dispositions

The following dispositions were completed during the year ended December 31, 2021:

	Fair value of investment properties <sup>(1)</sup>	Date disposed
U.S. portfolio (1st tranche) <sup>(2)(3)(4)</sup>	\$ 590,652	July 1, 2021
120 Pond Street, Brooks, Alberta	1,400	November 2, 2021
U.S. portfolio (2nd tranche) <sup>(2)(3)(5)</sup>	49,133	December 10, 2021
<b>Total</b>	<b>\$ 641,185</b>	

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

(2) Dispositions in the U.S. were settled in U.S. dollars and translated into Canadian dollars as at the respective transaction dates.

(3) Control of these investment properties was transferred to the U.S. Fund, a related party of the Trust.

(4) U.S. portfolio (1st tranche) comprised 18 investment properties.

(5) U.S. portfolio (2nd tranche) comprised two investment properties.

On July 1, 2021, the Trust effectively transferred control of 18 U.S. investment properties and the associated mortgages to the U.S. Fund, for total cash consideration of \$231.3 million received on July 30, 2021, and on the same day received shares of a subsidiary of the U.S. Fund representing a 24.5% ownership, with a fair value of \$75.2 million (the "July Transaction"). As a result of the July Transaction, a loss of \$5.4 million was recorded, which is the difference between the carrying value and the fair value of the associated mortgages transferred and is included in debt settlement costs in the consolidated statements of comprehensive income. The sale of the investment properties resulted in a deferred tax recovery of \$12.8 million and the recognition of a current tax expense of \$16.6 million. No incentive fee or brokerage fee was payable by the Trust as a result of the sale.

On December 10, 2021, the Trust sold its 80% interest (equity accounted investment) in a U.S. development project and its remaining two U.S. investment properties for gross proceeds of \$74.5 million. The Trust received total cash consideration of \$49.1 million and shares of a subsidiary of the U.S. Fund, with a fair value of \$25.3 million. The sale of the investment properties resulted in a deferred tax expense of \$0.1 million and the recognition of a current tax expense of \$0.3 million. No incentive fee or brokerage fee was payable by the Trust as a result of the sale.

For the year ended December 31, 2020, the Trust had no dispositions.

## Building improvements

Building improvements represent investments made in our investment properties to ensure optimal building performance, to improve the experience of our tenants, and 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. Building improvements also include expenditures for the purposes of greenfield development, redevelopment, repositioning and expansion activities.

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

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

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

- In Ontario, the Trust is completing a value-add refurbishment. The Trust acquired a 100,000 square foot property vacant in Q2 2021 for a total purchase price of \$12 million. The Trust expects to spend approximately \$2 million in value-add capital improvements, and with a lease signed in February 2022 for May 2022 commencement, the Trust expects to generate an unlevered yield on cost of approximately 7.5%.
- In Western Canada, the Trust is working on expanding an existing building GLA by approximately 20%. The expansion is part of a new lease signed in Q2 2021. The Trust expects to achieve an unlevered yield on cost of approximately 7.4%.

Asset repositioning expenditures are discretionary in nature and incurred to significantly improve the functionality of an existing property that is currently owned within the portfolio or recently acquired with the plan to reposition and increase value through future lease-up.

Development expenditures are discretionary in nature and incurred to increase GLA and/or significantly improve the functionality of a property. These can include expenditures related to greenfield development, expansions, pre-development work on projects, and redevelopment projects. Development expenditures include pre-development costs, direct construction costs, leasing costs, tenant improvements, borrowing costs, and overhead including applicable salaries and direct costs of internal staff directly attributable to the projects. During the quarter, the Trust continued to allocate capital to its development pipeline with approximately 0.8 million square feet of projects currently underway.

The following table summarizes building improvements incurred for the three months and years ended December 31, 2021 and December 31, 2020:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Recoverable capital expenditures	\$ 5,034	\$ 1,450	\$ 11,161	\$ 5,071
Non-recoverable capital expenditures	188	762	1,576	1,224
Recoverable and non-recoverable capital expenditures	5,222	2,212	12,737	6,295
Value-add and development capital expenditures	21,230	237	33,757	715
<b>Total building improvements</b>	<b>\$ 26,452</b>	<b>\$ 2,449</b>	<b>\$ 46,494</b>	<b>\$ 7,010</b>

Building improvements for the three months and year ended December 31, 2021 increased by \$24.0 million and \$39.5 million, respectively, compared to the prior year comparative periods, primarily due to development capital expenditures at various properties across our Canadian portfolio and certain European properties, higher value-add capital expenditures aimed at enhancing building sustainability across our Canadian and European portfolios, and higher recoverable capital expenditures from roof replacement work at certain properties in the Canadian portfolio.

### 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. Excluded from the table are costs related to development and asset repositioning projects of \$0.2 million for the year ended December 31, 2021.

The following table summarizes leasing costs incurred for the three months and years ended December 31, 2021 and December 31, 2020:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Lease incentives and initial direct leasing costs <sup>(1)</sup>	\$ 5,049	\$ 4,005	\$ 15,953	\$ 11,525

(1) Excludes development and asset repositioning leasing costs of \$194 for the year ended December 31, 2021.

Lease incentives and initial direct leasing costs for the three months and year ended December 31, 2021 increased by \$1.0 million and \$4.4 million, respectively, compared to the prior year comparative periods, primarily due to strong leasing activity and a larger portfolio in 2021. During the three months and year ended December 31, 2021, 1.7 million and 4.8 million square feet, respectively, of leases took occupancy compared to 1.3 million and 3.6 million square feet for the same respective periods in 2020.

### Valuations of externally appraised investment properties

For the year ended December 31, 2021, there were 68 investment properties valued by qualified external valuation professionals representing 27.7% of total investment property values, excluding acquired properties (for the year ended December 31, 2020 – 60 investment properties externally appraised representing 27.6% of total investment property values, excluding acquired properties).

### Fair value adjustments to investment properties

For the three months ended December 31, 2021, the Trust recorded a fair value gain of \$141.8 million mainly driven by fair value gains in the Canadian portfolio as a result of cap rate compression and higher market rents in Québec and Ontario. In Europe, the fair value loss was primarily due to the write-off of transaction costs, partially offset by fair value gains driven by higher market rents.

For the year ended December 31, 2021, the Trust recorded a fair value gain of \$586.0 million mainly driven by the same reasons noted above.

For the three months and year ended December 31, 2020, the Trust recorded a fair value gain of \$91.9 million and \$120.1 million, respectively, primarily driven by cap rate compression and higher market rents in the Ontario, Québec and the U.S. regions, partially offset by fair value loss in Western Canada mainly due to increased downtime, lower rental rates in our leasing assumptions and an increase in cap rates on select properties and the write-off of acquisition related costs in Europe.

## OUR FINANCING

### Debt strategy

Our debt strategy involves maintaining a conservative leverage ratio and building up a high-quality unencumbered investment properties pool, while optimizing borrowing costs, preserving liquidity and hedging our foreign currency investments. We are focused on improving our overall cost of capital and 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. Over the past 24 months, the Trust successfully lowered its overall cost of borrowing and effectively hedged its foreign currency investments by replacing higher interest rate Canadian debt with lower interest rate euro-equivalent debt.



## 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” or “Other non-current assets” in the consolidated financial statements.

	As at	
	December 31, 2021	December 31, 2020
<b>Financing metrics</b>		
Credit rating – DBRS	<b>BBB (mid)</b>	BBB (mid)
Net total debt-to-total assets (net of cash and cash equivalents) ratio <sup>(1)</sup>	<b>31.4%</b>	31.3%
Net total debt-to-normalized adjusted EBITDAFV ratio (years) <sup>(1)</sup>	<b>8.0</b>	6.2
Interest coverage ratio (times) <sup>(1)</sup>	<b>8.0</b>	4.4
Weighted average face interest rate on debt (period-end) <sup>(2)</sup>	<b>0.83%</b>	2.57%
Weighted average remaining term to maturity on debt (years)	<b>3.8</b>	4.8
Non-current debt	\$ <b>2,006,647</b>	\$ 1,128,773
Total debt <sup>(3)</sup>	\$ <b>2,012,482</b>	\$ 1,268,414
Unsecured debt <sup>(4)</sup>	\$ <b>1,450,801</b>	\$ 447,450
Secured debt as a percentage of total assets <sup>(4)</sup>	<b>9.3%</b>	23.3%
Unencumbered investment properties (period-end) <sup>(4)</sup>	\$ <b>4,154,925</b>	\$ 1,441,589
Unencumbered investment properties as a percentage of investment properties <sup>(4)</sup>	<b>72.9%</b>	44.5%
Cash and cash equivalents	\$ <b>164,015</b>	\$ 254,935
Available liquidity (period-end) <sup>(3)</sup>	\$ <b>511,612</b>	\$ 573,235

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

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

(3) Total debt and available liquidity are non-GAAP financial measures. The descriptions and calculations of these measures are included in the “Non-GAAP Financial Measures” section.

(4) Unsecured debt, secured debt as a percentage of total assets, unencumbered investment properties and unencumbered investment properties as a percentage of investment properties are supplementary financial measures. See the “Supplementary Financial Measures and Ratios and Other Disclosures” section for a description of these supplementary financial measures.

## Liquidity and capital resources

Dream Industrial REIT’s primary sources of capital are cash generated from (utilized in) operating activities, draws on the unsecured revolving credit facility, mortgage financing and refinancing, and equity and debt issuances. Our primary uses of capital include the payment of distributions, property acquisitions, costs of attracting and retaining tenants, recurring property maintenance, major property improvements, development projects, debt principal repayments and interest payments.

Scheduled principal repayments that are due within one year total \$9.1 million, and debt maturities that are due within one year total \$32.6 million. The debt maturities are typically refinanced with mortgages or debt issuances of terms between five and ten years or repaid. With our balanced debt maturity schedule, undrawn unsecured revolving credit facility of \$347.6 million (net of a letter of credit totalling \$2.4 million), cash and cash equivalents of \$164.0 million and unencumbered investment properties pool of \$4.2 billion, we have sufficient liquidity and capital resources as at December 31, 2021 to fulfill the Trust’s ongoing obligations.

## Financing activities

### Mortgages

During the three months ended December 31, 2021, the Trust did not discharge any mortgages.

During the year ended December 31, 2021, the Trust discharged mortgages in Canada, Europe and the U.S. totalling \$433.7 million, with a weighted average face interest rate of 3.58%. The Trust incurred debt settlement costs (including the write-off of unamortized financing costs and debt fair value adjustment) totalling \$31.6 million in relation to the early discharge of mortgages and the disposition of the U.S. properties.

During the year ended December 31, 2020, the Trust discharged mortgages totalling \$159.5 million, with a weighted average face interest rate of 3.74%. The Trust incurred debt settlement costs (including the write-off of unamortized financing costs) totalling \$4.3 million in relation to the early discharge of mortgages.

## Debentures

On June 17, 2021, the Trust closed a private placement offering of \$800 million aggregate principal amount of unsecured debentures (the "Offering") for aggregate gross proceeds to the Trust of \$799.8 million consisting of a \$200 million reopening of the 1.662% Series A Debentures maturing on December 22, 2025 (the "Series A Debentures"), \$200 million of three-month Canadian Dollar Offered Rate ("CDOR") plus 0.35% Series B Debentures maturing on June 17, 2024 (the "Series B Debentures") and \$400 million aggregate principal amount of 2.057% Series C Debentures maturing on June 17, 2027 (the "Series C Debentures" or "Series C Green Bonds").

On December 6, 2021, the Trust closed a private placement offering of \$250 million aggregate principal amount of 2.539% senior unsecured debentures maturing on December 7, 2026 (the "Series D Debentures" or "Series D Green Bonds").

The Series A Debentures, Series B Debentures, Series C Green Bonds and Series D Green Bonds (collectively, the "Debentures") were all rated BBB with a Stable Trend by DBRS Limited.

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

### **Series A Debentures**

The Series A Debentures were reopened and issued at a price of \$999 per \$1,000 principal amount (plus accrued interest from December 22, 2020), and bear interest at a rate of 1.662% per annum and mature on December 22, 2025. The Series A Debentures reopening will have the same terms and conditions, and constitute part of the same series, as the \$250,000 aggregate principal amount of the Series A Debentures issued by the Trust on December 22, 2020. The Series A Debentures offered hereby will have the same Committee on Uniform Securities Identification Procedures ("CUSIP") number as the Series A Debentures issued on December 22, 2020. Interest is payable on the Series A Debentures on June 22 and December 22 of each year. Total financing costs related to the Series A Debentures reopening totalled \$0.8 million.

### **Series B Debentures**

The Series B Debentures were issued at a price equal to \$1,000 per \$1,000 principal amount, bear interest at a rate per annum equal to the Reference Rate Index for Canadian dollar bankers' acceptances with maturities of three months (three-month CDOR) plus 0.35%, and will mature on June 17, 2024. Interest is payable on the Series B Debentures, and the Reference Rate Index will be adjusted on March 17, June 17, September 17 and December 17 of each year. The Series B Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the Series B Debentures offering totalled \$0.8 million.

### **Series C Debentures (Series C Green Bonds)**

The Series C Debentures were issued at a price equal to \$1,000 per \$1,000 principal amount, bear interest at a rate of 2.057% per annum and will mature on June 17, 2027. Interest is payable on the Series C Debentures on June 17 and December 17 of each year, commencing December 17, 2021. The Series C Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the Series C Debentures offering totalled \$1.7 million.

### **Series D Debentures (Series D Green Bonds)**

The Series D Debentures were issued at a price equal to \$1,000 per \$1,000 principal amount, bear interest at a rate of 2.539% per annum and will mature on December 7, 2026. Interest is payable on the Series D Debentures on June 7 and December 7 of each year, commencing June 7, 2022. The Series D Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the Series D Debentures offering totalled \$1.5 million.

## Unsecured revolving credit facility

On May 14, 2021, the Trust amended the US\$250 million unsecured revolving credit facility to a \$350 million unsecured revolving credit facility and increased the accordion option limit from US\$35 million to \$150 million in additional borrowing capacity. No changes were made to the currencies available or interest rates. The facility bears interest at Canadian bankers' acceptance rates ("BA rates") plus 1.45% or Canadian prime rate plus 0.45% on Canadian dollar draws, U.S. London Interbank Offered Rate ("LIBOR") 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. The term of the amended facility was extended from January 14, 2022 to May 14, 2024.

This amended unsecured revolving credit facility will provide the Trust ample flexibility and liquidity to execute on its growth strategy.

As at December 31, 2021, there were no amounts drawn on the unsecured revolving credit facility other than a letter of credit totalling \$2.4 million, bringing the availability to \$347.6 million. As at December 31, 2020, there were no amounts drawn on the unsecured revolving credit facility and the availability was \$318.3 million.

### Cross-currency interest rate swap arrangements

The Trust lowers its overall cost of borrowings and hedges its euro currency exposure through entering CCIRS arrangements by replacing higher interest rate Canadian debt with lower interest rate euro-equivalent debt.

The following table summarizes the Trust's cross-currency interest rate swap arrangements outstanding as at December 31, 2021 and December 31, 2020:

						December 31, 2021	December 31, 2020
	Euro notional amount		U.S./Canadian dollar notional amount	Maturity date	Financial instrument measurement	Fair value assets (liabilities)	Fair value assets (liabilities)
Canadian dollar to euro cross-currency interest rate swap – Series A Debentures <sup>(1)</sup>	€ 161,499	\$	250,000	December 22, 2025	Fair value through other comprehensive income	\$ 12,070	\$ (1,912)
Canadian dollar to euro cross-currency interest rate swap – Reopening Series A Debentures <sup>(2)</sup>	135,474		200,000	December 22, 2025	Fair value through other comprehensive income	1,931	—
Canadian dollar to euro cross-currency interest rate swap – Series B Debentures <sup>(3)</sup>	135,750		200,000	June 17, 2024	Fair value through other comprehensive income	4,573	—
Canadian dollar to euro cross-currency interest rate swap – Series C Debentures <sup>(4)</sup>	271,499		400,000	June 17, 2027	Fair value through other comprehensive income	4,711	—
Canadian dollar to euro cross-currency interest rate swap – Series D Debentures <sup>(5)</sup>	174,544		250,000	December 6, 2026	Fair value through other comprehensive income	1,672	—
U.S. dollar to euro cross-currency interest rate swap – U.S. term loan <sup>(6)(7)</sup>	127,108		150,000	January 31, 2024	Fair value through other comprehensive income	7,557	(7,572)
<b>Total</b>	<b>€ 1,005,874</b>					<b>\$ 32,514</b>	<b>\$ (9,484)</b>

(1) 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%.

(2) The interest rate associated with the euro notional amount is 0.294%. The interest rate associated with the Canadian dollar notional amount is 1.662%.

(3) The interest rate associated with the euro notional amount is three-month EURIBOR plus 0.5608%. The interest rate associated with the Canadian dollar notional amount is three-month CDOR plus 0.35%.

(4) The interest rate associated with the euro notional amount is 0.547%. The interest rate associated with the Canadian dollar notional amount is 2.057%.

(5) The interest rate associated with the euro notional amount is 0.541%. The interest rate associated with the Canadian dollar notional amount is 2.539%.

(6) 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 spread.

(7) This swap arrangement is bifurcated into a cash flow and net investment hedge for the purpose of hedge accounting. As at December 31, 2021, the fair value asset of the net investment hedge portion is \$13,982 and the fair value liability of the cash flow hedge portion is \$(6,425). As at December 31, 2020, the fair value liability of the net investment hedge portion was \$(1,487) and the fair value liability of the cash flow hedge portion was \$(6,085).

## Interest rates and cross-currency interest rate swaps

The table below summarizes the effects of the weighted average face interest rate (including and excluding CCIRS) by type of debt as at December 31, 2021.

	As at December 31, 2021	
	Weighted average face interest rate (including CCIRS)	Weighted average face interest rate (excluding CCIRS)
Mortgages	1.75%	1.75%
Unsecured term loan	0.86%	1.49%
Unsecured debentures	0.41%	1.83%
<b>Total</b>	<b>0.83%</b>	<b>1.78%</b>

## Debt maturity profile

Our current total debt profile is balanced with maturities that are well distributed over the next nine 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, 2021:

	Debt balance due at maturity	Scheduled principal repayments on debt maturing in future periods	Amount	Weighted average face interest rate
2022	\$ 32,623	\$ 9,135	\$ 41,758	1.20%
2023	258,902	6,263	265,165	1.35%
2024 <sup>(1)</sup>	484,205	3,283	487,488	0.83%
2025 <sup>(2)</sup>	491,738	2,697	494,435	0.54%
2026 <sup>(3)</sup>	248,328	2,794	251,122	0.54%
2027–2030 <sup>(4)</sup>	464,407	7,757	472,164	1.10%
<b>Total</b>	<b>\$ 1,980,203</b>	<b>\$ 31,929</b>	<b>\$ 2,012,132</b>	<b>0.83%</b>
Unamortized financing costs			(4,937)	
Unamortized fair value adjustments			5,287	
<b>Total debt<sup>(5)</sup></b>			<b>\$ 2,012,482</b>	
Fair value of cross-currency interest rate swaps <sup>(6)</sup>			32,514	
Current debt			(38,349)	
<b>Non-current debt (per consolidated financial statements)</b>			<b>\$ 2,006,647</b>	

(1) The debt balance due 2024 includes a term loan of \$189,479, less a \$7,557 cross-currency interest rate swap asset, and debentures of \$200,000, less a \$4,573 cross-currency interest rate swap asset.

(2) The debt balance due 2025 includes debentures of \$448,139, less a \$1,931 cross-currency interest rate swap asset, less a \$12,070 cross-currency interest rate swap asset.

(3) The debt balance due 2026 includes debentures of \$250,000, less a \$1,672 cross-currency interest rate swap asset.

(4) The debt balance due 2027–2030 includes debentures of \$400,000, less a \$4,711 cross-currency interest rate swap asset.

(5) Total debt is a non-GAAP financial measure. The description and calculation of this measure is included in the “Non-GAAP Financial Measures” section.

(6) As at December 31, 2021, the cross-currency interest rate swaps were in a net asset position and \$38,939 were included in “Other non-current assets” and \$6,425 in “Other non-current liabilities” in the consolidated financial statements.

## Commitments and contingencies

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

As at December 31, 2021, the Trust’s remaining contractual commitments related to construction and development projects amounted to \$17.5 million (December 31, 2020 – \$nil).

In addition to the initial contribution made to the U.S. Fund as part of the July Transaction, the Trust's contractual commitment of capital contributions pursuant to the subscription agreement with the U.S. Fund was US\$100 million. For the year ended December 31, 2021, the Trust's funded capital contribution to the U.S. Fund amounted to US\$19.9 million, reducing the contractual commitment of capital contributions to US\$80.1 million as at December 31, 2021. On January 6, 2022, the Trust funded a capital contribution to the U.S. Fund amounting to US\$21.9 million, further reducing the contractual commitment to US\$58.2 million.

## 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.

	December 31, 2021		As at December 31, 2020	
	Number of Units	Amount	Number of Units	Amount
REIT Units and unitholders' equity	233,864,845	\$ 2,756,156	152,678,861	\$ 1,605,724
Retained earnings	—	746,848	—	281,531
Accumulated other comprehensive income (loss)	—	(3,581)	—	17,621
Total equity per consolidated financial statements	233,864,845	3,499,423	152,678,861	1,904,876
Add: LP B Units	18,551,855	319,463	18,551,855	243,957
<b>Total equity (including LP B Units)<sup>(1)</sup></b>	<b>252,416,700</b>	<b>\$ 3,818,886</b>	<b>171,230,716</b>	<b>\$ 2,148,833</b>
NAV per Unit <sup>(2)</sup>		\$ 15.13		\$ 12.55

(1) Total equity (including LP B Units) is a non-GAAP financial measure. The description and calculation of this measure are included in the "Non-GAAP Financial Measures" section.

(2) NAV per Unit is a non-GAAP ratio. The description and calculation of this ratio are included in the "Non-GAAP Ratios" section.

Total equity (per consolidated financial statements) as at December 31, 2021 was \$3.5 billion, an 83.7% increase when compared to \$1.9 billion as at December 31, 2020. The increase was primarily due to public offering of REIT Units during 2021 (+\$1.2 billion) and net income earned during 2021 (+\$608.3 million), partially offset by distributions (net of DRIP) during 2021 (-\$109.6 million) and other items (-\$58.2 million).

NAV per Unit as at December 31, 2021 increased to \$15.13 from \$12.55 at December 31, 2020, largely reflecting an increase in investment property values across our portfolio (+\$585.2 million) 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 Trust issued 385,535 REIT Units at a cost of \$5.0 million to the subsidiaries of Dream Office REIT for the year ended December 31, 2020. No REIT Units were issued to Dream Office REIT or its subsidiaries for the year ended December 31, 2021.

The table below summarizes Dream Office REIT's ownership of the Trust as at December 31, 2021 and December 31, 2020:

	As at	
	December 31, 2021	December 31, 2020
Number of REIT Units held by Dream Office REIT	8,052,451	8,052,451
Number of LP B Units held by Dream Office REIT	18,551,855	18,551,855
<b>Total number of Units held by Dream Office REIT</b>	<b>26,604,306</b>	<b>26,604,306</b>
Dream Office REIT's percentage ownership of the Trust	10.5%	15.5%

## Continuity of equity

The following table summarizes the changes in our outstanding equity:

	REIT Units	LP B Units	Total Units
Total Units outstanding as at January 1, 2021	152,678,861	18,551,855	171,230,716
REIT Units issued pursuant to public offerings	78,797,800	—	78,797,800
REIT Units issued pursuant to DRIP	2,182,037	—	2,182,037
REIT Units issued pursuant to Deferred Unit Incentive Plan (“DUIP”) and Unit Purchase Plan	206,147	—	206,147
<b>Total Units outstanding as at December 31, 2021</b>	<b>233,864,845</b>	<b>18,551,855</b>	<b>252,416,700</b>
Percentage of all Units	92.7%	7.3%	100.0%
REIT Units issued pursuant to public offerings	2,655,600	—	2,655,600
REIT Units issued pursuant to DRIP	442,099	—	442,099
Units issued pursuant to DUIP and Unit Purchase Plan	2,574	—	2,574
<b>Total Units outstanding as at February 15, 2022</b>	<b>236,965,118</b>	<b>18,551,855</b>	<b>255,516,973</b>
Percentage of all Units	92.7%	7.3%	100.0%

## Public offerings of REIT Units

The following table summarizes the public offering of REIT Units issued during the year ended December 31, 2021. 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
January 29, 2021 <sup>(1)</sup>	20,240,000	\$ 12.80	\$ 259,072	\$ 11,062
April 26, 2021 <sup>(2)</sup>	14,858,000	13.55	201,326	8,703
June 25, 2021 <sup>(3)</sup>	20,987,500	13.70	287,529	6,204
October 22, 2021 <sup>(4)</sup>	17,434,000	16.50	287,661	12,206
<b>Total</b>	<b>73,519,500</b>	<b>\$</b>	<b>1,035,588</b>	<b>\$ 38,175</b>

(1) Includes 2,640,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

(2) Includes 1,938,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

(3) Subscription Receipts were issued on May 31, 2021 and exchanged for REIT Units on June 25, 2021. Includes 2,737,500 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

(4) Includes 2,274,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

The following table summarizes the public offering of REIT Units issued for the year ended December 31, 2020:

Date of public offering	Number of REIT Units	Unit price	Gross proceeds	Issue costs
February 12, 2020 <sup>(1)</sup>	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.

## Subscription Receipts conversion to REIT Units

On June 24, 2021, the Subscription Receipts were delisted from the TSX after the close of markets and the REIT Units issued in exchange for the Subscription Receipts commenced trading on the TSX on June 25, 2021 under the symbol “DIR.UN”. Fifty percent of the underwriters’ fee for the offering of Subscription Receipts was paid on May 31, 2021, being the closing date of the offering of Subscription Receipts. The remaining 50% of the underwriters’ fee was paid on June 25, 2021 following completion of the Acquisition which, along with other issuance costs totalling \$6.2 million, were charged to unitholders’ equity.

## At-the-market equity program (“ATM Program”)

On February 26, 2021, the Trust filed a prospectus supplement to establish an ATM Program that would allow the Trust to issue REIT Units up to an aggregate sale price of \$200 million to the public from time to time at prevailing market prices, directly on the TSX or on other permitted marketplaces to the extent permitted. This prospectus supplement expired on November 15, 2021 and a new one was filed on November 30, 2021, which qualified the Trust to issue REIT Units up to an aggregate sale price of \$250 million under the same terms. As at December 31, 2021, 5,278,300 REIT Units have been issued under this ATM Program at a weighted average price of \$16.70 per REIT Unit for gross proceeds of \$88.1 million. Total costs related to the issuance of these REIT Units amounted to \$1.9 million and was charged directly to unitholders’ equity.

Subsequent to December 31, 2021, the Trust issued 2,655,600 REIT Units under the ATM Program at a weighted average price of \$16.27 per REIT Unit for gross proceeds of \$43.2 million. Total costs related to the issuance of these REIT Units amounted to \$0.9 million. The net proceeds from the equity offerings as well as the ATM Program were utilized to fund over \$500 million of acquisitions completed since the end of Q3 2021, over \$20 million in development costs, as well as for general trust purposes.

### 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 was valid for a 25-month period, during which time the Trust was permitted to offer and issue REIT Units, Subscription Receipts and debt securities, or any combination thereof, having an aggregate offering price of up to \$2 billion. On November 15, 2021, this short form base shelf prospectus expired.

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

As at December 31, 2021, \$1.5 billion of REIT Units had been issued under the prior base shelf prospectus dated October 11, 2019 and \$30.2 million of REIT Units have been issued under the current base shelf prospectus dated November 26, 2021. Subsequent to December 31, 2021, the Trust issued a further \$43.2 million of REIT Units under the current base shelf prospectus.

### 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 and who remained 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 tables summarize the total distributions on REIT Units for the three months and years ended December 31, 2021 and December 31, 2020:

	Three months ended December 31,	
	2021	2020
Paid in cash	\$ 28,928	\$ 26,719
Paid by way of reinvestment in REIT Units <sup>(1)</sup>	10,728	—
Less: Payable at September 30, 2021/September 30, 2020	(12,384)	(8,906)
Plus: Payable at December 31, 2021/December 31, 2020	13,641	8,906
<b>Total distributions on REIT Units (included in consolidated financial statements)</b>	<b>\$ 40,913</b>	<b>\$ 26,719</b>

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

	Year ended December 31,	
	2021	2020
Paid in cash <sup>(1)</sup>	\$ 104,839	\$ 96,482
Paid by way of reinvestment in REIT Units <sup>(2)</sup>	33,454	8,538
Less: Payable at December 31, 2020/December 31, 2019	(8,906)	(7,878)
Plus: Payable at December 31, 2021/December 31, 2020	13,641	8,906
<b>Total distributions on REIT Units (per consolidated financial statements)</b>	<b>\$ 143,028</b>	<b>\$ 106,048</b>

(1) Excludes the May 31, 2021 distributions paid to Subscription Receipt holders on June 15, 2021.

(2) Excludes REIT Units issued under the DRIP for LP B Units, as applicable.

The following tables summarize the total distributions (a non-GAAP financial measure) and DRIP participation rate (a non-GAAP ratio) for the three months and years ended December 31, 2021 and December 31, 2020:

	Three months ended December 31, 2021		Three months ended December 31, 2020	
	Amount	% of total	Amount	% of total
Distributions reinvested less 3% bonus distribution (DRIP participation rate) <sup>(1)</sup>	\$ 10,343	23.6%	\$ 773	2.6%
Distributions paid in cash <sup>(1)</sup>	33,505	76.4%	29,169	97.4%
Total distributions excluding 3% bonus distribution	43,848	100.0%	29,942	100.0%
3% bonus distribution	312		24	
<b>Total distributions<sup>(1)</sup></b>	<b>\$ 44,160</b>		<b>\$ 29,966</b>	

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

	Year ended December 31, 2021		Year ended December 31, 2020	
	Amount	% of total	Amount	% of total
Distributions reinvested less 3% bonus distribution (DRIP participation rate) <sup>(1)</sup>	\$ 34,819	22.5%	\$ 8,630	7.3%
Distributions paid in cash <sup>(1)</sup>	120,222	77.5%	110,146	92.7%
Total distributions excluding 3% bonus distribution	155,041	100.0%	118,776	100.0%
3% bonus distribution	973		323	
<b>Total distributions<sup>(1)</sup></b>	<b>\$ 156,014</b>		<b>\$ 119,099</b>	

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

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

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

To the extent that cash generated from (utilized in) operating activities less interest and other financing costs paid on debt may be less than the total distributions (a non-GAAP financial measure), the Trust will fund the shortfalls with cash and cash equivalents on hand and with the amounts available on the unsecured revolving credit facility. The use of the unsecured revolving credit facility may involve risks compared with using cash and cash equivalents on hand as a source of funding, such as the risk that interest rates may rise in the future, which may make it more expensive for the Trust to borrow under the unsecured revolving credit facility, and the risk associated with increasing the overall indebtedness of the Trust. See the “Unsecured revolving credit facility” section in Note 9 of the consolidated financial statements for a description of the terms and interest payable under the revolving credit facility. In the event that shortfalls exist, 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 less interest and other financing costs paid on debt. Dream Industrial REIT's Declaration of Trust provides the Board of Trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust.

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

The following table summarizes cash flows generated from operating activities, interest and other financing costs paid on debt, net income, total REIT Units distributions paid and payable, and total distributions (a non-GAAP financial measure) for the three months and years ended December 31, 2021 and December 31, 2020:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Cash generated from operating activities	\$ 51,003	\$ 34,210	\$ 174,101	\$ 135,081
Interest and other financing costs paid on debt	(6,267)	(8,770)	(26,756)	(32,847)
Net income	189,971	81,513	608,345	200,136
Total REIT Units distributions paid and payable	(40,913)	(26,719)	(143,028)	(106,048)
Total distributions <sup>(1)</sup>	(44,160)	(29,966)	(156,014)	(119,099)

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

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Excess of net income over total distributions <sup>(1)(2)</sup>	\$ 145,811	\$ 51,547	\$ 452,331	\$ 81,037
Excess (shortfall) of cash generated from operating activities less interest and other financing costs paid on debt over total distributions <sup>(2)(3)</sup>	576	(4,526)	(8,669)	(16,865)

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

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

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

For the three months and year ended December 31, 2021, net income exceeded total distributions (a non-GAAP financial measure) by \$145.8 million and \$452.3 million, respectively, primarily as a result of non-cash items such as fair value adjustments to investment properties partially offset by fair value adjustments to financial instruments, which is included in net income. For the three months and year ended December 31, 2020, net income exceeded total distributions (a non-GAAP financial measure) by \$51.5 million and \$81.0 million, respectively, primarily due to the same reasons as discussed above for the periods ended December 31, 2021.

For the three months ended December 31, 2021, cash flows generated from operating activities less interest and other financing costs paid on debt exceeded total distributions (a non-GAAP financial measure) by \$0.6 million.

For the year ended December 31, 2021, total distributions (a non-GAAP financial measure) exceeded cash flows generated from operating activities less interest and other financing costs paid on debt by \$8.7 million, 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. For the three months and year ended December 31, 2020, total distributions (a non-GAAP financial measure) exceeded cash flows generated from operating activities less interest and other financing costs paid on debt by \$4.5 million and \$16.9 million, respectively, primarily 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.

Of the total distributions (a non-GAAP financial measure) declared for the three months and year ended December 31, 2021, \$10.7 million and \$35.8 million, respectively, were reinvested through the DRIP (including 3% bonus distributions). Of the total distributions (a non-GAAP financial measure) declared for the three months and year ended December 31, 2020, \$0.8 million and \$9.0 million were reinvested through the DRIP (including 3% bonus distributions). Over time, reinvestments pursuant to the DRIP will increase the number of Units outstanding, which may result in upward pressure on the total amount of cash distributions. Our Declaration of Trust provides our Board of Trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust, which allows for any unforeseen expenditures and the variability in cash distributions as a result of additional Units issued pursuant to the Trust's DRIP. Furthermore, the Board of Trustees has discretion to suspend the DRIP and Unit Purchase Plan at any time to preserve capital if it is determined to be in the best interest of the Trust to do so. Accordingly, as noted earlier in this section, the Trust suspended its DRIP and Unit Purchase Plan effective with the March 2020 Distribution in light of the market disruption caused by the COVID-19 pandemic. As the market conditions improved throughout 2020, the Trust announced the reinstatement of the DRIP and Unit Purchase Plan on December 18, 2020.

## SECTION IV

### SELECTED ANNUAL INFORMATION

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

	2021	2020	2019
Investment properties revenue	\$ 289,815	\$ 235,946	\$ 195,331
Income before income taxes (continuing and discontinued operations)	638,602	208,814	187,890
Net income	608,345	200,136	179,432
Total assets	6,053,566	3,521,330	2,892,891
Non-current liabilities	2,419,298	1,435,022	1,230,916
Distributions per Unit	\$ 0.70	\$ 0.70	\$ 0.70
Distributions declared <sup>(1)</sup>	\$ 156,014	\$ 119,099	\$ 95,986
Units outstanding:			
REIT Units	233,864,845	152,678,861	134,801,881
LP B Units	18,551,855	18,551,855	18,551,855

(1) Includes distributions on LP B Units.

Over the past three years, our balance sheet and income statement have grown, reflecting our strategy to grow and upgrade the quality of our portfolio by investing in the Trust's target markets. Refer to the remaining sections of the MD&A for more detailed analysis and discussions of the Trust's key financial information.

### FOREIGN CURRENCY INFORMATION

#### Foreign currency translation rates

In accordance with the Trust's accounting policies, the foreign exchange rates used by the Trust to convert foreign denominated currencies for the three months and years ended December 31, 2021 and December 31, 2020 are summarized in the table below:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
CAD per US\$1.00 (average during period) <sup>(1)</sup>	\$ 1.2603	\$ 1.3030	\$ 1.2535	\$ 1.3411
CAD per US\$1.00 (period-end) <sup>(1)</sup>	1.2678	1.2732	1.2678	1.2732
CAD per €1.00 (average during period) <sup>(1)</sup>	1.4408	1.5537	1.4828	1.5295
CAD per €1.00 (period-end) <sup>(1)</sup>	1.4391	1.5608	1.4391	1.5608

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

## QUARTERLY INFORMATION

The following tables show quarterly information since January 1, 2020:

### Key portfolio, leasing, financing and capital information

	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Portfolio</b>								
Number of assets <sup>(1)(2)</sup>	<b>239</b>	221	215	186	177	172	169	169
GLA (in millions of sq. ft.) <sup>(3)</sup>	<b>43.0</b>	39.8	38.5	28.8	27.3	26.6	25.8	25.8
<b>Leasing</b>								
Occupancy rate – in-place and committed (period-end) <sup>(3)</sup>	<b>98.2%</b>	98.0%	98.0%	97.2%	95.6%	95.1%	95.6%	96.1%
Occupancy rate – in-place (period-end) <sup>(3)</sup>	<b>97.7%</b>	97.6%	97.4%	95.7%	94.7%	94.1%	95.0%	95.8%
Tenant retention ratio	<b>87.8%</b>	66.8%	78.3%	58.0%	86.8%	62.3%	71.8%	89.5%
Average in-place and committed base rent per sq. ft. (period-end) <sup>(4)</sup>								
Canadian portfolio	\$ <b>7.87</b>	\$ 7.78	\$ 7.67	\$ 7.60	\$ 7.48	\$ 7.43	\$ 7.38	\$ 7.33
European portfolio (€)	€ <b>4.72</b>	€ 4.55	€ 4.51	€ 5.20	€ 5.11	€ 4.89	€ 5.16	€ 5.10
<b>Financing<sup>(5)</sup></b>								
Net total debt-to-total assets (net of cash and cash equivalents) ratio <sup>(6)</sup>	<b>31.4%</b>	32.9%	37.9%	28.7%	31.3%	29.6%	28.1%	28.2%
Net total debt-to-normalized adjusted EBITDAFV (years) <sup>(6)</sup>	<b>8.0</b>	7.8	8.6	6.0	6.2	5.8	5.4	5.3
Interest coverage ratio (times) <sup>(6)</sup>	<b>8.0</b>	6.3	5.2	4.8	4.4	4.2	4.1	3.9
Weighted average face interest rate on debt (period-end) <sup>(7)</sup>	<b>0.83%</b>	0.86%	1.49%	2.44%	2.57%	3.43%	3.57%	3.57%
Weighted average remaining term to maturity on debt (years)	<b>3.8</b>	3.9	4.4	5.1	4.8	5.1	5.6	5.9
Unencumbered investment properties (in millions) <sup>(8)</sup>								
Cash and cash equivalents	\$ <b>4,154.9</b>	\$ 3,404.2	\$ 2,322.7	\$ 2,051.0	\$ 1,441.6	\$ 1,283.4	\$ 1,107.4	\$ 842.5
Available liquidity <sup>(9)</sup>	\$ <b>164.0</b>	\$ 87.3	\$ 313.2	\$ 80.8	\$ 254.9	\$ 20.8	\$ 54.7	\$ 65.8
Capital	\$ <b>511.6</b>	\$ 434.8	\$ 663.2	\$ 395.2	\$ 573.2	\$ 271.6	\$ 395.4	\$ 215.8
<b>Capital</b>								
Total number of Units (in millions) <sup>(10)</sup>	<b>252.4</b>	230.8	228.4	192.0	171.2	171.2	171.2	171.2
NAV per Unit <sup>(6)</sup>	\$ <b>15.13</b>	\$ 14.37	\$ 13.69	\$ 12.82	\$ 12.55	\$ 12.10	\$ 11.75	\$ 11.84
Unit price	\$ <b>17.22</b>	\$ 16.20	\$ 15.28	\$ 13.42	\$ 13.15	\$ 11.31	\$ 10.68	\$ 9.39

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

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

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

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

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

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

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

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

(9) Available liquidity is a non-GAAP financial measure. The description and calculation of this measure is included in the "Non-GAAP Financial Measures" section.

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

## Results of operations

	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Investment properties revenue	\$ 79,285	\$ 75,832	\$ 69,267	\$ 65,431	\$ 61,323	\$ 59,013	\$ 59,060	\$ 56,550
Investment properties operating expenses	(18,853)	(16,122)	(18,172)	(18,769)	(16,811)	(16,761)	(16,682)	(16,809)
<b>Net rental income</b>	<b>60,432</b>	59,710	51,095	46,662	44,512	42,252	42,378	39,741
Other income (loss)	26,116	14,824	199	234	(22)	(17)	65	865
Other expenses	(13,580)	(43,614)	(15,897)	(18,801)	(16,256)	(15,727)	(16,484)	(20,134)
Fair value adjustments and net gain (loss) on transactions and other activities	126,602	142,393	131,109	71,118	55,058	52,723	(22,741)	22,620
<b>Income before income taxes and discontinued operations</b>	<b>199,570</b>	173,313	166,506	99,213	83,292	79,231	3,218	43,092
Current income tax recovery (expense)	(367)	(17,757)	—	—	2	(6)	(1)	(1)
Deferred income tax recovery (expense)	(9,232)	7,259	(6,211)	(3,949)	(1,781)	(5,563)	(273)	(1,055)
<b>Income from continuing operations, net of taxes</b>	<b>189,971</b>	162,815	160,295	95,264	81,513	73,662	2,944	42,036
<b>Loss from discontinued operations, net of taxes</b>	—	—	—	—	—	—	—	(19)
<b>Net income</b>	<b>\$ 189,971</b>	\$ 162,815	\$ 160,295	\$ 95,264	\$ 81,513	\$ 73,662	\$ 2,944	\$ 42,017
<b>Other comprehensive income (loss)</b>								
Unrealized gain (loss) on foreign currency translation of foreign operations, net of taxes	(43,374)	11,719	(3,807)	(29,935)	(6,753)	1,160	(15,762)	43,699
Unrealized gain (loss) on hedging instruments, net of taxes	35,234	(6,285)	(4,732)	18,591	(4,054)	—	—	—
Share of other comprehensive income (loss) from equity accounted investment	(487)	2,206	(223)	(109)	(427)	(194)	(362)	749
	(8,627)	7,640	(8,762)	(11,453)	(11,234)	966	(16,124)	44,448
<b>Comprehensive income (loss)</b>	<b>\$ 181,344</b>	\$ 170,455	\$ 151,533	\$ 83,811	\$ 70,279	\$ 74,628	\$ (13,180)	\$ 86,465

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 activities from our European portfolios, income from our equity accounted investment 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 (“FFO”)

	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Net income</b>	\$ 189,971	\$ 162,815	\$ 160,295	\$ 95,264	\$ 81,513	\$ 73,662	\$ 2,944	\$ 42,017
Add (deduct):								
Fair value adjustments to investment properties	(141,841)	(162,452)	(207,117)	(74,601)	(91,855)	(66,314)	1,551	36,539
Fair value adjustments to financial instruments	18,818	16,060	74,971	1,874	36,489	11,428	20,270	(57,272)
Share of net income from equity accounted investment	(26,239)	(13,031)	—	—	—	—	—	—
Interest expense on subsidiary redeemable units	3,247	3,246	3,247	3,246	3,247	3,246	3,247	3,311
Amortization and write-off of lease incentives	498	337	469	503	436	457	425	327
Internal leasing costs	1,022	861	902	898	772	796	702	797
Fair value adjustments to deferred trust units included in G&A	155	143	49	10	21	(41)	(67)	(43)
Foreign exchange (gain) loss	(4,001)	1,071	131	706	(469)	1,362	213	(2,688)
Share of FFO from equity accounted investment	1,502	1,564	—	—	—	—	—	—
Deferred income taxes expense (recovery)	9,232	(7,259)	6,211	3,949	1,781	5,563	273	1,055
Current income taxes expense related to dispositions	273	16,589	—	—	—	—	—	—
Transaction costs on sale of investment properties	303	2,063	—	—	—	—	—	2
Derecognition of equity accounted investment	(907)	—	—	—	—	—	—	—
<b>FFO<sup>(1)</sup> before the undernoted adjustment</b>	\$ 52,033	\$ 22,007	\$ 39,158	\$ 31,849	\$ 31,935	\$ 30,159	\$ 29,558	\$ 24,045
Debt settlement costs	—	28,510	—	3,059	—	—	—	3,949
<b>FFO<sup>(2)</sup></b>	\$ 52,033	\$ 50,517	\$ 39,158	\$ 34,908	\$ 31,935	\$ 30,159	\$ 29,558	\$ 27,994
Weighted average number of diluted Units (in thousands) <sup>(2)</sup>	246,456	229,472	204,866	185,808	171,670	171,625	171,620	163,296
FFO per Unit – diluted <sup>(1)(3)</sup>	\$ 0.21	\$ 0.22	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.18	\$ 0.17	\$ 0.17

(1) FFO and diluted FFO per Unit are non-GAAP measures. See the “Non-GAAP Financial Measures” and “Non-GAAP Ratios” sections for a description of these measures.

(2) A description of the determination of weighted average number of diluted units can be found in the “Supplementary Financial Measures and Ratios and Other Disclosures” section under the heading “Weighted average number of Units”.

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

## NON-GAAP FINANCIAL MEASURES

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

## Funds from operations (“FFO”)

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

In January 2022, REALPAC issued an updated guidance on Funds from Operations and Adjusted Funds from Operations for IFRS. The Trust has reviewed the REALPAC FFO guidelines and our determination of FFO substantially aligns with the REALPAC FFO guidelines, with the exception of the add-back of debt settlement costs arising from capital management activities and disposals of investment properties. These debt settlement costs are primarily funded from either net proceeds from equity offerings or net proceeds from dispositions, and not from cash flows from operating activities. As a result, 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.

FFO is reconciled to net income (the most directly comparable financial measure) in the table below for the three months and years ended December 31, 2021 and December 31, 2020:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
<b>Net income for the period</b>	\$ 189,971	\$ 81,513	\$ 608,345	\$ 200,136
Add (deduct):				
Fair value adjustments to investment properties	(141,841)	(91,855)	(586,011)	(120,079)
Fair value adjustments to financial instruments	18,818	36,489	111,723	10,915
Share of net income from equity accounted investment	(26,239)	—	(39,270)	—
Interest expense on subsidiary redeemable units	3,247	3,247	12,986	13,051
Amortization and write-off of lease incentives	498	436	1,807	1,645
Internal leasing costs	1,022	772	3,683	3,067
Fair value adjustments to deferred trust units included in G&A	155	21	357	(130)
Foreign exchange gain	(4,001)	(469)	(2,093)	(1,582)
Share of FFO from equity accounted investment	1,502	—	3,066	—
Deferred income taxes expense	9,232	1,781	12,133	8,672
Current income taxes expense related to dispositions	273	—	16,862	—
Transaction costs on sale of investment properties	303	—	2,366	2
Derecognition of equity accounted investment	(907)	—	(907)	—
<b>FFO for the period before the undernoted adjustment</b>	\$ 52,033	\$ 31,935	\$ 145,047	\$ 115,697
Debt settlement costs	—	—	31,569	3,949
<b>FFO for the period</b>	\$ 52,033	\$ 31,935	\$ 176,616	\$ 119,646

## Comparative properties net operating income (“CP NOI”) (constant currency basis)

CP NOI (constant currency basis) is a non-GAAP financial measure used by management in evaluating the operating performance of properties owned by the Trust in the current and comparative periods on a constant currency basis. CP NOI (constant currency basis) enables investors to evaluate our operating performance, especially to assess the effectiveness of our management of properties generating NOI growth from existing properties in the respective regions. It is calculated by taking CP NOI as defined below and excluding the impact of foreign currency translation by converting the CP NOI denominated in foreign currency in the respective periods at the respective current period average exchange rates.

When the Trust compares CP NOI on a year-over-year basis for the three months ended December 31, 2021 and December 31, 2020, the Trust excludes investment properties acquired on or after October 1, 2020. For the years ended December 31, 2021 and December 31, 2020 comparison, the Trust excludes investment properties acquired on or after January 1, 2020. CP NOI (constant currency basis) also excludes NOI from sold properties and properties held for sale, as applicable, net property management and other income, straight-line rent, amortization of lease incentives, expected credit loss, lease termination fees and other rental income, and COVID-19 related adjustments and provisions. CP NOI (constant currency basis) includes NOI from equity accounted investment.

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

CP NOI (constant currency basis) is reconciled to net rental income (the most directly comparable financial measure) under the heading “Comparative properties NOI (constant currency basis)”.

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

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

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

### Total distributions

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

The table below reconciles total distributions to distributions on REIT Units (the most directly comparable financial measure) for the three months and years ended December 31, 2021 and December 31, 2020:

Amounts included in consolidated financial statements	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Distributions on REIT Units	\$ 40,913	\$ 26,719	\$ 143,028	\$ 106,048
Interest on subsidiary redeemable units	3,247	3,247	12,986	13,051
<b>Total distributions</b>	<b>\$ 44,160</b>	<b>\$ 29,966</b>	<b>\$ 156,014</b>	<b>\$ 119,099</b>

### Distribution Reinvestment and Unit Purchase Plan participation rate

The DRIP participation rate is a non-GAAP ratio calculated as total distributions reinvested less bonus distribution (a non-GAAP financial measure) divided by total distributions (a non-GAAP financial measure). Management believes it is a useful measure to investors in evaluating the impact that the DRIP will have on the Trust’s ability to sustain current distribution levels during the current and future periods. Over time, reinvestments pursuant to the DRIP will increase the number of Units outstanding, which may result in upward pressure on the total amount of cash distributions.

The calculation of the DRIP participation rate is 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 issuers.

Total distributions reinvested less 3% bonus distributions is reconciled to distributions reinvested (the most directly comparable financial measure) for the three months and years ended December 31, 2021 and December 31, 2020.

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Distributions reinvested as included in consolidated financial statements	\$ 10,728	\$ —	\$ 33,454	\$ 11,881
Less: Distributions reinvested pertaining to prior period	(3,207)	—	(796)	(3,725)
Add: Distributions reinvested on January 15	3,134	797	3,134	797
Less: 3% bonus distribution	(312)	(24)	(973)	(323)
<b>Distributions reinvested less 3% bonus distribution (DRIP participation rate)</b>	<b>\$ 10,343</b>	<b>\$ 773</b>	<b>\$ 34,819</b>	<b>\$ 8,630</b>

Total distributions paid in cash is reconciled to distributions paid on REIT Units (the most directly comparable financial measure) for the three months and years ended December 31, 2021 and December 31, 2020.

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Distributions paid on REIT Units	\$ 28,928	\$ 26,719	\$ 104,839	\$ 96,482
Interest paid on LP B Units	3,247	3,247	12,986	9,739
Less: Distributions paid on REIT Units pertaining to prior period	(9,176)	(8,907)	(8,110)	(5,267)
Less: Interest paid on LP B Units pertaining to prior period	(1,083)	(1,082)	(1,082)	—
Add: Distributions paid on REIT Units on January 15	10,507	8,110	10,507	8,110
Add: Interest paid on LP B Units on January 15	1,082	1,082	1,082	1,082
<b>Distributions paid in cash</b>	<b>\$ 33,505</b>	<b>\$ 29,169</b>	<b>\$ 120,222</b>	<b>\$ 110,146</b>

### Available liquidity

Available liquidity is a non-GAAP financial measure defined as the sum of cash and cash equivalents and undrawn unsecured revolving credit facility at period-end. Management believes that available liquidity is a useful measure to investors in determining our resources available as at period-end to meet all of our ongoing obligations and future commitments.

The table below reconciles available liquidity to cash and cash equivalents (the most directly comparable financial measure) as at December 31, 2021 and December 31, 2020:

	December 31, 2021	December 31, 2020
Cash and cash equivalents per consolidated financial statements	\$ 164,015	\$ 254,935
Undrawn unsecured revolving credit facility <sup>(1)</sup>	347,597	318,300
<b>Available liquidity</b>	<b>\$ 511,612</b>	<b>\$ 573,235</b>

(1) Net of a letter of credit totalling \$2,403 as at December 31, 2021.

### Total debt

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

The table below reconciles total debt to non-current debt (the most directly comparable financial measure) as at December 31, 2021 and December 31, 2020:

Amounts per consolidated financial statements	December 31, 2021	December 31, 2020
Non-current debt	\$ 2,006,647	\$ 1,128,773
Current debt	38,349	130,157
Fair value of cross-currency interest rate swaps <sup>(1)</sup>	(32,514)	9,484
<b>Total debt</b>	<b>\$ 2,012,482</b>	<b>\$ 1,268,414</b>

(1) As at December 31, 2021, the cross-currency interest rate swaps were in a net asset position and \$38,939 were included in "Other non-current assets" and \$6,425 in "Other non-current liabilities" in the consolidated financial statements (December 31, 2020 – the cross-currency interest rate swaps were in a liability position and were included in "Other non-current liabilities" in the consolidated financial statements).



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

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

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

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

The following table reconciles net total debt to non-current debt (the most directly comparable financial measure) and total assets (net of cash and cash equivalents) to total assets (the most directly comparable financial measure) as at December 31, 2021 and December 31, 2020:

	December 31, 2021	December 31, 2020
Non-current debt	\$ 2,006,647	\$ 1,128,773
Add (deduct):		
Current debt	38,349	130,157
Fair value of CCIRS	(32,514)	9,484
Unamortized financing costs	4,937	8,807
Unamortized fair value adjustments	(5,287)	(144)
Cash and cash equivalents	(164,015)	(254,935)
<b>Net total debt</b>	<b>\$ 1,848,117</b>	<b>\$ 1,022,142</b>
Total assets	6,053,566	3,521,330
Less: Cash and cash equivalents	(164,015)	(254,935)
<b>Total assets (net of cash and cash equivalents)</b>	<b>\$ 5,889,551</b>	<b>\$ 3,266,395</b>

### NON-GAAP RATIOS

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

### Diluted FFO per Unit

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

Diluted FFO per Unit is a non-GAAP ratio calculated as FFO (a non-GAAP financial measure) divided by the weighted average number of Units. The table below summarizes the components used to calculate diluted FFO per Unit for the three months and years ended December 31, 2021 and December 31, 2020:

	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
FFO	\$ 52,033	\$ 31,935	\$ 176,616	\$ 119,646
Weighted average number of Units (in thousands)	246,456	171,670	216,832	169,550
<b>FFO per Unit – diluted</b>	<b>\$ 0.21</b>	<b>\$ 0.19</b>	<b>\$ 0.81</b>	<b>\$ 0.71</b>

### Net asset value (“NAV”) per Unit

NAV per Unit is a non-GAAP ratio calculated as total equity (including LP B Units) (a non-GAAP financial measure) divided by the total number of REIT Units and LP B Units. This non-GAAP ratio is a useful measure to investors as it reflects management’s view of the intrinsic value of the Trust and enables investors to determine if the Trust’s REIT Unit price is trading at a discount or premium relative to the NAV per Unit at each reporting period. However, NAV per Unit is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers. The calculation of NAV per Unit is included under the heading “Total equity”.

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

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

The following table summarizes the components used to determine this non-GAAP ratio as at December 31, 2021 and December 31, 2020:

	December 31, 2021	December 31, 2020
Net total debt <sup>(1)</sup>	\$ 1,848,117	\$ 1,022,142
Total assets (net of cash and cash equivalents) <sup>(1)</sup>	5,889,551	3,266,395
<b>Net total debt-to-total assets (net of cash and cash equivalents) ratio</b>	<b>31.4%</b>	<b>31.3%</b>

(1) Net total debt and assets (net of cash and cash equivalents) are non-GAAP financial measures; refer to the “Non-GAAP Financial Measures” section for detailed descriptions and calculations under the heading “Net total debt and total assets (net of cash and cash equivalents)”.

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

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

Net total debt-to-normalized adjusted EBITDAFV as shown below is calculated as net total debt (a non-GAAP financial measure) divided by normalized adjusted EBITDAFV – annualized (a non-GAAP financial measure). Normalized adjusted EBITDAFV – annualized is calculated as the quarterly adjusted EBITDAFV plus normalized NOI of properties acquired in the quarter less NOI of properties disposed of prior to the current quarter. Adjusted EBITDAFV (a non-GAAP financial measure) is defined below under the heading “Adjusted Earnings before interest, taxes, depreciation, amortization and fair value adjustments (“Adjusted EBITDAFV”)”.

The following table calculates the annualized net total debt-to-normalized adjusted EBITDAFV as at December 31, 2021 and December 31, 2020:

	December 31, 2021	December 31, 2020
Net total debt <sup>(1)</sup>	\$ 1,848,117	\$ 1,022,142
<b>Adjusted EBITDAFV<sup>(2)</sup> – quarterly</b>	<b>53,962</b>	40,020
Add (deduct):		
Normalized NOI of properties acquired in the quarter <sup>(3)</sup>	3,898	1,173
NOI of properties disposed in the quarter <sup>(4)</sup>	(355)	—
Net rental loss from properties sold in prior periods	—	2
<b>Normalized adjusted EBITDAFV – quarterly</b>	<b>57,505</b>	41,195
<b>Normalized adjusted EBITDAFV – annualized</b>	<b>\$ 230,020</b>	\$ 164,780
<b>Net total debt-to-normalized adjusted EBITDAFV (years)</b>	<b>8.0</b>	6.2

(1) Net total debt is a non-GAAP financial measure; refer to detailed descriptions and calculations under the heading “Net total debt and total assets (net of cash and cash equivalents)”.

(2) Adjusted EBITDAFV (a non-GAAP financial measure) for the three months ended December 31, 2021 and December 31, 2020 are reconciled to net income for the respective periods under the heading “Adjusted Earnings before interest, taxes, depreciation, amortization and fair value adjustments (“Adjusted 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 the portion of NOI generated by the two remaining U.S. investment properties during the quarter that will be earned by the U.S. Fund on a go forward basis as a result of the sale.

### Interest coverage ratio

Management believes that interest coverage ratio, a non-GAAP ratio, is a useful measure to investors in determining our ability to cover interest expense on debt and other financing costs based on our operating performance.

Interest coverage ratio as shown below is calculated as the trailing 12-month adjusted EBITDAFV (a non-GAAP financial measure) divided by the trailing 12-month interest expense on debt and other financing costs (a non-GAAP financial measure). 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.

The following table calculates the interest coverage ratio for the years ended December 31, 2021 and December 31, 2020:

	Year ended December 31,	
	2021	2020
Adjusted EBITDAFV <sup>(1)</sup>	\$ 196,754	\$ 152,347
Interest expense on debt and other financing costs	24,530	34,338
<b>Interest coverage ratio (times)</b>	<b>8.0</b>	4.4

(1) The calculations of adjusted EBITDAFV (non-GAAP financial measures) for the three months and years ended December 31, 2021 and December 31, 2020 are included under the heading “Earnings before interest, taxes, depreciation, amortization and fair value adjustments (“EBITDAFV”)”.

### Adjusted earnings before interest, taxes, depreciation, amortization and fair value adjustments (“Adjusted EBITDAFV”)

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

Adjusted EBITDAFV is reconciled to net income (the most directly comparable financial measure) in the table below for the three months and years ended December 31, 2021 and December 31, 2020:

	For the three months ended		For the year ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
<b>Net income for the period</b>	\$ 189,971	\$ 81,513	\$ 608,345	\$ 200,136
Add (deduct):				
Fair value adjustments to investment properties	(141,841)	(91,855)	(586,011)	(120,079)
Fair value adjustments to financial instruments	18,818	36,489	111,723	10,915
Share of net income from equity accounted investment	(26,239)	—	(39,270)	—
Interest expense on debt and other financing costs	3,679	8,501	24,530	34,338
Interest expense on subsidiary redeemable units	3,247	3,247	12,986	13,051
Other items included in investment properties revenue <sup>(1)</sup>	(660)	38	(2,372)	(522)
Distributions from equity accounted investment	967	—	1,931	—
Deferred and current income taxes expense, net	9,599	1,779	30,257	8,678
Net gain (loss) on transactions and other activities	(3,579)	308	3,066	1,506
Debt settlement costs	—	—	31,569	4,324
<b>Adjusted EBITDAFV for the period</b>	\$ 53,962	\$ 40,020	\$ 196,754	\$ 152,347

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

## SUPPLEMENTARY FINANCIAL MEASURES AND RATIOS AND OTHER DISCLOSURES

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

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

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

The table below summarizes the components used to determine unencumbered investment properties and unencumbered investment properties as a percentage of investment properties as at December 31, 2021 and December 31, 2020:

Amounts included in consolidated financial statements	December 31, 2021	December 31, 2020
Investment properties	\$ 5,696,607	\$ 3,241,601
Less: Pledged as collateral	(1,541,682)	(1,800,012)
<b>Unencumbered investment properties</b>	\$ 4,154,925	\$ 1,441,589
<b>Unencumbered investment properties as a percentage of investment properties</b>	<b>72.9%</b>	<b>44.5%</b>

### Secured debt and secured debt as a percentage of total assets

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

The table below summarizes the components used to determine secured debt as a percentage of total assets as at December 31, 2021 and December 31, 2020:

Amounts included in consolidated financial statements	December 31, 2021	December 31, 2020
Secured debt	\$ 561,681	\$ 820,964
Total assets	6,053,566	3,521,330
<b>Secured debt as a percentage of total assets</b>	<b>9.3%</b>	<b>23.3%</b>

### Unsecured debt

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

The table below summarizes the components used to determine unsecured debt as at December 31, 2021 and December 31, 2020:

Amounts included in consolidated financial statements	December 31, 2021	December 31, 2020
Unsecured revolving credit facility	\$ (464)	\$ (662)
Unsecured term loan	189,705	190,289
Unsecured debentures	1,294,074	248,339
Fair value of cross-currency interest rate swaps <sup>(1)</sup>	(32,514)	9,484
<b>Unsecured debt</b>	<b>\$ 1,450,801</b>	<b>\$ 447,450</b>

(1) Attributed to unsecured term loan and unsecured debentures.

### Weighted average number of Units

The basic weighted average number of Units (non-financial information) includes the weighted average of all REIT Units, LP B Units, and vested but unissued deferred trust units and income deferred trust units.

The diluted weighted average number of Units outstanding (non-financial information) used in the FFO per Unit (non-GAAP ratio) calculation includes the basic weighted average number of Units, unvested deferred trust units and associated income deferred trust units. As at December 31, 2021, there were 440,225 unvested deferred trust units and associated income deferred trust units (December 31, 2020 – 400,244).

The table below summarizes the basic and diluted weighted average number of Units for the three months and years ended December 31, 2021 and December 31, 2020:

Weighted average Units outstanding	Three months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Basic (in thousands)	246,016	171,249	216,412	169,156
Diluted (in thousands)	246,456	171,670	216,832	169,550

## SECTION V

### **DISCLOSURE CONTROLS AND OUR PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING**

For the year ended December 31, 2021, 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, 2021.

There were no changes in Dream Industrial REIT’s internal control over financial reporting during the financial year ended December 31, 2021 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](http://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 that we may not be able to pass on to our tenants. Numerous factors, including the age of the relevant building structure, the material and substances used at the time of construction, or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment or modernization. In the course of acquiring a property, undisclosed defects in design or construction or other risks might not have been recognized or correctly evaluated during the pre-acquisition due diligence process. These circumstances could lead to additional costs and could have an adverse effect on our proceeds from sales and rental income of the relevant properties.

#### Rollover of leases

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

#### Concentration of properties and tenants

Currently, our properties are located in Canada and Europe and, as a result, are impacted by economic and other factors specifically affecting the real estate markets in Canada 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 or 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.

#### Development

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

## Financing

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

A significant portion of our financing is debt. Accordingly, we are subject to the risks associated with debt financing, including the risk that our cash flows 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 euros and U.S. dollars; however, we pay distributions to unitholders in Canadian dollars. As a result, fluctuations in the euros and U.S. dollar against the Canadian dollar could have a material adverse effect on our financial results, which are denominated and reported in Canadian dollars, and on our ability to pay cash distributions to unitholders. The Trust's exposure to currency exchange risk could increase if the proportion of income from properties located in Europe or income through our equity accounted investment in the U.S. increases as a result of future property acquisitions or investments.

## Hedging instruments

The Trust uses 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 derive from our investments located in Canada, Europe and the U.S., which will subject us to legal and political risks specific to those countries, any of which could adversely impact our investments, cash flows, operating results or financial condition, our ability to make distributions on the REIT Units and our ability to implement our growth strategy. The taxable income portion of our distributions is affected by a variety of factors, including the amount of foreign accrual property income that we recognize annually, gains and losses, if any, from the disposition of properties and the results of our operations. These components will change each year and therefore, the taxable income allocated to our unitholders each year will also change accordingly.

## Competition

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

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

## Joint arrangements

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

- (i) the possibility that such third parties may at any time have economic or business interests or goals that will be inconsistent with ours, or take actions contrary to our instructions or requests or to our policies or objectives with respect to our real estate investments;
- (ii) the risk that such third parties could experience financial difficulties or seek the protection of bankruptcy, insolvency or other laws, which could result in additional financial demands on us to maintain and operate such properties or repay the third parties' share of property debt guaranteed by us or for which we will be liable, and/or result in our suffering or incurring delays, expenses and other problems associated with obtaining court approval of the joint arrangement;
- (iii) the risk that such third parties may, through their activities on behalf of or in the name of the joint arrangements, expose or subject us to liability; and
- (iv) the need to obtain third parties' consents with respect to certain major decisions, including the decision to distribute cash generated from such properties or to refinance or sell a property. In addition, the sale or transfer of interests in certain of the joint arrangements may be subject to rights of first refusal or first offer, and certain of the joint venture and partnership agreements may provide for buy-sell or similar arrangements. Such rights may be triggered at a time when we may not desire to sell but may be forced to do so because we do not have the cash to purchase the other party's interests. Such rights may also inhibit our ability to sell an interest in a property or a joint arrangement within the time frame or otherwise on the basis we desire.

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

## Environmental and climate change-related risk

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

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

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

## Insurance

We carry general liability, umbrella liability and excess liability insurance with limits that are typically obtained for similar real estate portfolios in Canada and Europe and are otherwise acceptable to our trustees. For the property risks, we carry "All Risks" property insurance including, but not limited to, flood, earthquake and loss of rental income insurance (with at least a 24-month indemnity period). We also carry boiler and machinery insurance covering all boilers; pressure vessels; heating, cooling and air conditioning ("HVAC") systems; and equipment breakdown. However, certain types of risks (generally of a catastrophic nature such as from war or nuclear accident) are uninsurable under any insurance policy. Furthermore, there are other risks that are not economically viable to insure 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, European, U.S. 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, the corresponding government response and the response of the private sector have materially affected the Trust and may materially affect the Trust in the future. The duration and full scope of the economic impact of the COVID-19 pandemic 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.

COVID-19 has slowed down global economies, increased volatility in financial markets, and resulted in volatility 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.

## SECTION VII

### CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

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

Judgment is also applied in determining whether certain costs are additions to the carrying amount of the investment property.

### Business combinations

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

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

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

### Impairment

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

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

IFRS 9 requires management to use judgment in determining if the Trust’s financial assets are impaired. In making this judgment, the Trust evaluates, among other factors, the credit risk of the counterparty and whether there are indicators that credit risk on a financial instrument has changed significantly since initial recognition or the 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.

### Elevated estimation uncertainty as a result of the ongoing COVID-19 pandemic

On March 11, 2020, the World Health Organization declared 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 on the Trust of the ongoing COVID-19 pandemic and the responses of governments and the private sector to it. Portions of our financial results incorporate estimates from management that are subject to increased uncertainty due to the market disruptions caused by the ongoing 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 future periods.

## **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, 2021. These changes were made in accordance with the applicable transitional provisions as described below.

### **Interest rate benchmark reform (“IBOR reform”)**

The Trust has adopted amendments to IFRS 9, IAS 39, “Financial Instruments: Recognition and Measurement”, IFRS 7, “Financial Instruments: Disclosures” and IFRS 16, “Interest Rate Benchmark Reform – Phase 2” as issued in August 2020. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships and financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

The ‘Phase 2’ amendments address issues arising during interest rate benchmark reform, including specifying when the ‘Phase 1’ amendments will cease to apply, when hedge designations and documentation should be updated, and when hedges of the alternative benchmark rate as the hedged risk are permitted. When the ‘Phase 1’ amendments cease to apply, the Trust will amend its hedge designation to reflect changes which are required by the IBOR reform.

The consolidated financial statements provide information about the uncertainty arising from the IBOR reform for the hedging relationship for which the Trust has applied the reliefs.

### **New standards and interpretations**

#### **IAS 1, “Presentation of Financial Statements”**

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.

## **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](http://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 independent auditor to satisfy itself that management is properly discharging its financial responsibilities and to review its consolidated financial statements and the report of the independent auditor. The Audit Committee reports its findings to the Board of Trustees, which approves the consolidated financial statements.

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

*"Brian Pauls"*

**Brian Pauls**

Chief Executive Officer

Toronto, Ontario, February 15, 2022

*"Lenis Quan"*

**Lenis Quan**

Chief Financial Officer



## 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, 2021 and 2020, 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, 2021 and 2020;
- 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, 2021. 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

### Valuation of income-producing properties included in 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, 2021, these assets were valued at \$5.7 billion, which included \$5.6 billion of income-producing properties. The fair values of the income-producing properties are reviewed by management with reference to independent property appraisals, if obtained, and market conditions existing at the reporting date, using generally accepted market practices. Valuations for the income-producing properties are prepared by applying the income approach. The income approach is derived from two methods: the capitalization rate (“cap rate”) method and the discounted cash flow method. For the cap rate method, the critical and key assumptions included cap rates and stabilized net operating income (“NOI”). For the discounted cash flow method, the critical and key assumptions included discount and terminal 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 income-producing properties; (ii) 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.

## How our audit addressed the key audit matter

Our approach to addressing the matter included the following procedures, among others:

- For a sample of income-producing properties, tested how management determined the fair value, which included the following:
  - Evaluated the appropriateness of the valuation methods used (the cap rate method and the discounted cash flow method).
  - Tested the underlying data used in the valuations that are significant to the fair value of income-producing properties.
  - Evaluated the reasonableness of stabilized NOI used in the cap rate method by benchmarking it to the underlying accounting records and/or market information as applicable.
  - Evaluated the reasonableness of critical and key assumptions, such as discount rates, terminal rates, market rents, cap rates, leasing costs and vacancy rates by comparing to external market and industry data, where available. Professionals with specialized skill and knowledge in the field of real estate valuations further assisted us in evaluating the reasonableness of a sample of these 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 15, 2022

# Consolidated balance sheets

(in thousands of Canadian dollars)

	Note	December 31, 2021	December 31, 2020
<b>Assets</b>			
NON-CURRENT ASSETS			
Investment properties	4, 5	\$ 5,696,607	\$ 3,241,601
Equity accounted investment	6	139,355	9,034
Derivatives and other non-current assets	7	40,865	673
		<b>5,876,827</b>	<b>3,251,308</b>
CURRENT ASSETS			
Amounts receivable	8	7,857	10,044
Prepaid expenses and other assets		4,867	5,043
Cash and cash equivalents		164,015	254,935
		<b>176,739</b>	<b>270,022</b>
<b>Total assets</b>		<b>\$ 6,053,566</b>	<b>\$ 3,521,330</b>
<b>Liabilities</b>			
NON-CURRENT LIABILITIES			
Non-current debt	9	\$ 2,006,647	\$ 1,128,773
Subsidiary redeemable units	11	319,463	243,957
Deferred Unit Incentive Plan ("DUIP")	12	17,747	12,313
Deferred income tax liabilities, net	13	29,359	17,572
Derivatives and other non-current liabilities	14	46,082	32,407
		<b>2,419,298</b>	<b>1,435,022</b>
CURRENT LIABILITIES			
Current debt	9	38,349	130,157
Amounts payable and accrued liabilities	15	95,742	51,275
Current income tax liabilities		754	—
		<b>134,845</b>	<b>181,432</b>
<b>Total liabilities</b>		<b>2,554,143</b>	<b>1,616,454</b>
<b>Equity</b>			
Unitholders' equity	16	2,756,156	1,605,724
Retained earnings	16	746,848	281,531
Accumulated other comprehensive income (loss)	18	(3,581)	17,621
<b>Total equity</b>		<b>3,499,423</b>	<b>1,904,876</b>
<b>Total liabilities and equity</b>		<b>\$ 6,053,566</b>	<b>\$ 3,521,330</b>

See accompanying notes to the consolidated financial statements.

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

*"Vincenza Sera"*

*"Sheldon Wiseman"*

Vincenza Sera  
Trustee

Sheldon Wiseman  
Trustee

# Consolidated statements of comprehensive income

(in thousands of Canadian dollars)

	Note	Year ended December 31,	
		2021	2020
Investment properties revenue	19	\$ 289,815	\$ 235,946
Investment properties operating expenses		(71,916)	(67,063)
<b>Net rental income</b>		<b>217,899</b>	<b>168,883</b>
<b>Other income</b>			
Share of net income from equity accounted investment	6	39,270	—
Interest, fee income and other		2,103	891
		<b>41,373</b>	<b>891</b>
<b>Other expenses</b>			
General and administrative	20	(22,807)	(16,888)
Interest:			
Debt and other financing costs	21	(24,530)	(34,338)
Subsidiary redeemable units	21, 26	(12,986)	(13,051)
Debt settlement costs	9	(31,569)	(4,324)
		<b>(91,892)</b>	<b>(68,601)</b>
<b>Fair value adjustments and net loss on transactions and other activities</b>			
Fair value adjustments to investment properties	4	586,011	120,079
Fair value adjustments to financial instruments	22	(111,723)	(10,915)
Net loss on transactions and other activities	23	(3,066)	(1,504)
		<b>471,222</b>	<b>107,660</b>
<b>Income before income taxes and discontinued operations</b>		<b>638,602</b>	<b>208,833</b>
Current and deferred income tax expense, net	13	(30,257)	(8,678)
<b>Income from continuing operations, net of taxes</b>		<b>608,345</b>	<b>200,155</b>
<b>Loss from discontinued operations, net of taxes</b>		<b>—</b>	<b>(19)</b>
<b>Net income</b>		<b>\$ 608,345</b>	<b>\$ 200,136</b>
<b>Other comprehensive income (loss)</b>			
Items that will be reclassified subsequently to net income:			
Unrealized gain (loss) on foreign currency translation of foreign operations, net of taxes	18	\$ (65,397)	\$ 22,344
Unrealized gain (loss) on hedging instruments, net of taxes	18	42,808	(4,054)
Share of other comprehensive income (loss) from equity accounted investment	18	1,387	(234)
		<b>(21,202)</b>	<b>18,056</b>
<b>Comprehensive income</b>		<b>\$ 587,143</b>	<b>\$ 218,192</b>

See accompanying notes to the consolidated financial statements.

## Consolidated statements of changes in equity

(all dollar amounts in thousands of Canadian dollars)

Year ended December 31, 2021	Note	Number of REIT Units	Unitholders' equity	Attributable to unitholders of the Trust		Total equity
				Retained earnings	Accumulated other comprehensive income (loss)	
<b>Balance at January 1, 2021</b>		<b>152,678,861</b>	<b>\$ 1,605,724</b>	<b>\$ 281,531</b>	<b>\$ 17,621</b>	<b>\$ 1,904,876</b>
Net income		—	—	608,345	—	608,345
Distributions paid and payable	17	—	—	(143,028)	—	(143,028)
Public offerings of REIT Units	10, 16	78,797,800	1,153,940	—	—	1,153,940
Distribution Reinvestment Plan ("DRIP")	16	2,182,037	33,454	—	—	33,454
REIT Units issued for vested deferred trust units and Unit Purchase Plan	12, 16	206,147	3,075	—	—	3,075
Issue costs and other		—	(40,037)	—	—	(40,037)
Other comprehensive loss	18	—	—	—	(21,202)	(21,202)
<b>Balance at December 31, 2021</b>		<b>233,864,845</b>	<b>\$ 2,756,156</b>	<b>\$ 746,848</b>	<b>\$ (3,581)</b>	<b>\$ 3,499,423</b>

Year ended December 31, 2020	Note	Number of REIT Units	Unitholders' equity	Attributable to unitholders of the Trust		Total equity
				Retained earnings	Accumulated other comprehensive income (loss)	
<b>Balance at January 1, 2020</b>		<b>134,801,881</b>	<b>\$ 1,372,564</b>	<b>\$ 187,443</b>	<b>\$ (435)</b>	<b>\$ 1,559,572</b>
Net income		—	—	200,136	—	200,136
Distributions paid and payable	17	—	—	(106,048)	—	(106,048)
Public offerings of REIT Units	16	16,859,000	230,125	—	—	230,125
Distribution Reinvestment Plan <sup>(1)</sup>	16	931,334	11,881	—	—	11,881
REIT Units issued for vested deferred trust units and Unit Purchase Plan	12, 16	86,646	1,056	—	—	1,056
Issue costs and other		—	(9,902)	—	—	(9,902)
Other comprehensive income	18	—	—	—	18,056	18,056
<b>Balance at December 31, 2020</b>		<b>152,678,861</b>	<b>\$ 1,605,724</b>	<b>\$ 281,531</b>	<b>\$ 17,621</b>	<b>\$ 1,904,876</b>

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

See accompanying notes to the consolidated financial statements.

# Consolidated statements of cash flows

(in thousands of Canadian dollars)

		Year ended December 31,	
	Note	2021	2020
<b>Generated from (utilized in) operating activities</b>			
Net income		\$ 608,345	\$ 200,136
Non-cash items:			
Share of net income from equity accounted investment	6	(39,270)	—
Fair value adjustments to investment properties	4	(586,011)	(120,079)
Net loss and unrealized fair value adjustments to financial instruments	22	111,723	6,928
Depreciation and amortization		1,780	1,664
Other adjustments	24	25,183	20,666
Change in non-cash working capital	24	12,753	(1,339)
Investment in lease incentives and initial direct leasing costs		(16,501)	(11,557)
Interest expense on debt and other financing costs	21	24,530	34,338
Debt settlement costs		31,569	4,324
		<b>174,101</b>	<b>135,081</b>
<b>Generated from (utilized in) investing activities</b>			
Investment in building improvements		(45,964)	(6,743)
Investment in property and equipment		—	(387)
Acquisitions, deposits and transaction costs of investment properties (net of cash acquired)		(1,986,202)	(635,957)
Dispositions of investment properties (net of assumed mortgages and transaction costs)		281,983	—
Distributions from equity accounted investment		964	—
Contributions to equity accounted investment		(15,277)	(1,221)
		<b>(1,764,496)</b>	<b>(644,308)</b>
<b>Generated from (utilized in) financing activities</b>			
Borrowings	9	1,049,800	537,505
Lump sum repayments	9	(433,651)	(270,854)
Principal repayments	9	(16,573)	(22,733)
Financing costs additions	9	(5,400)	(3,402)
Interest and other financing costs paid on debt	21	(26,756)	(32,847)
Interest paid on subsidiary redeemable units	21	(12,986)	(9,739)
Debt settlement costs paid		(23,249)	(3,883)
Distributions paid on REIT Units	17	(104,839)	(96,482)
Cash proceeds on issuance of REIT Units	10, 16	1,116,789	230,129
Issue costs paid on REIT Units		(39,726)	(10,393)
Other adjustments to financing activities		(114)	(145)
		<b>1,503,295</b>	<b>317,156</b>
<b>Decrease in cash and cash equivalents</b>		<b>(87,100)</b>	<b>(192,071)</b>
<b>Foreign exchange gain (loss) on cash held in foreign currency</b>		<b>(3,820)</b>	<b>5,469</b>
<b>Cash and cash equivalents, beginning of year</b>		<b>254,935</b>	<b>441,537</b>
<b>Cash and cash equivalents, end of year</b>		<b>\$ 164,015</b>	<b>\$ 254,935</b>

See accompanying notes to the consolidated financial statements.

# Notes to the consolidated financial statements

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

## Note 1

### ORGANIZATION

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

The principal office and centre of administration of the Trust is at 30 Adelaide Street East, Suite 301, Toronto, Ontario, M5C 3H1. The Trust is listed on the Toronto Stock Exchange (“TSX”) under the symbol “DIR.UN”. Dream Industrial REIT’s consolidated financial statements for the year ended December 31, 2021 were authorized for issuance by the Board of Trustees on February 15, 2022, 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 as issued by the International Accounting Standards Board (“IFRS”).

#### Basis of consolidation

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

#### Equity accounted investments

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

The financial results of the Trust’s equity accounted investments are included in the Trust’s consolidated financial statements using the equity method, whereby the investment is carried on the consolidated balance sheets at cost, adjusted for the Trust’s proportionate share of post-acquisition profits and losses, and for post-acquisition changes in excess of the Trust’s carrying amount of its investment over the net assets of the equity accounted investments, less any identified impairment loss. The Trust’s share of profits and losses is recognized in the share of income from equity accounted investments in the consolidated statements of comprehensive income. 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 co-ownership arrangements in which the parties have rights to the assets, and obligations for the liabilities, of the joint arrangement. Joint arrangements that involve the establishment of a separate entity or partnership in which each party to the venture has rights to the net assets of the arrangements are referred to as joint ventures.

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

### Investment properties

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

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

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

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

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

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

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

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

### **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 are carried at amortized cost until disposal.

### **Other non-current assets**

Other non-current assets include financial assets, restricted cash, and property and equipment. Financial assets are recorded at fair value through profit and loss/fair value through other comprehensive income. Restricted cash is recorded at cost. Property and equipment are recorded 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.

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
<b>Financial assets</b>	
Amounts receivable	Financial asset at amortized cost
Deposits on acquisitions of investment properties <sup>(1)</sup>	Financial asset at amortized cost
Cash and cash equivalents	Financial asset at amortized cost
<b>Financial liabilities</b>	
Mortgages <sup>(2)</sup>	Financial liability at amortized cost
Unsecured revolving credit facility <sup>(2)</sup>	Financial liability at amortized cost
Unsecured term loan <sup>(2)</sup>	Financial liability at amortized cost
Unsecured debentures <sup>(2)</sup>	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 <sup>(3)</sup>	Financial liability at amortized cost
Finance leases <sup>(3)</sup>	Financial liability at amortized cost
Amounts payable and accrued liabilities	Financial liability at amortized cost
<b>Financial assets/financial liabilities</b>	
Derivative Instruments – not designated as hedges <sup>(4)</sup>	Fair value through profit and loss
Derivative Instruments – designated as hedges <sup>(4)</sup>	Fair value through other comprehensive income

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

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

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

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

## Financial assets

### Classification

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

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

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

### Measurement

At initial recognition, the Trust initially measures a financial asset at its fair value, in some cases, less any related transaction costs. Subsequent measurement depends on the Trust's business model for managing the financial assets and the contractual terms of the cash flows. There are three measurement categories 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 at amortized cost; and
- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss).

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

#### *Measurement*

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

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

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

#### *Derecognition*

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

### *Hedge accounting*

Hedge accounting is applied to financial instruments such as cross-currency interest rate swaps ("CCIRS") to hedge foreign currency risk and interest rate risk. The purpose of hedge accounting is to align the 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 profit or loss. Amounts recorded in accumulated other comprehensive income are recognized in profit or loss when the hedged cash flows affect profit or loss.

The Trust uses CCIRS to hedge its exposure to foreign currency risk and interest rate risk on cash flows associated with the unsecured term 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 profit or loss. Amounts recorded in accumulated other comprehensive income are recognized in profit or loss when there is a disposition or partial disposition of the foreign subsidiary.

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

### **Equity**

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

- REIT Units entitle the holder to a pro rata share of the Trust's net assets in the event of its liquidation. Net assets are those assets that remain after deducting all other claims on the assets;
- REIT Units are the class of instruments that are subordinate to all other classes of instruments as they have no priority over other claims to the assets of the Trust on liquidation, and do not need to be converted into another instrument before they are in the class of instruments that is subordinate to all other classes of instruments;
- All instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- Apart from the contractual obligation for the Trust to redeem the REIT Units for cash or another financial asset, the REIT Units do not include any contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Trust, and 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 12, the Trust has a 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 of operating expenses based on actual costs incurred in accordance with the terms of the related leases. Actual operating costs reflect the services provided. The Trust recognizes recoveries revenue for capital expenditures over the asset's expected useful life in accordance with the terms of the related leases. The amount of recoveries revenue is determined by the actual costs incurred, taking into consideration any restrictions included in related lease agreements. If the services rendered exceed the monthly charges billed, a receivable is recognized; if the monthly charges billed exceed the services rendered, a payable is recognized. These current assets or liabilities are settled with tenants annually.

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

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

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

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

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

#### *Estimation of transaction prices*

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

### Scoping of revenues

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

### 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.

### Income taxes

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

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

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

### Provisions

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

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

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

### Impairment

The Trust assesses the possibility and amount of any impairment loss or write-down as it relates to 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 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 items are translated using the exchange rates at the consolidated balance sheet dates. Gains and losses on translation of monetary items are recognized in comprehensive income as other income, except for those intercompany loans to/from a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future.

### Critical accounting judgments, estimates and assumptions

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



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

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

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

Judgment is also applied in determining whether certain costs are additions to the carrying amount of the investment property.

### Business combinations

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

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

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

### Impairment

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

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

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

### **Elevated estimation uncertainty as a result of the ongoing COVID-19 pandemic**

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 on the Trust of the ongoing COVID-19 pandemic and the governments' responses to it. Portions of our financial results incorporate estimates from management that are subject to increased uncertainty due to the market disruptions caused by the ongoing COVID-19 pandemic. One 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 future periods.

### **Note 3**

#### **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, 2021. These changes were made in accordance with the applicable transitional provisions as described below.

#### **Changes in accounting policies**

##### **Interest rate benchmark reform ("IBOR reform")**

The Trust has adopted amendments to IFRS 9, IAS 39, "Financial Instruments: Recognition and Measurement", IFRS 7, "Financial Instruments: Disclosures", and IFRS 16, "Interest Rate Benchmark Reform" – Phase 2 as issued in August 2020. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships and financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

The 'Phase 2' amendments address issues arising during interest rate benchmark reform, including specifying when the 'Phase 1' amendments will cease to apply, when hedge designations and documentation should be updated, and when hedges of the alternative benchmark rate as the hedged risk are permitted. When the 'Phase 1' amendments cease to apply, the Trust will amend its hedge designation to reflect changes which are required by the IBOR reform.

Note 29 provides information about the uncertainty arising from the IBOR reform for the hedging relationship for which the Trust has applied the reliefs.

#### **New standards and interpretations**

##### **IAS 1, "Presentation of Financial Statements"**

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, 2021			Year ended December 31, 2020
		Income- producing properties	Properties held for development	Investment properties	Investment properties
<b>Balance at beginning of year</b>		\$ 3,241,601	\$ —	\$ 3,241,601	\$ 2,428,664
Additions (deductions):					
Acquisitions of investment properties and land	5	2,452,678	76,538	2,529,216	663,671
Building improvements		46,494	—	46,494	7,010
Lease incentives and initial direct leasing costs		15,953	—	15,953	11,525
Capitalized interest and other pre-development costs		—	1,103	1,103	—
Investment properties reclassified to assets held for sale and disposed		(640,032)	—	(640,032)	—
Fair value adjustments to investment properties		585,223	—	585,223	120,079
Change in straight-line rent		2,666	—	2,666	1,674
Amortization of lease incentives		(1,796)	—	(1,796)	(1,645)
Foreign currency translation adjustment		(83,821)	—	(83,821)	10,623
<b>Balance at end of year</b>		\$ 5,618,966	\$ 77,641	\$ 5,696,607	\$ 3,241,601
<b>Change in unrealized income included in net income</b>					
Change in fair value of investment properties		\$ 585,223	\$ —	\$ 585,223	\$ 120,079

Investment properties includes \$11,731 (December 31, 2020 – \$12,030) related to straight-line rent receivables.

**Valuations of externally appraised investment properties**

For the year ended December 31, 2021, there were 68 investment properties valued by qualified external valuation professionals representing 27.7% of total investment property values, excluding acquired properties (for the year ended December 31, 2020 – 60 investment properties externally appraised representing 27.6% of total investment property values, excluding acquired properties).

**Fair value adjustments to investment properties**

When performing fair value assessments for its investment properties, the Trust incorporates a number of factors, including recent market transactions, recent leasing activity, market vacancy, leasing costs and other information obtained from market research and recently completed leases and acquisitions. The fair value of the investment properties as at December 31, 2021 and December 31, 2020 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, 2021 and December 31, 2020, the Trust's income-producing investment properties were valued using the cap rate and discounted cash flow methods, except for investment properties acquired during the respective quarters as applicable. As at December 31, 2021, properties held for development were valued at the acquisition price plus capitalized interest and pre-development costs incurred to date, which approximated fair value given proximity of the purchase to the quarter-end date. The significant and unobservable Level 3 valuation metrics used in the methods as at December 31, 2021 and December 31, 2020 are set out in the table below:

	December 31, 2021 <sup>(1)</sup>		December 31, 2020 <sup>(1)</sup>	
	Range (%)	Weighted average (%) <sup>(2)</sup>	Range (%)	Weighted average (%) <sup>(2)</sup>
<b>Cap rate method</b>				
Stabilized cap rate	3.25–9.00	5.02	4.50–9.00	5.75
<b>Discounted cash flow method</b>				
Discount rate	4.00–8.50	5.82	5.50–8.50	6.55
Terminal cap rate	3.25–8.75	5.17	4.75–9.00	6.03

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

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

## Sensitivities on assumptions

The following sensitivity tables outline the potential impact on the fair value of investment properties, excluding properties held for development, ground leases and the investment properties acquired during the current quarter, assuming a change in the weighted average stabilized cap rates, discount rates and terminal rates by a respective 25 basis points (“bps”) as at December 31, 2021:

Cap rate method	Impact to change in weighted average stabilized cap rates	
	+25 bps	–25 bps
Increase (decrease) in value	\$ (242,727)	\$ 268,169

Discounted cash flow method	Impact to change in weighted average discount rates		Impact to change in weighted average terminal cap rates	
	+25 bps	–25 bps	+25 bps	–25 bps
Increase (decrease) in value	\$ (103,378)	\$ 105,937	\$ (166,352)	\$ 184,301

## Note 5

### INVESTMENT PROPERTY ACQUISITIONS AND DISPOSITIONS

#### Acquisitions

During the year ended December 31, 2021, the Trust completed \$2,420,481 of investment property acquisitions (excludes transaction costs and assumed ground lease liabilities). In particular, on June 24, 2021, the Trust completed the acquisition of shares of a corporation that owns a portfolio of 31 institutional-quality logistics properties across Europe (the “Acquisition” or the “Pan-European logistics portfolio”). The purchase price for the Acquisition was \$839,422, excluding transaction costs of \$42,221, and was satisfied by the Trust's cash on hand. During Q3 2021, the Trust and seller finalized the working capital amounts of the Acquisition resulting in a post-closing adjustment that reduced the purchase price by \$1,557. In accordance with IFRS 3, “Business Combinations”, although the Acquisition involved the acquisition of shares of a corporation that owned the Pan-European logistics portfolio, the Trust has determined that the acquired set of activities of the Acquisition did not meet the definition of a business and, accordingly, the Acquisition was considered an asset acquisition for accounting purposes.

Detailed below are the investment property acquisitions completed for the year ended December 31, 2021:

	Fair value of investment properties <sup>(1)</sup>	Date acquired
401 Marie-Curie Boulevard, Montréal, Québec	\$ 114,150	January 29, 2021
116 Derchinger Straße, Augsburg, Germany <sup>(2)</sup>	8,440	February 1, 2021
2000 Gateway Boulevard, Cincinnati, OH <sup>(2)</sup>	15,467	February 12, 2021
13 Eiselaer Weg, Ulm, Germany <sup>(2)</sup>	8,613	March 1, 2021
279 Humberline Drive, Etobicoke, Ontario	17,500	March 1, 2021
3055 rue Anderson, Montréal, Québec	61,750	March 11, 2021
1059 Boulevard des Entreprises, Montréal, Québec	7,100	March 23, 2021
1300–1410 55th Ave, Montréal, Québec	10,675	March 24, 2021
1–3 Hecto, Zevenaar, Netherlands <sup>(2)</sup>	30,665	March 30, 2021
4 Eiffelstraße, Herbrechtingen, Germany <sup>(2)</sup>	7,391	April 1, 2021
1680 Vimont Court, Ottawa, Ontario	26,100	April 23, 2021
295 Pinebush Road, Cambridge, Ontario	7,980	April 23, 2021
Brampton East Lands, Brampton, Ontario <sup>(3)</sup>	35,000	April 30, 2021
10 Carl-Zeiss-Strasse, Langenau, Germany <sup>(2)</sup>	12,649	May 6, 2021
3678 North CR 700 West, Indianapolis, IN <sup>(2)</sup>	30,969	June 1, 2021
Abbotside Way (land), Caledon, Ontario <sup>(3)</sup>	13,437	June 2, 2021
60 Steckle Place, Kitchener, Ontario	12,000	June 15, 2021
Pan-European logistics portfolio <sup>(2)(4)(5)</sup>	1,298,469	June 24, 2021
Hurksestraat Cluster, Eindhoven, Netherlands <sup>(2)</sup>	43,580	July 1, 2021
180 Sheldon Drive, Cambridge, Ontario	11,350	July 8, 2021
3100 Boulevard des Batisseurs, Montréal, Québec	35,000	July 26, 2021
Carl-Benz-Straße 7–9, Monsheim, Germany <sup>(2)</sup>	10,056	August 1, 2021
5977 Trans-Canada Highway, Montréal, Québec	26,400	August 20, 2021
Doornhoek 4040, Veghel, Netherlands <sup>(2)</sup>	20,932	September 6, 2021
Koopvaardijweg 3, 3A & 5, Oosterhout, Netherlands <sup>(2)</sup>	55,094	September 22, 2021
165 Harwood Avenue N, Ajax, Ontario	18,000	October 29, 2021
Sälzerweg 5, Soest, Germany <sup>(2)</sup>	29,135	November 19, 2021
1725 McPherson Court, Pickering, Ontario	35,100	November 29, 2021
Laan van Ypenburg 60, 64, 108, 114, The Hague, Netherlands <sup>(2)</sup>	128,647	December 8, 2021
Greater Golden Horseshoe portfolio, Ontario <sup>(6)</sup>	160,100	December 15, 2021
1185 North Service Road East, Oakville, Ontario	17,000	December 17, 2021
Maple Grove Road (land), Cambridge, Ontario <sup>(3)</sup>	26,000	December 22, 2021
Lise-Meitner-Str. 5, Bremen-Stuhr, Germany <sup>(2)</sup>	18,490	December 24, 2021
Robert-Koch-Strasse 8, Winsen, Germany <sup>(2)</sup>	67,242	December 31, 2021
<b>Total</b>	<b>\$ 2,420,481</b>	

(1) Fair value of investment properties is as at the respective acquisition dates. Excludes transaction costs of \$98,593 and assumed ground lease liabilities of \$10,142.

(2) Acquisitions in the U.S. and Europe were settled in U.S. dollars and euros, respectively, and translated into Canadian dollars as at the respective transaction dates.

(3) Brampton East Lands, Abbotside Way (land) and Maple Grove Road (land) are parcels of land totalling 30 acres, 7.9 acres and 28 acres, respectively.

(4) The Pan-European logistics portfolio comprises 31 institutional quality, logistics properties in the Netherlands, France, Germany, Spain, the Czech Republic and Slovakia.

(5) \$1,298,469 represents the fair value of the Pan-European logistics portfolio. The purchase price for the Acquisition was \$837,865 (net of post-closing working capital adjustments of \$1,557).

(6) The Greater Golden Horseshoe portfolio comprises 11 properties across Ontario.

For the year ended December 31, 2020, the Trust acquired 62 investment properties for gross proceeds net of adjustments and before transaction costs totalling \$623,000.

Detailed below are the considerations paid for the acquired investment properties for the years ended December 31, 2021 and December 31, 2020:

	Note	Year ended December 31, 2021	Year ended December 31, 2020
Cash paid (net of cash acquired) <sup>(1)</sup>		\$ 1,885,453	\$ 597,030
Deposits paid in prior period and released to seller on closing		19,925	2,700
Assumed non-cash working capital and capital expenditure obligations		37,788	8,641
Assumed mortgages <sup>(2)</sup>	9	477,315	14,629
Transaction costs and land transfer taxes		98,593	38,378
Assumed ground lease liabilities <sup>(3)</sup>		10,142	2,293
<b>Total cost of acquisitions</b>		<b>\$ 2,529,216</b>	<b>\$ 663,671</b>

(1) For the year ended December 31, 2021, this is net of cash acquired of \$39,609.

(2) Excludes fair value adjustments on mortgages assumed of \$7,035, which are included in transaction costs.

(3) Related to the Pan-European logistics portfolio acquired on June 24, 2021.

## Dispositions

Detailed below are the investment property dispositions completed for the year ended December 31, 2021:

	Fair value of investment properties <sup>(1)</sup>	Date disposed
U.S. portfolio (1st tranche) <sup>(2)(3)(4)</sup>	\$ 590,652	July 1, 2021
120 Pond Street, Brooks, Alberta	1,400	November 2, 2021
U.S. portfolio (2nd tranche) <sup>(2)(3)(5)</sup>	49,133	December 10, 2021
<b>Total</b>	<b>\$ 641,185</b>	

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

(2) Dispositions in the U.S. were settled in U.S. dollars and translated into Canadian dollars as at the respective transaction dates.

(3) Control of these investment properties were transferred to the U.S. Fund, a related party of the Trust (see Note 26).

(4) U.S. portfolio (1st tranche) comprises 18 investment properties.

(5) U.S. portfolio (2nd tranche) comprises two investment properties.

For the year ended December 31, 2020, the Trust had no dispositions.

## Note 6

### EQUITY ACCOUNTED INVESTMENTS

On July 1, 2021, the Trust effectively transferred control of 18 investment properties in the U.S. and transferred the associated mortgages to a private open-ended U.S. industrial fund (the "U.S. Fund"), for cash consideration and receipt of shares of a subsidiary of the U.S. Fund (see Note 26).

On December 10, 2021, the Trust sold its 80% interest in a development project and its remaining two investment properties in the U.S. to the U.S. Fund, for cash consideration and receipt of shares of a subsidiary of the U.S. Fund (see Note 26).

As part of the July transaction, the Trust earned a fee of \$1,697 for administering the properties on behalf of the U.S. Fund until the legal title was transferred on July 30, 2021. The Trust has included this fee in interest, fee income and other in the consolidated statements of comprehensive income. The Trust also earned fees totalling \$1,267 for providing property management and accounting, construction management and leasing services to the U.S. Fund at market rates since inception of the fund (see Note 26).

In accordance with IAS 28, "Investments in Associates and Joint Ventures", the Trust has determined that it exerts significant influence over the U.S. Fund and, accordingly, has applied the equity method of accounting on its investment in the U.S. Fund effective July 1, 2021.

## Equity accounted investment continuity of the U.S. Fund

	Year ended December 31, 2021	
Capital contributions	\$	100,681
Distributions earned		(1,931)
Share of net income		39,270
Foreign currency translation adjustments		1,335
<b>Balance, end of year</b>	<b>\$</b>	<b>139,355</b>
Ownership as a percentage of total shares outstanding of the U.S. Fund, end of year		19.3%

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

	As at December 31, 2021	
		At % ownership interest
Non-current assets	\$	128,929
Current assets		21,209
<b>Total assets</b>		<b>150,138</b>
Current liabilities		10,783
<b>Total liabilities</b>		<b>10,783</b>
<b>Investment in U.S. Fund</b>	<b>\$</b>	<b>139,355</b>
Ownership as a percentage of total shares outstanding of the U.S. Fund, end of year		19.3%

	Year ended December 31, 2021	
		At % ownership interest
Net income from subsidiaries of U.S. Fund	\$	39,869
Other expenses		(599)
<b>Share of net income from U.S. Fund</b>		<b>39,270</b>
Add (deduct): Foreign currency translation adjustments		1,335
<b>Share of comprehensive income from U.S. Fund</b>	<b>\$</b>	<b>40,605</b>
Average ownership as a percentage of total shares outstanding of the U.S. Fund, for the year		23.8%

## Equity accounted investment of development project in the U.S.

On December 10, 2021, the Trust sold its 80% interest in a U.S. development project to the U.S. Fund (see Note 26). During the year ended December 31, 2021, the Trust contributed \$15,277 to the U.S. development project and recorded foreign exchange translation and derecognition adjustments totalling \$1,031. As at December 31, 2020, the carrying value of the Trust's 80% interest in a U.S. development project was \$9,034.

### Note 7

#### DERIVATIVES AND OTHER NON-CURRENT ASSETS

	Note	December 31, 2021	December 31, 2020
Property and equipment and other		\$ 1,417	\$ 673
Fair value of interest rate swaps	30, 31	509	—
Fair value of CCIRS	30, 31	38,939	—
<b>Total</b>		<b>\$ 40,865</b>	<b>\$ 673</b>

## Note 8

### AMOUNTS RECEIVABLE

	December 31, 2021	December 31, 2020
Trade receivables	\$ 2,494	\$ 5,095
Less: Provision for impairment of trade receivables	(842)	(1,177)
Trade receivables, net	1,652	3,918
Other amounts receivable	6,205	6,126
<b>Amounts receivable</b>	<b>\$ 7,857</b>	<b>\$ 10,044</b>

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

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

	December 31, 2021
2022	\$ 244,000
2023	215,905
2024	184,903
2025	157,099
2026	121,048
2027+	339,831
<b>Total</b>	<b>\$ 1,262,786</b>

## Note 9

### DEBT

	December 31, 2021	December 31, 2020
Mortgages <sup>(1)</sup>	\$ 561,681	\$ 820,964
Unsecured revolving credit facility <sup>(1)</sup>	(464)	(662)
Unsecured term loan <sup>(1)(2)</sup>	189,705	190,289
Unsecured debentures <sup>(1)</sup>	1,294,074	248,339
<b>Total debt</b>	<b>2,044,996</b>	<b>1,258,930</b>
Less: Current portion	(38,349)	(130,157)
<b>Non-current debt</b>	<b>\$ 2,006,647</b>	<b>\$ 1,128,773</b>

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

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



## Continuity of total debt

The following tables provide a continuity of total debt for the years ended December 31, 2021 and December 31, 2020:

		December 31, 2021				
	Note	Mortgages	Unsecured revolving credit facility	Unsecured term loan <sup>(1)</sup>	Unsecured debentures	Total
<b>Total debt as at January 1, 2021</b>		\$ 820,964	\$ (662)	\$ 190,289	\$ 248,339	\$ 1,258,930
Cash items:						
Borrowings		—	—	—	1,049,800	1,049,800
Lump sum repayments		(433,651)	—	—	—	(433,651)
Principal repayments		(16,573)	—	—	—	(16,573)
Financing cost additions		—	(560)	—	(4,840)	(5,400)
Non-cash items:						
Debt assumed on acquisition of investment properties	5	477,315	—	—	—	477,315
Fair value adjustments on debt assumed		7,035	—	—	—	7,035
Debt classified as liabilities related to assets held for sale and disposed		(275,932)	—	—	—	(275,932)
Foreign currency translation adjustments		(17,277)	—	(810)	—	(18,087)
Other adjustments <sup>(2)</sup>		(200)	758	226	775	1,559
<b>Total debt as at December 31, 2021</b>		\$ 561,681	\$ (464)	\$ 189,705	\$ 1,294,074	\$ 2,044,996

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

(2) Includes amortization and write-off of financing costs of \$2,316 and \$1,065, respectively, and amortization and write-off of fair value adjustments on assumed debt of \$(1,822).

		December 31, 2020				
	Note	Mortgages	Revolving credit facility <sup>(1)</sup>	Unsecured term loan <sup>(2)</sup>	Unsecured debentures	Total
<b>Total debt as at January 1, 2020</b>		\$ 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 cost additions		—	(1,014)	(719)	(1,669)	(3,402)
Non-cash items:						
Debt assumed on acquisition of investment properties	5	14,629	—	—	—	14,629
Foreign currency translation adjustments		(6,116)	(1,040)	(5,430)	—	(12,586)
Other adjustments <sup>(3)</sup>		840	927	28	8	1,803
<b>Total debt as at December 31, 2020</b>		\$ 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) The unsecured term loan is denominated in U.S. dollars and is translated into Canadian dollars at the foreign exchange rate in accordance with the Trust's accounting policy.

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

## Mortgages

During the year ended December 31, 2021, the Trust discharged mortgages in Canada, Europe and the U.S. totalling \$433,651, with a weighted average face interest rate of 3.58%. The Trust incurred debt settlement costs (including the write-off of unamortized financing costs and debt fair value adjustment) totalling \$31,569 in relation to the early discharge of mortgages and the disposition of the U.S. properties.

During the year ended December 31, 2020, the Trust discharged mortgages totalling \$159,538, with a weighted average face interest rate of 3.74%. The Trust incurred debt settlement costs (including the write-off of unamortized financing costs) totalling \$4,324 in relation to the early discharge of mortgages.

## Unsecured revolving credit facility

On May 14, 2021, the Trust amended the US\$250,000 unsecured revolving credit facility to a \$350,000 unsecured revolving credit facility and increased the accordion option limit from US\$35,000 to \$150,000 in additional borrowing capacity. No changes were made to the currencies available or interest rates. The facility bears interest at Canadian bankers' acceptance rates ("BA rates") plus 1.45% or Canadian prime rate plus 0.45% on Canadian dollar draws, U.S. London Interbank Offered Rate ("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. The term of the amended facility has been extended from January 14, 2022 to May 14, 2024.

As at December 31, 2021, there were no amounts drawn on the unsecured revolving credit facility other than a letter of credit totalling \$2,403, bringing the availability to \$347,597. As at December 31, 2020, there were no amounts drawn on the unsecured revolving credit facility and the availability was \$318,300.

## Debentures

On June 17, 2021, the Trust closed a private placement offering of \$800,000 aggregate principal amount of unsecured debentures (the "Offering") for aggregate gross proceeds to the Trust of \$799,800 consisting of a \$200,000 reopening of the 1.662% Series A Debentures maturing on December 22, 2025 (the "Series A Debentures"), \$200,000 of three-month Canadian Dollar Offered Rate ("CDOR") plus 0.35% Series B Debentures maturing on June 17, 2024 (the "Series B Debentures") and \$400,000 aggregate principal amount of 2.057% Series C Debentures maturing on June 17, 2027 (the "Series C Debentures" or "Series C Green Bonds").

On December 6, 2021, the Trust closed a private placement offering of \$250,000 aggregate principal amount of 2.539% senior unsecured debentures maturing on December 7, 2026 (the "Series D Debentures" or "Series D Green Bonds").

The Series A Debentures, Series B Debentures, Series C Green Bonds and Series D Green Bonds (collectively, the "Debentures") were all rated BBB with a Stable Trend by DBRS Limited.

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

During the years ended December 31, 2021 and December 31, 2020, the Trust entered into separate cross-currency interest rate swap arrangements to swap the proceeds from each series of the Debentures offerings to euros (see Note 30).

## Series A Debentures

The Series A Debentures were reopened and issued at a price of \$999 per \$1,000 principal amount (plus accrued interest from December 22, 2020), bear interest at a rate of 1.662% per annum and mature on December 22, 2025. The Series A Debentures reopening will have the same terms and conditions, and constitute part of the same series, as the \$250,000 aggregate principal amount of the Series A Debentures issued by the Trust on December 22, 2020. The Series A Debentures offered hereby has the same Committee on Uniform Securities Identification Procedures ("CUSIP") number as the Series A Debentures issued on December 22, 2020. Interest is payable on the Series A Debentures on June 22 and December 22 of each year. The Series A Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the Series A Debentures reopening totalled \$841.

## Series B Debentures

The Series B Debentures were issued at a price equal to \$1,000 per \$1,000 principal amount, bear interest at a rate per annum equal to the Reference Rate Index for Canadian dollar bankers' acceptances with maturities of three months (three-month CDOR) plus 0.35%, and will mature on June 17, 2024. Interest is payable on the Series B Debentures, and the Reference Rate Index will be adjusted on March 17, June 17, September 17 and December 17 of each year. The Series B Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the Series B Debentures offering totalled \$841.

### Series C Debentures (Series C Green Bonds)

The Series C Debentures were issued at a price equal to \$1,000 per \$1,000 principal amount, bear interest at a rate of 2.057% per annum and will mature on June 17, 2027. Interest is payable on the Series C Debentures on June 17 and December 17 of each year, commencing December 17, 2021. The Series C Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the Series C Debentures offering totalled \$1,683.

### Series D Debentures (Series D Green Bonds)

The Series D Debentures were issued at a price equal to \$1,000 per \$1,000 principal amount, bear interest at a rate of 2.539% per annum and will mature on December 7, 2026. Interest is payable on the Series D Debentures on June 7 and December 7 of each year, commencing June 7, 2022. The Series D Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the Series D Debentures offering totalled \$1,475.

### Debt weighted average effective interest rates and maturity profile

As at December 31, 2021, the weighted average effective interest rate on total debt was 0.91% (December 31, 2020 – 2.72%). The weighted average effective interest rate includes the impact of fair value adjustments on assumed debt, financing costs and the impact of CCIRS.

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

	Debt balance due at maturity	Scheduled principal repayments on debt maturing in future periods	Amount	Contractual interest payments	Total debt service requirements
2022	\$ 32,623	\$ 9,135	\$ 41,758	\$ 17,476	\$ 59,234
2023	258,902	6,263	265,165	14,937	280,102
2024	496,335	3,283	499,618	9,773	509,391
2025	505,739	2,697	508,436	8,172	516,608
2026	250,000	2,794	252,794	6,267	259,061
2027–2030	469,118	7,757	476,875	7,788	484,663
<b>Total</b>	<b>\$ 2,012,717</b>	<b>\$ 31,929</b>	<b>\$ 2,044,646</b>	<b>\$ 64,413</b>	<b>\$ 2,109,059</b>
Unamortized financing costs			(4,937)		
Unamortized fair value adjustments			5,287		
<b>Total debt</b>			<b>\$ 2,044,996</b>		

### Note 10

#### SUBSCRIPTION RECEIPTS

On May 31, 2021, the Trust closed on its offering to sell subscription receipts of the Trust (the “Subscription Receipts”) pursuant to a prospectus supplement to the Trust’s base shelf prospectus on a bought deal basis at a price of \$13.70 per Subscription Receipt (the “Offering”). The syndicate of underwriters elected to exercise its over-allotment option to purchase in full, resulting in a total of 20,987,500 Subscription Receipts being issued for total gross proceeds of \$287,529. Concurrently on the same day, the Subscription Receipts issued pursuant to the Offering commenced trading on the TSX under the ticker symbol “DIR.R”. The net proceeds from the sale of the Subscription Receipts (the “Escrowed Proceeds”) totalling \$281,778 (after deducting 50% of the underwriting fees) were held by the subscription receipt agent pending the fulfillment or waiver of all outstanding conditions precedent to closing of the Acquisition (other than the payment of the consideration for the Acquisition).

Cash distributions by the Trust on its REIT Units are payable on a monthly basis on or about the 15th of each month. The first distribution equivalent payment that purchasers of Subscription Receipts under the Offering were entitled to receive was paid from the Escrowed Proceeds on June 15, 2021 totalling \$1,224, to Subscription Receipts holders of record as of May 31, 2021.

On June 24, 2021, all the escrow release conditions relating to the Trust’s Subscription Receipts were satisfied, and one REIT Unit of the Trust was issued for each issued and outstanding Subscription Receipt without payment of additional consideration. The net proceeds from the sale of the Subscription Receipts, totalling \$274,818 (net of the underwriters’ fee totalling \$11,501 and distributions paid of \$1,224, offset by \$14 of interest earned on Escrowed Proceeds), were released from escrow on June 25, 2021. The Subscription Receipts were delisted from the TSX after the close of markets on June 24, 2021, and the REIT Units issued in exchange for the Subscription Receipts commenced trading on the TSX on June 25, 2021 under the symbol “DIR.UN”.

The Subscription Receipts were classified as a fair value through profit or loss liability on the consolidated balance sheet, and immediately prior to the conversion of the Subscription Receipts into REIT Units, the Trust recorded a fair value loss on the Subscription Receipts of \$37,635 (see Note 22), resulting in the 20,987,500 Subscription Receipts balance being transferred to an issue of unitholders' equity at \$317,751 (see Note 16). The remaining 50% of the underwriters' fee along with other issuance costs totalling \$6,204 were charged to unitholders' equity (see Note 16).

#### Note 11

### SUBSIDIARY REDEEMABLE UNITS

The Trust has the following subsidiary redeemable units outstanding:

	Note	Year ended December 31, 2021		Year ended December 31, 2020	
		Number of units issued and outstanding	Amount	Number of units issued and outstanding	Amount
Balance at beginning of year		18,551,855	\$ 243,957	18,551,855	\$ 243,771
Remeasurement of carrying value	22	—	75,506	—	186
<b>Balance at end of year</b>		<b>18,551,855</b>	<b>\$ 319,463</b>	<b>18,551,855</b>	<b>\$ 243,957</b>

For the years ended December 31, 2021 and December 31, 2020, the Trust recorded \$12,986 and \$13,051, respectively, in distributions on the subsidiary redeemable units, which are included as interest expense in the consolidated statements of comprehensive income (see Note 21).

Prior to December 22, 2020, all subsidiary redeemable units held by the wholly owned subsidiaries of Dream Office REIT were enrolled in the DRIP (see Note 16). 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 DRIP.

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, 2021 and December 31, 2020, 18,551,855 Special Trust Units were issued and outstanding.

#### Note 12

### 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, 2021 and December 31, 2020, 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, 2021 and December 31, 2020:

	Note	Year ended December 31,	
		2021	2020
<b>Balance at beginning of year</b>		\$ 12,313	\$ 10,250
Deferred compensation expense	20	3,364	2,197
REIT Units issued for vested deferred trust units		(3,044)	(1,052)
Remeasurement of carrying value of deferred trust units	22	5,190	1,031
Cash settlement of deferred trust units		(76)	(113)
<b>Balance at end of year</b>		\$ 17,747	\$ 12,313

	Year ended December 31,	
	2021	2020
<b>Outstanding and payable at beginning of year</b>	1,084,617	883,045
Granted <sup>(1)</sup>	323,253	309,711
REIT Units issued	(203,876)	(86,338)
Cancelled or forfeited	(6,637)	(13,115)
REIT Units settled in cash	(5,870)	(8,686)
<b>Outstanding and payable at end of year<sup>(2)</sup></b>	<b>1,191,487</b>	<b>1,084,617</b>

(1) Includes 57,304 income deferred trust units granted during the year ended December 31, 2021 (December 31, 2020 – 62,516 income deferred trust units).

(2) Includes 751,262 vested but not issued deferred trust units as at December 31, 2021 (December 31, 2020 – 684,371).

The following table summarizes the deferred trust units granted for the years ended December 31, 2021 and December 31, 2020:

	December 31, 2021		December 31, 2020	
	Grant price range	Number of units granted <sup>(1)</sup>	Grant price range	Number of units granted <sup>(1)</sup>
Deferred trust units granted	\$ 12.89–17.07	265,949	\$ 9.12–14.22	247,195

(1) Includes 174,489 deferred trust units granted to key management personnel as at December 31, 2021 (December 31, 2020 – 186,545).

## Note 13

### INCOME TAXES

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

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

	December 31, 2021	December 31, 2020
<b>Deferred tax assets</b>		
Income tax loss carry-forwards	\$ 2,842	\$ 5,685
Financial instruments	27	25
<b>Deferred tax liabilities</b>		
Investment properties	(14,197)	(23,282)
Equity accounted investment	(18,031)	—
<b>Deferred tax liabilities, net</b>	<b>\$ (29,359)</b>	<b>\$ (17,572)</b>

As at December 31, 2021, there were unused tax losses of \$4,635 for which no deferred tax asset is recognized (December 31, 2020 – \$468), which expire in 2027 or later. It is not probable that the REIT will be able to utilize all of the losses against taxable profits in the future.

	Year ended December 31,	
	2021	2020
Current income tax expense	\$ (18,124)	\$ (6)
Deferred income tax expense, net	(12,133)	(8,672)
<b>Deferred and current income taxes expense, net</b>	<b>\$ (30,257)</b>	<b>\$ (8,678)</b>

The following table reconciles the expected income taxes based upon the 2021 and 2020 statutory rates and the income tax expense recognized during the years ended December 31, 2021 and December 31, 2020:

	Year ended December 31,	
	2021	2020
Income before income taxes (continuing and discontinued operations)	\$ 638,602	\$ 208,814
Less: Income not subject to taxation in subsidiary corporations	(531,344)	(190,204)
Income subject to taxation in subsidiary corporations	\$ 107,258	\$ 18,610
Statutory tax rate	26.5%	26.5%
Tax calculated at statutory tax rate	28,423	4,932
Increase (decrease) resulting from:		
Tax benefits not recognized	5,204	4,324
Non-deductible expenses	268	3
Effects of different tax rates in U.S. and Europe in which the group operates	(768)	(179)
Non-taxable portion of capital gains	(2,818)	(279)
Other items	(52)	(123)
<b>Deferred and current income taxes expense, net</b>	<b>\$ 30,257</b>	<b>\$ 8,678</b>

On July 1, 2021, the Trust effectively transferred control of 18 U.S. investment properties and transferred the associated mortgages to the U.S. Fund, for cash consideration and receipt of shares of a subsidiary of the U.S. Fund (see Note 26). The sale of the investment properties resulted in a deferred tax recovery of \$12,778 and the recognition of a current tax expense of \$16,589.

On December 10, 2021, the Trust sold its 80% interest in a U.S. development project and its remaining two U.S. investment properties to the U.S. Fund, for cash consideration and receipt of shares of a subsidiary of the U.S. Fund (see Note 26). The sale of the investment properties resulted in a deferred tax expense of \$117 and the recognition of a current tax expense of \$273.

#### Note 14

### DERIVATIVES AND OTHER NON-CURRENT LIABILITIES

	Note	December 31, 2021	December 31, 2020
Tenant security deposits		\$ 24,879	\$ 15,265
Fair value of CCIRS	30, 31	6,425	9,484
Fair value of interest rate swaps	30, 31	2,748	5,184
Ground leases		12,030	2,474
<b>Total</b>		<b>\$ 46,082</b>	<b>\$ 32,407</b>

#### Note 15

### AMOUNTS PAYABLE AND ACCRUED LIABILITIES

	Note	December 31, 2021	December 31, 2020
Trade payables and accrued liabilities		\$ 72,913	\$ 33,561
Accrued interest		1,562	3,731
Rent received in advance		7,626	5,077
Distributions payable	17	13,641	8,906
<b>Total</b>		<b>\$ 95,742</b>	<b>\$ 51,275</b>

## Note 16

### EQUITY

	Note	December 31, 2021		December 31, 2020	
		Number of REIT Units	Amount	Number of REIT Units	Amount
Unitholders' equity		233,864,845	\$ 2,756,156	152,678,861	\$ 1,605,724
Retained earnings		—	746,848	—	281,531
Accumulated other comprehensive income (loss)	18	—	(3,581)	—	17,621
<b>Total equity</b>		<b>233,864,845</b>	<b>\$ 3,499,423</b>	<b>152,678,861</b>	<b>\$ 1,904,876</b>

### 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 tables summarize the public offerings of REIT Units issued for the years ended December 31, 2021 and December 31, 2020. Total costs related to the offerings were charged directly to unitholders' equity.

Date of public offering	Year ended December 31, 2021			
	Number of REIT Units	REIT Unit price	Gross proceeds	Issue costs
January 29, 2021 <sup>(1)</sup>	20,240,000	\$ 12.80	\$ 259,072	\$ 11,062
April 26, 2021 <sup>(2)</sup>	14,858,000	13.55	201,326	8,703
June 25, 2021 <sup>(3)</sup>	20,987,500	13.70	287,529	6,204
October 22, 2021 <sup>(4)</sup>	17,434,000	16.50	287,661	12,206
<b>Total</b>	<b>73,519,500</b>		<b>\$ 1,035,588</b>	<b>\$ 38,175</b>

(1) Includes 2,640,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

(2) Includes 1,938,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

(3) Subscription Receipts were issued on May 31, 2021 and exchanged for REIT Units on June 25, 2021. Includes 2,737,500 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

(4) Includes 2,274,000 REIT Units issued pursuant to the exercise of the over-allotment option granted to the underwriters.

Date of public offering	Year ended December 31, 2020			
	Number of REIT Units	REIT Unit price	Gross proceeds	Issue costs
February 12, 2020 <sup>(1)</sup>	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.

### Subscription Receipts conversion to REIT Units

On June 24, 2021, the Subscription Receipts were delisted from the TSX after the close of markets, and the REIT Units issued in exchange for the Subscription Receipts commenced trading on the TSX on June 25, 2021 under the symbol "DIR.UN". Fifty percent of the underwriters' fee for the offering of Subscription Receipts was paid on May 31, 2021, being the closing date of the offering of Subscription Receipts. The remaining 50% of the underwriters' fee was paid on June 25, 2021 following completion of the Acquisition and, along with other issuance costs totalling \$6,204, was charged to unitholders' equity.

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

On February 26, 2021, the Trust filed a prospectus supplement to establish an ATM Program that would allow the Trust to issue REIT Units up to an aggregate sale price of \$200,000 to the public from time to time at prevailing market prices, directly on the TSX or on other permitted marketplaces to the extent permitted. This prospectus supplement expired on November 15, 2021 and a new one was filed on November 30, 2021, which qualified the Trust to issue REIT Units up to an aggregate sale price of \$250,000 under the same terms.

As at December 31, 2021, 5,278,300 REIT Units have been issued under this ATM Program at a weighted average price of \$16.70 per REIT Unit for gross proceeds of \$88,130. Total costs related to the issuance of these REIT Units amounted to \$1,863 and was charged directly to unitholders' equity. Subsequent to year-end, the Trust issued a further \$43,218 of REIT Units under the ATM Program (see Note 32).

### 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 that was valid for a 25-month period, during which time the Trust was permitted to 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. On November 15, 2021, this short form base shelf prospectus expired.

On November 26, 2021, the Trust filed and obtained a receipt for a final short form base shelf prospectus dated November 26, 2021 that is valid for a 25-month period, during which time the Trust may, from time to time, offer and issue REIT Units, Subscription Receipts and debt securities, or any combination thereof, having an aggregate offering price of up to \$2,500,000.

As at December 31, 2021, \$1,496,244 of REIT Units have been issued under the prior base shelf prospectus dated October 11, 2019 and \$30,217 of REIT Units have been issued under the current base shelf prospectus dated November 26, 2021. Subsequent to year-end, the Trust issued a further \$43,218 of REIT Units under the current base shelf prospectus (see Note 32).

### Normal course issuer bid (“NCIB”)

The Trust commenced an NCIB on March 31, 2020 that 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. As at March 30, 2021, the NCIB expired.

Under the NCIB, the Trust had 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 nine 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 had 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 restrictions or blackout periods, the REIT Units may also be purchased in accordance with management’s discretion. The ASP Plan had been pre-cleared by the TSX and was terminated on March 30, 2021.

For the years ended December 31, 2021 and December 31, 2020, no REIT Units were purchased through the NCIB.

### Distribution Reinvestment Plan and Unit Purchase Plan

The DRIP allows holders of REIT Units or subsidiary redeemable units, other than unitholders who are resident of or present in the U.S., to elect to have all cash distributions from 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 is typically 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 paid only in cash.

For the year ended December 31, 2021, 2,182,037 REIT Units (December 31, 2020 – 931,334 REIT Units) were issued under the DRIP and \$33,454 (December 31, 2020 – \$11,881) was recorded as distributions in the consolidated statements of changes in equity. Subsequent to December 31, 2021, the Trust issued an additional 442,099 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, 2021, 2,271 REIT Units (December 31, 2020 – 308 REIT Units) were issued under the Unit Purchase Plan for proceeds of \$31 (December 31, 2020 – \$4).



Note 17

**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 and interest payment on debt. 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 unpredictability of when leasing costs are incurred are funded with our cash and cash equivalents on hand and, if necessary, with our existing unsecured 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, 2021 and December 31, 2020.

The following table summarizes distributions paid and payable for the years ended December 31, 2021 and December 31, 2020:

	Year ended December 31,	
	2021	2020
Paid in cash <sup>(1)</sup>	\$ (104,839)	\$ (96,482)
Paid by way of reinvestment in REIT Units <sup>(2)</sup>	(33,454)	(8,538)
Less: Payable at December 31, 2020/December 31, 2019	8,906	7,878
Plus: Payable at December 31, 2021/December 31, 2020	(13,641)	(8,906)
<b>Total distributions paid and payable</b>	<b>\$ (143,028)</b>	<b>\$ (106,048)</b>

(1) Excludes the May 31, 2021 distributions paid to Subscription Receipt holders on June 15, 2021.

(2) 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, 2021:

Date distribution announced	Record date	Date distribution was paid or is payable	Distribution per REIT A Unit	Total cash distributions paid	Total DRIP distributions
December 21, 2021	December 2021	January 14, 2022	\$ 0.05833	\$ 10,507	\$ 3,134 <sup>(1)</sup>
January 20, 2022	January 2022	February 15, 2022	0.05833	9,964	3,839 <sup>(2)</sup>

(1) \$3,134 distributions along with \$94 bonus distributions were reinvested in an additional 196,186 REIT Units (including 3% bonus distributions on Units reinvested pursuant to the DRIP).

(2) \$3,839 distributions along with \$115 bonus distributions were reinvested in an additional 246,097 REIT Units (including 3% bonus distributions on Units reinvested pursuant to the DRIP).

Note 18

**ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**

	Year ended December 31,			Year ended December 31,		
	2021			2020		
	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	\$ 21,909	\$ (65,397)	\$ (43,488)	\$ (435)	\$ 22,344	\$ 21,909
Unrealized gain (loss) on hedge of net investment, net of taxes	(3,399)	52,904	49,505	—	(3,399)	(3,399)
Unrealized loss on cash flow hedge, net of taxes	(435)	—	(435)	—	(435)	(435)
Unrealized loss on interest portion of hedging derivatives, net of taxes	(220)	(10,096)	(10,316)	—	(220)	(220)
Share of other comprehensive income (loss) from equity accounted investment	(234)	1,387	1,153	—	(234)	(234)
<b>Accumulated other comprehensive income (loss)</b>	<b>\$ 17,621</b>	<b>\$ (21,202)</b>	<b>\$ (3,581)</b>	<b>\$ (435)</b>	<b>\$ 18,056</b>	<b>\$ 17,621</b>

Note 19

**INVESTMENT PROPERTIES REVENUE**

	Note	Year ended December 31,	
		2021	2020
Rental income		\$ 245,738	\$ 199,615
Recoveries revenue		42,810	36,331
Property management and other income	26	1,267	—
<b>Total</b>		<b>\$ 289,815</b>	<b>\$ 235,946</b>

Note 20

**GENERAL AND ADMINISTRATIVE EXPENSES**

	Note	Year ended December 31,	
		2021	2020
Asset management fee	26	\$ (8,877)	\$ (6,063)
Deferred compensation expense	12	(3,364)	(2,197)
Professional fees and general corporate expenses <sup>(1)</sup>		(10,566)	(8,628)
<b>General and administrative expenses</b>		<b>\$ (22,807)</b>	<b>\$ (16,888)</b>

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

Note 21

**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, 2021 and December 31, 2020:

	Year ended December 31,	
	2021	2020
Interest expense and other financing costs incurred, at contractual rate	\$ (24,587)	\$ (33,001)
Capitalized interest on properties held for development	582	—
Amortization of financing costs	(2,318)	(1,684)
Amortization of fair value adjustments	1,793	347
<b>Interest expense on debt and other financing costs</b>	<b>(24,530)</b>	<b>(34,338)</b>
Add (deduct):		
Amortization of financing costs	2,318	1,684
Amortization of fair value adjustments	(1,793)	(347)
Capitalized interest on properties held for development	(582)	—
Change in accrued interest	(2,169)	154
<b>Cash interest paid on debt and other financing costs</b>	<b>\$ (26,756)</b>	<b>\$ (32,847)</b>

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,	
	2021	2020
Paid in cash	\$ (12,986)	\$ (9,739)
Paid by way of reinvestment in REIT Units	—	(3,344)
Add-back: Interest payable at December 31, 2020/December 31, 2019	1,082	1,114
Deduct: Interest payable at December 31, 2021/December 31, 2020	(1,082)	(1,082)
<b>Interest on subsidiary redeemable units</b>	<b>\$ (12,986)</b>	<b>\$ (13,051)</b>

The interest payable on subsidiary redeemable units at December 31, 2021 was settled in cash on January 15, 2022.

Note 22

**FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS**

	Note	Year ended December 31,	
		2021	2020
Unrealized remeasurement of carrying value of subsidiary redeemable units	11	\$ (75,506)	\$ (186)
Unrealized remeasurement of carrying value of deferred trust units	12	(5,190)	(1,031)
Unrealized remeasurement of interest rate swaps		5,396	(5,711)
Loss on conversion of Subscription Receipts	10	(37,635)	—
Gain on fair value adjustment on interest rate swap		1,212	—
<b>Total net loss and unrealized fair value adjustments to financial instruments</b>		<b>\$ (111,723)</b>	<b>\$ (6,928)</b>
Realized fair value adjustment on foreign exchange swaps		—	(3,415)
Realized fair value adjustment on CCIRS		—	(572)
<b>Total</b>		<b>\$ (111,723)</b>	<b>\$ (10,915)</b>

Note 23

**NET LOSS ON TRANSACTIONS AND OTHER ACTIVITIES**

	Year ended December 31,	
	2021	2020
Internal leasing costs	\$ (3,683)	\$ (3,067)
Foreign exchange gain	2,093	1,582
Depreciation of property and equipment	(17)	(19)
Transaction costs on sale of investment properties	(2,366)	—
Derecognition of equity accounted investment	907	—
<b>Total</b>	<b>\$ (3,066)</b>	<b>\$ (1,504)</b>

Note 24

**SUPPLEMENTARY CASH FLOW INFORMATION**

The components of other adjustments under operating activities include:

	Note	Year ended December 31,	
		2021	2020
Change in straight-line rent	4	\$ (2,666)	\$ (1,674)
Deferred unit compensation expense, net	12	3,364	2,197
Deferred income tax expense	13	12,133	8,672
Interest on subsidiary redeemable units	21	12,986	13,051
Foreign exchange gain	23	(2,093)	(1,582)
Transaction costs on sale of investment properties	23	2,366	2
Derecognition of equity accounted investment	23	(907)	—
<b>Total other adjustments</b>		<b>\$ 25,183</b>	<b>\$ 20,666</b>

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

	Year ended December 31,	
	2021	2020
Decrease (increase) in amounts receivable	\$ 2,187	\$ (2,602)
Decrease (increase) in prepaid expenses and other assets	203	(444)
Decrease in derivatives and other non-current assets	331	346
Decrease in amounts payable and accrued liabilities	(336)	(332)
Increase in derivatives and other non-current liabilities	9,614	1,693
Increase in current income tax liabilities	754	—
<b>Change in non-cash working capital</b>	<b>\$ 12,753</b>	<b>\$ (1,339)</b>

## Note 25

### SEGMENTED INFORMATION

For the years ended December 31, 2021 and December 31, 2020, the Trust's reportable operating segments of its investment properties and results of operations were segmented into the following geographic components: Ontario, Québec, Western Canada, Europe and the U.S.

The chief operating decision-maker, determined to be the CEO of the Trust, continues to take into consideration the operating performance of its retained interest in the U.S. portfolio after the sale to the U.S. Fund when assessing the operating performance of the U.S. segment. Accordingly, effective July 1, 2021, the Trust's segmented income included the Trust's share of net rental income from the equity accounted investment while fair value adjustments on investment properties and internal leasing costs included in net loss on transactions and other activities exclude the equity accounted investment in the U.S. segment.

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

The Trust did not allocate interest expense to the geographic segments since financing is viewed as a corporate function. The 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, 2021	Ontario	Québec	Western Canada	Europe	U.S. <sup>(1)</sup>	Segment total	Other <sup>(2)</sup>	Total
Investment properties revenue	\$ 74,552	\$ 50,882	\$ 65,711	\$ 71,201	\$ 32,288	\$ 294,634	\$ (4,819)	\$ 289,815
Investment properties operating expenses	(18,849)	(12,394)	(23,451)	(9,869)	(8,150)	(72,713)	797	(71,916)
<b>Net rental income (segmented income)</b>	<b>\$ 55,703</b>	<b>\$ 38,488</b>	<b>\$ 42,260</b>	<b>\$ 61,332</b>	<b>\$ 24,138</b>	<b>\$ 221,921</b>	<b>\$ (4,022)</b>	<b>\$ 217,899</b>
Fair value adjustments on investment properties <sup>(3)</sup>	\$ 438,962	\$ 143,255	\$ 15,842	\$ (29,897)	\$ 17,061	\$ 585,223	\$ 788	\$ 586,011
Net loss on transactions and other activities <sup>(4)</sup>	(1,129)	(638)	(1,567)	(306)	(43)	(3,683)	617	(3,066)

(1) U.S. includes all of the Trust's U.S. portfolio up to June 30, 2021. Effective July 1, 2021, the Trust's segmented income included the Trust's share of net rental income from the equity accounted investment while fair value adjustments on investment properties and internal leasing costs included in net loss on transactions and other activities excludes the equity accounted investment in the U.S. segment.

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

(3) During the year ended December 31, 2021, the Trust wrote off transaction costs associated with acquisitions in Canada, Europe and the U.S. totalling \$98,593 and included in fair value adjustments on investment properties. The U.S. segment excludes the equity accounted investment.

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

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

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

## Investment properties and equity accounted investment

Year ended December 31, 2021	Ontario	Québec	Western Canada	Europe	U.S.	Total
Investment properties <sup>(1)</sup>	\$ 1,921,628	\$ 922,168	\$ 642,098	\$ 2,210,713	\$ —	\$ 5,696,607
Capital expenditures <sup>(2)</sup>	13,433	20,471	15,607	11,602	2,437	63,550
Equity accounted investment	—	—	—	—	139,355	139,355

(1) The Ontario segment includes \$77,641 of properties held for development. The U.S. segment excludes equity accounted investment.

(2) Includes building improvements and initial direct leasing costs and lease incentives. The Ontario segment includes \$1,103 of capitalized interest and other pre-development costs. The U.S. segment excludes the equity accounted investment.

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

(1) 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.

#### Transactions with related parties

On July 1, 2021, the Trust effectively transferred control of 18 U.S. investment properties and the associated mortgages to the U.S. Fund (see Note 6), for total cash consideration of \$231,326 received on July 30, 2021, and on the same day received shares of a subsidiary of the U.S. Fund representing a 24.5% ownership, with a fair value of \$75,216 (the "July Transaction"). As a result of the July Transaction, a loss of \$5,364 was recorded, which is the difference between the carrying value and the fair value of the associated mortgages transferred and is included in debt settlement costs in the consolidated statements of comprehensive income. No incentive fee or brokerage fee was payable by the Trust as a result of the sale. As part of the July Transaction, the Trust earned a fee of \$1,697 for administering the properties on behalf of the U.S. Fund until legal title transferred on July 30, 2021. The Trust has included this fee in interest, fee income and other in the consolidated statements of comprehensive income.

On December 10, 2021, the Trust sold its 80% equity accounted interest in a U.S. development project and its remaining two U.S. investment properties for gross proceeds of \$74,475. The Trust received total cash consideration of \$49,133 and shares of a subsidiary of the U.S. Fund, with a fair value of \$25,342. No incentive fee or brokerage fee was payable by the Trust as a result of the sale.

As at December 31, 2021, the Trust's ownership in the U.S. Fund was 19.3% (for the year ended December 31, 2021 – average ownership was 23.8%). On January 6, 2022, the Trust funded a capital contribution to the U.S. Fund amounting to US\$21,896, increasing the Trust's ownership to approximately 22%.

## 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.

On July 21, 2021, the Trust, Dream Industrial LP and DAM entered into an amended and restated AMA to confirm that the AMA will continue to apply to the Trust’s equity interest in the U.S. Fund and its subsidiaries. On February 15, 2022, the AMA was further amended (see Note 32).

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: (i) 1.0% of the purchase price of a property on the first \$100,000 of properties acquired in each fiscal year; (ii) 0.75% of the purchase price of a property on the next \$100,000 of properties acquired in each fiscal year; and (iii) 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, 2021, the historic purchase price for the Trust’s investment properties was \$4.6 billion (December 31, 2020 – \$2.6 billion).

For the most recently completed fiscal year ended December 31, 2021, for the AMA, the Hurdle Amount for the purpose of calculating the incentive fee was \$0.88 per Unit. As at December 31, 2021 and December 31, 2020, 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 Amended 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 held an 80% interest in the company, and each of the subsidiaries of DAM and PAULS Corp, LLC hold 10% each. On December 10, 2021, the Trust transferred its interest in the company and each of the subsidiaries of DAM and PAULS Corp, LLC sold its respective interest to the U.S. Fund as part of the sale of the development project in Las Vegas as previously mentioned.

## 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. Effective December 10, 2021, this arrangement is no longer in effect.

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. During the year, this Property Management Agreement was terminated and a new Sub Property Management Agreement was entered between DIR US Management LP, a subsidiary of the Trust, a subsidiary of PAULS Corp, the U.S. Fund and a subsidiary of the U.S. Fund, where a subsidiary of PAULS Corp will support the Trust in providing property management services to the U.S. properties within the U.S. Fund on a cost-recovery basis.

## U.S. Fund

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

## Dream Office Real Estate Investment Trust (“Dream Office REIT”)

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

As at December 31, 2021 and December 31, 2020, Dream Office REIT indirectly owns, through its subsidiaries, 8,052,451 REIT Units and 18,551,855 LP B Units, representing approximately 10.5% and 15.5%, respectively, ownership in the Trust.

## Board of Trustees and officers

The Trust has a Deferred Unit Incentive Plan and, during the years ended December 31, 2021 and December 31, 2020, issued deferred trust units to trustees and officers (see Note 12).

## Related party transactions

Fees and cost reimbursements with related parties were as follows:

### Agreements with DAM

The following table summarizes our fees paid to or received from DAM for the years ended December 31, 2021 and December 31, 2020:

	Year ended December 31,	
	2021	2020
Incurring under the AMA:		
Asset management fee (included in general and administrative expenses)	\$ (8,877)	\$ (6,063)
Capital expenditures fee	(695)	—
Acquisition fee (included in investment properties)	(12,315)	(4,319)
Expense reimbursements related to financing arrangements	(833)	(962)
<b>Total costs incurred under the AMA</b>	<b>\$ (22,720)</b>	<b>\$ (11,344)</b>
<b>Total costs reimbursed under the Shared Services and Cost Sharing Agreement</b>	<b>\$ (739)</b>	<b>\$ (1,219)</b>

### Agreement and transactions with Dream Office REIT

The following table summarizes the costs reimbursed to Dream Office REIT for the years ended December 31, 2021 and December 31, 2020:

	Year ended December 31,	
	2021	2020
Total costs reimbursed under the Services Agreement	\$ (5,979)	\$ (6,169)



The following table summarizes our distributions paid and payable to subsidiaries of Dream Office REIT for the years ended December 31, 2021 and December 31, 2020:

	Year ended December 31,	
	2021	2020
Distributions paid and payable to Dream Office REIT on subsidiary redeemable units	\$ (12,986)	\$ (13,051)
Distributions paid and payable to Dream Office REIT on REIT Units	(5,637)	(6,157)
<b>Total distributions paid and payable to Dream Office REIT</b>	<b>\$ (18,623)</b>	<b>\$ (19,208)</b>

### 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, 2021 and December 31, 2020:

	Year ended December 31,	
	2021	2020
Total costs incurred under the Property Management Agreement <sup>(1)</sup>	\$ (1,258)	\$ (2,285)
Pre-development cost recovery/development fee	(455)	(214)
<b>Total costs incurred under the Property Management Agreement</b>	<b>\$ (1,713)</b>	<b>\$ (2,499)</b>
<b>Total costs incurred under the Sub Property Management Agreement</b>	<b>\$ (78)</b>	<b>\$ —</b>

(1) Amounts include financing fees, leasing fees, and cost recovery for property management and portfolio management.

### Agreements and transactions with the U.S. Fund

The following table summarizes our fees earned from the U.S. Fund for the years ended December 31, 2021 and December 31, 2020:

	Year ended December 31,	
	2021	2020
Total fees earned under the Property Management Agreement <sup>(1)</sup>	\$ 1,267	\$ —

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

The following table summarizes our distributions received and receivable from the U.S. Fund for the years ended December 31, 2021 and December 31, 2020:

	Year ended December 31,	
	2021	2020
Total distributions received and receivable from the U.S. Fund	\$ 1,931	\$ —

### Amounts due from (to) related parties

	December 31,	December 31,
	2021	2020
Amounts due from related parties		
Dream Office REIT	\$ —	\$ 375
DAM	91	73
U.S. Fund <sup>(1)</sup>	1,201	—

(1) The balance includes \$967 of distribution receivable from the U.S. Fund as at December 31, 2021 (December 31, 2020 – \$nil).

	December 31,	December 31,
	2021	2020
Amounts due to related parties		
DAM	\$ (6,993)	\$ (2,143)
Dream Office REIT	(916)	(1,352)
PAULS Corp	(118)	(56)

## Distributions and interest payable to Dream Office REIT

	December 31, 2021	December 31, 2020
Interest payable on subsidiary redeemable units to Dream Office REIT <sup>(1)</sup>	\$ (1,082)	\$ (1,082)
Distributions payable to Dream Office REIT <sup>(2)</sup>	(470)	(470)

(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, 2021 and December 31, 2020.

(2) Distributions payable is in relation to the 8,052,451 REIT Units held by Dream Office REIT as at December 31, 2021 and December 31, 2020.

### 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.

As at December 31, 2021, the Trust's remaining contractual commitments related to construction and development projects amounted to \$17,467 (December 31, 2020 – \$nil).

In addition to the initial contribution made to the U.S. Fund as part of the July Transaction, the Trust's contractual commitment of capital contributions pursuant to the subscription agreement with the U.S. Fund was US\$100,000. For the year ended December 31, 2021, the Trust's funded capital contribution to the U.S. Fund amounted to US\$19,932, reducing the contractual commitment of capital contributions to US\$80,068 as at December 31, 2021. On January 6, 2022, the Trust funded a capital contribution to the U.S. Fund amounting to US\$21,896, further reducing the contractual commitment to US\$58,172.

### Note 28

#### CAPITAL MANAGEMENT

The Trust's capital consists of debt, including mortgages, unsecured revolving credit facility, unsecured term loan, unsecured debentures, subsidiary redeemable units and unitholders' equity. The Trust's primary objectives in managing capital are to ensure adequate operating funds are available to maintain consistent and sustainable unitholder distributions, to service debt obligations and to fund leasing costs, building improvements, development projects, and capital commitment requirements. Further, the Trust also ensures that it remains in compliance with its financial covenants and maintains its credit rating. On October 22, 2020, the Trust was assigned an Issuer Rating of BBB with Stable Trend by DBRS Limited.

Various debt ratios and cash flow metrics are used to ensure capital adequacy and to monitor capital requirements. The primary ratios used for assessing capital management are net total debt-to-total assets (net of cash and cash equivalents) ratio, net total debt-to-normalized adjusted EBITDAFV ratio, and interest coverage ratio. Other significant indicators include unencumbered investment properties, weighted average interest rate, average term to maturity of debt, secured debt as a percentage of total assets, and variable rate debt as a percentage of total debt. These indicators assist the Trust in assessing whether the debt level maintained is sufficient to provide adequate cash flows for leasing costs, building improvements, development projects, and capital commitment requirements, and in evaluating the need to raise funds for further expansion. Various mortgages and unsecured debt have debt covenant requirements that are monitored by the Trust to ensure there are no defaults. These covenants include loan-to-value ratios, cash flow coverage ratios, interest coverage ratios, debt service coverage ratios, unencumbered investment properties levels, and secured debt to total assets ratio. These covenants are measured at the subsidiary limited partnership level, and all have been complied with as at December 31, 2021 and December 31, 2020. For the years ended December 31, 2021 and December 31, 2020, there were no events of default on any of the Trust's obligations under its mortgages, unsecured revolving credit facility, unsecured term loan or unsecured debentures.

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

## Note 29

### FINANCIAL INSTRUMENTS – RISK MANAGEMENT

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

#### Market risk

Market risk consists of interest rate risk and other market price risk. The Trust has exposure to interest rate risk primarily as a result of its fixed rate debt due to the expected requirement to refinance such debts in the year of maturity. To a lesser extent, the Trust is exposed to variable rate debt on its drawings on the unsecured revolving credit facility and one of its unsecured debentures. The Trust is exposed to the variability in market interest rates and credit spreads on maturing debt to be renewed and the variability of interest rates on its variable rate debt. The Trust has effectively addressed the exposure to variable rate debt on its U.S. dollar denominated unsecured term loan by entering into a cross-currency interest rate swap and fixing the rate. The Trust had no other variable rate debt as at December 31, 2021 and December 31, 2020. 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 2022 as at December 31, 2021:

			Interest rate risk		
	Carrying amount	Income	-1% Equity	Income	+1% Equity
<b>Financial assets</b>					
Cash and cash equivalents <sup>(1)</sup>	\$ 164,015	\$ (1,640)	\$ (1,640)	\$ 1,640	\$ 1,640
<b>Financial liabilities</b>					
Debt due to mature in 2022 <sup>(2)</sup>	32,623	326	326	(326)	(326)

(1) Cash and cash equivalents are short-term investments with an original maturity of three months or less, and exclude cash subject to restrictions that prevent the Trust’s use for current purposes. Bank accounts with Canadian and U.S. currencies generally earn interest income at the bank’s prime rate less 1.85% – 2.00%. Bank accounts with euros are generally charged negative interest ranging from 0.5% to 0.6%. Cash and cash equivalents as at December 31, 2021 are short term in nature and may not be representative of the balance during the year.

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

#### Foreign currency risk

The Trust is exposed to foreign currency risk as it relates to its U.S. and European net investments due to fluctuations in the exchange rates between the Canadian and U.S. dollars, and between the Canadian dollar and euros. Changes in the respective foreign exchange rates would not have a material impact on net income, however, may result in a change to other components of equity. For the year ended December 31, 2021, a \$0.10 change in the value of the U.S. dollar relative to the Canadian dollar would result in a \$11,399 change to other components of equity; meanwhile, a \$0.10 change in the value of the euro relative to the Canadian dollar would result in a \$24,501 change to other components of equity.

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

#### Credit risk

The Trust’s assets mainly consist of investment properties. Credit risk arises from the possibility that tenants in investment properties may not fulfill their lease or contractual obligations. The Trust mitigates its credit risk by attracting tenants of sound financial standing and by diversifying its mix of tenants. As at December 31, 2021 and December 31, 2020, there is no single tenant that accounts for more than 5% of the Trust’s annual gross revenue. The Trust also monitors tenant payment patterns and discusses potential tenant issues with property managers on a regular basis. An impairment analysis is performed at each balance sheet date using a provision matrix to measure expected credit losses, adjusted for forward-looking factors specific to the tenant and the economic environment. The provision is reduced for tenant security deposits held as collateral. The maximum exposure to credit risk is the carrying value of the trade receivables disclosed in Note 8, straight-line rent receivables disclosed in Note 4 and related party amounts receivable disclosed in Note 26.

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

The Trust's exposure to credit risk in respect of financial instruments relates primarily to counterparty obligations regarding derivatives contracts. The credit risk of derivative financial instruments is generally limited to the positive fair value of the instruments, which in general tends to be a relatively small proportion of the notional value. The Trust mitigates its credit risk through diversification and the use of established financial institutions. The maximum exposure to credit risk is the carrying value of derivative financial instruments in asset position disclosed in Note 31.

### Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting its obligations associated with the maturity of financial obligations. As at December 31, 2021, current assets exceeded current liabilities by \$41,894 (December 31, 2020 – current assets exceeded current liabilities by \$88,590). The Trust's main sources of liquidity are its cash and cash equivalents on hand and unsecured revolving credit facility. The Trust is able to use its unsecured revolving credit facility on short notice which eliminates the need to hold a significant amount of cash and cash equivalents on hand. Working capital balances fluctuate significantly from period to period depending on the timing of receipts and payments. The Trust manages maturities of the fixed rate debts, monitors the repayment dates and maintains adequate cash and cash equivalents on hand and availability on the unsecured revolving credit facility to ensure sufficient capital will be available to cover obligations as they become due.

### Hedge effectiveness

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

- the credit value or debit value adjustment on the CCIRS which is not matched by the loan;
- differences in critical terms between the CCIRS 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 unsecured 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, 2021 and December 31, 2020:

						December 31, 2021	December 31, 2020
	Euro notional amount	U.S./Canadian dollar notional amount	Maturity date	Financial instrument measurement		Fair value assets (liabilities)	Fair value assets (liabilities)
Canadian dollar to euro cross-currency interest rate swap – Series A Debentures <sup>(1)</sup>	€ 161,499	\$ 250,000	December 22, 2025	Fair value through other comprehensive income	\$	12,070	\$ (1,912)
Canadian dollar to euro cross-currency interest rate swap – Reopening Series A Debentures <sup>(2)</sup>	135,474	200,000	December 22, 2025	Fair value through other comprehensive income		1,931	—
Canadian dollar to euro cross-currency interest rate swap – Series B Debentures <sup>(3)</sup>	135,750	200,000	June 17, 2024	Fair value through other comprehensive income		4,573	—
Canadian dollar to euro cross-currency interest rate swap – Series C Debentures <sup>(4)</sup>	271,499	400,000	June 17, 2027	Fair value through other comprehensive income		4,711	—
Canadian dollar to euro cross-currency interest rate swap – Series D Debentures <sup>(5)</sup>	174,544	250,000	December 6, 2026	Fair value through other comprehensive income		1,672	—
U.S. dollar to euro cross-currency interest rate swap – U.S. term loan <sup>(6)(7)</sup>	127,108	150,000	January 31, 2024	Fair value through other comprehensive income		7,557	(7,572)
<b>Total</b>	<b>€ 1,005,874</b>				<b>\$</b>	<b>32,514</b>	<b>\$ (9,484)</b>

- (1) 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%.
- (2) The interest rate associated with the euro notional amount is 0.294%. The interest rate associated with the Canadian dollar notional amount is 1.662%.
- (3) The interest rate associated with the euro notional amount is three-month Euro Interbank Offered Rate ("EURIBOR") plus 0.5608%. The interest rate associated with the Canadian dollar notional amount is three-month CDOR plus 0.35%.
- (4) The interest rate associated with the euro notional amount is 0.547%. The interest rate associated with the Canadian dollar notional amount is 2.057%.
- (5) The interest rate associated with the euro notional amount is 0.541%. The interest rate associated with the Canadian dollar notional amount is 2.539%.
- (6) 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 spread.
- (7) This swap arrangement is bifurcated into a cash flow and net investment hedge for the purpose of hedge accounting. As at December 31, 2021, the fair value asset of the net investment hedge portion is \$13,982 and the fair value liability of the cash flow hedge portion is \$(6,425). As at December 31, 2020, the fair value liability of the net investment hedge portion was \$(1,487) and the fair value liability of the cash flow hedge portion was \$(6,085).

## Hedge accounting applied on select financial instruments

The tables below summarize the Trust's financial instruments in which hedge accounting was applied for the years ended December 31, 2021 and December 31, 2020.

Year ended December 31, 2021	Cash flow hedge		Net investment hedge	
	U.S. dollar to Canadian dollar cross-currency interest rate swap		Canadian dollar to euro cross-currency interest rate swap	
<b>Hedging instrument</b>				
Opening balance	\$	(5,865)	\$	(3,399)
Change in fair value used for calculating hedge ineffectiveness		(810)		42,118
<b>Carrying amount<sup>(1)(2)</sup> as at December 31, 2021</b>	<b>\$</b>	<b>(6,675)</b>	<b>\$</b>	<b>38,719</b>
<b>Hedged item</b>				
Opening balance	\$	5,430	\$	—
Foreign currency translation used for calculating hedge ineffectiveness		810		10,786
<b>Unrealized gain (loss) on hedge – accumulated other comprehensive income as at December 31, 2021</b>	<b>\$</b>	<b>(435)</b>	<b>\$</b>	<b>49,505</b>

(1) Total carrying amount of the CCIRS designated as cash flow hedge of \$6,675, net of transaction costs on hedging instruments, net of taxes of \$250, represents the fair value of the cross-currency swap of \$6,425 included in "Derivatives and other non-current liabilities" (see Note 14).

(2) Total carrying amount of the CCIRS designated as net investment hedge of \$38,719 plus transaction costs on hedging instruments, net of taxes of \$220, represents the fair value of the cross-currency swap of \$38,939 included in "Derivatives and other non-current assets" (see Note 7).

Year ended December 31, 2020	Cash flow hedge		Net investment hedge	
	U.S. dollar to Canadian dollar cross-currency interest rate swap		Canadian dollar to euro cross-currency interest rate swap	
<b>Hedging instrument</b>				
Opening balance	\$	—	\$	—
Change in fair value used for calculating hedge ineffectiveness		(5,865)		(3,399)
<b>Carrying amount<sup>(1)</sup> as at December 31, 2020</b>	<b>\$</b>	<b>(5,865)</b>	<b>\$</b>	<b>(3,399)</b>
<b>Hedged item</b>				
Opening balance	\$	—	\$	—
Foreign currency translation used for calculating hedge ineffectiveness		5,430		—
<b>Unrealized loss on hedge – accumulated other comprehensive income as at December 31, 2020</b>	<b>\$</b>	<b>(435)</b>	<b>\$</b>	<b>(3,399)</b>

(1) Total carrying amount of the CCIRS designated as cash flow hedge of \$5,865 plus the net investment hedge of \$3,399 plus transaction costs on hedging instruments, net of taxes of \$220, represents the fair value of the cross-currency swap of \$9,484 included in "Derivatives and other non-current liabilities" (see Note 14).

The Trust uses the CCIRS to hedge a portion of the foreign exchange risk associated with its European investments and to hedge 100% of the U.S. dollar cash flows associated with the U.S. term loan.

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

During the year ended December 31, 2021, the Trust closed on two private placement offerings totalling \$1,050,000 aggregate principal amount of unsecured debentures and entered into cross-currency swap arrangements to convert the gross proceeds into euros (for the year ended December 31, 2020 – \$250,000). The Canadian dollar principal and interest obligations were swapped for euro principal and interest obligations. Economically, this is equivalent to holding euro denominated debt.

For hedge accounting purposes, the CCIRS have been designated as net investment hedges. Only the spot element is included in the hedging relationship. The forward element is excluded and recognized in other comprehensive income as a transaction cost of hedging and is amortized to net income through the settlement of interest payments on the CCIRS. There is an economic relationship between the hedged item (European investment) and the hedging instruments (CCIRS) as the foreign exchange movements on the European investment mirror the spot exchange movements on the CCIRS. The Trust has established a hedge ratio of one-to-one as the underlying risk of the hedging instrument is identical to the hedge risk component. As all critical terms matched during the years ended December 31, 2021 and December 31, 2020, the economic relationship was effective.

## 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 CCIRS 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.

For the existing 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 years ended December 31, 2021 and December 31, 2020, the economic relationships were effective.

### Foreign currency swap arrangements

During the year ended December 31, 2020, 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 a net cash payment of \$3,415.

### Interest rate swap arrangements

#### Fair value assets

					As at December 31, 2021	
Transaction date	Total mortgage principal amount (notional) <sup>(1)</sup>	Fixed interest rate range (%)	Maturity date range	Financial instrument measurement	Fair value assets (see Note 7)	
June 24, 2021	€ 58,225	(0.32)–(0.40)	September 2023– February 2025	Fair value through profit or loss	\$ 509	

(1) Notional amount in euros.

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

#### Fair value liabilities

The following tables summarize the details of the interest rate swap arrangements relating to the Canadian and European mortgages outstanding as at December 31, 2021 and December 31, 2020:

					As at December 31, 2021	
Transaction date	Total mortgage principal amount (notional)	Fixed interest rate range (%)	Maturity date range	Financial instrument measurement	Fair value liability (see Note 14)	
July 30, 2019	\$ 50,000	3.15	August 2029	Fair value through profit or loss	\$ (307)	
June 24, 2021 <sup>(1)</sup>	€ 183,684	0.07–1.77	March 2023– May 2024	Fair value through profit or loss	\$ (2,441)	
					\$ (2,748)	

(1) Notional amount in euros.

					As at December 31, 2020	
Transaction date	Total mortgage principal amount (notional)	Fixed interest rates (%)	Maturity dates	Financial instrument measurement	Fair value liability (see Note 14)	
August 30, 2017 and July 30, 2019	\$ 91,102	3.44 and 3.15	August 30, 2024 and August 1, 2029	Fair value through profit or loss	\$ (5,184)	

## 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 among Levels 1, 2 and 3 for the years ended December 31, 2021 and December 31, 2020.

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, 2021	Fair value as at December 31, 2021		
			Level 1	Level 2	Level 3
<b>Recurring fair value measurements</b>					
Non-financial assets					
Investment properties	4	\$ 5,696,607	\$ —	\$ —	\$ 5,696,607

	Note	Carrying value as at December 31, 2020	Fair value as at December 31, 2020		
			Level 1	Level 2	Level 3
<b>Recurring fair value measurements</b>					
Non-financial assets					
Investment properties	4	\$ 3,241,601	\$ —	\$ —	\$ 3,241,601

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 significant assumptions used in the valuation of investment properties are as follows:

#### Cap rate method

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

#### Discounted cash flow method

- Discount and terminal 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, 2021 and December 31, 2020, there were no investment properties classified as assets held for sale.

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



## Investment properties valuation process

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

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

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

The valuation team directly reports the results to the CEO, 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 per quarter, in line with the Trust’s quarterly reporting.

## Financial instruments

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

	Note	Carrying value as at December 31, 2021	Fair value as at December 31, 2021		
			Level 1	Level 2	Level 3
<b>Financial instruments at amortized cost</b>					
Mortgages	9	\$ 561,681	\$ —	\$ —	\$ 567,477
Unsecured debentures	9	1,294,074	—	1,288,679	—

	Note	Carrying value as at December 31, 2020	Fair value as at December 31, 2020		
			Level 1	Level 2	Level 3
<b>Financial instruments at amortized cost</b>					
Mortgages	9	\$ 820,964	\$ —	\$ —	\$ 871,829
Unsecured debentures	9	248,339	—	251,153	—

Amounts receivable, cash and cash equivalents, tenant security deposits, amounts payable and accrued liabilities are carried at amortized cost, which approximates fair value due to their short-term nature. The unsecured revolving credit facility and unsecured term loan are carried at amortized cost, which approximates fair value given that these financial instruments have variable interest rates. In addition, subsidiary redeemable units and DUIP are carried at amortized cost, which approximates fair value as they are readily redeemable financial instruments.

	Note	Carrying value as at December 31, 2021	Fair value as at December 31, 2021		
			Level 1	Level 2	Level 3
<b>Recurring fair value measurements</b>					
Financial assets					
Fair value of CCIRS	7	\$ 38,939	\$ —	\$ 38,939	\$ —
Fair value of interest rate swaps	7	509	—	509	—
Financial liabilities					
Fair value of CCIRS	14	\$ (6,425)	\$ —	\$ (6,425)	\$ —
Fair value of interest rate swaps	14	(2,748)	—	(2,748)	—

	Note	Carrying value as at December 31, 2020	Fair value as at December 31, 2020		
			Level 1	Level 2	Level 3
<b>Recurring fair value measurements</b>					
Financial liabilities					
Fair value of CCIRS	14	\$ (9,484)	\$ —	\$ (9,484)	\$ —
Fair value of interest rate swaps	14	(5,184)	—	(5,184)	—

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

### Mortgages

The fair value of mortgages as at December 31, 2021 and December 31, 2020 is determined by discounting the expected cash flows of each mortgage using market discount rates. For Canadian mortgages, the discount rates are determined using the Government of Canada benchmark bond yield for instruments of similar maturity adjusted for the Trust's specific credit risk. For European mortgages, the discount rates are determined using the EURIBOR for the remaining term of the mortgage, adjusted for the Trust's specific credit risk. In determining the adjustment for credit risk, the Trust considers market conditions, the fair value of the investment properties that the mortgages are secured by and other indicators of the Trust's creditworthiness. As a result, these measurements are classified as Level 3 in the fair value hierarchy.

### Unsecured revolving credit facility

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

### Cross-currency interest rate swap arrangements

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

## Note 32

### SUBSEQUENT EVENTS

Subsequent to December 31, 2021, the Trust issued 2,655,600 REIT Units under the ATM Program at a weighted average price of \$16.27 per REIT Unit for gross proceeds of \$43,218. Total costs related to the issuance of these REIT Units amounted to \$864.

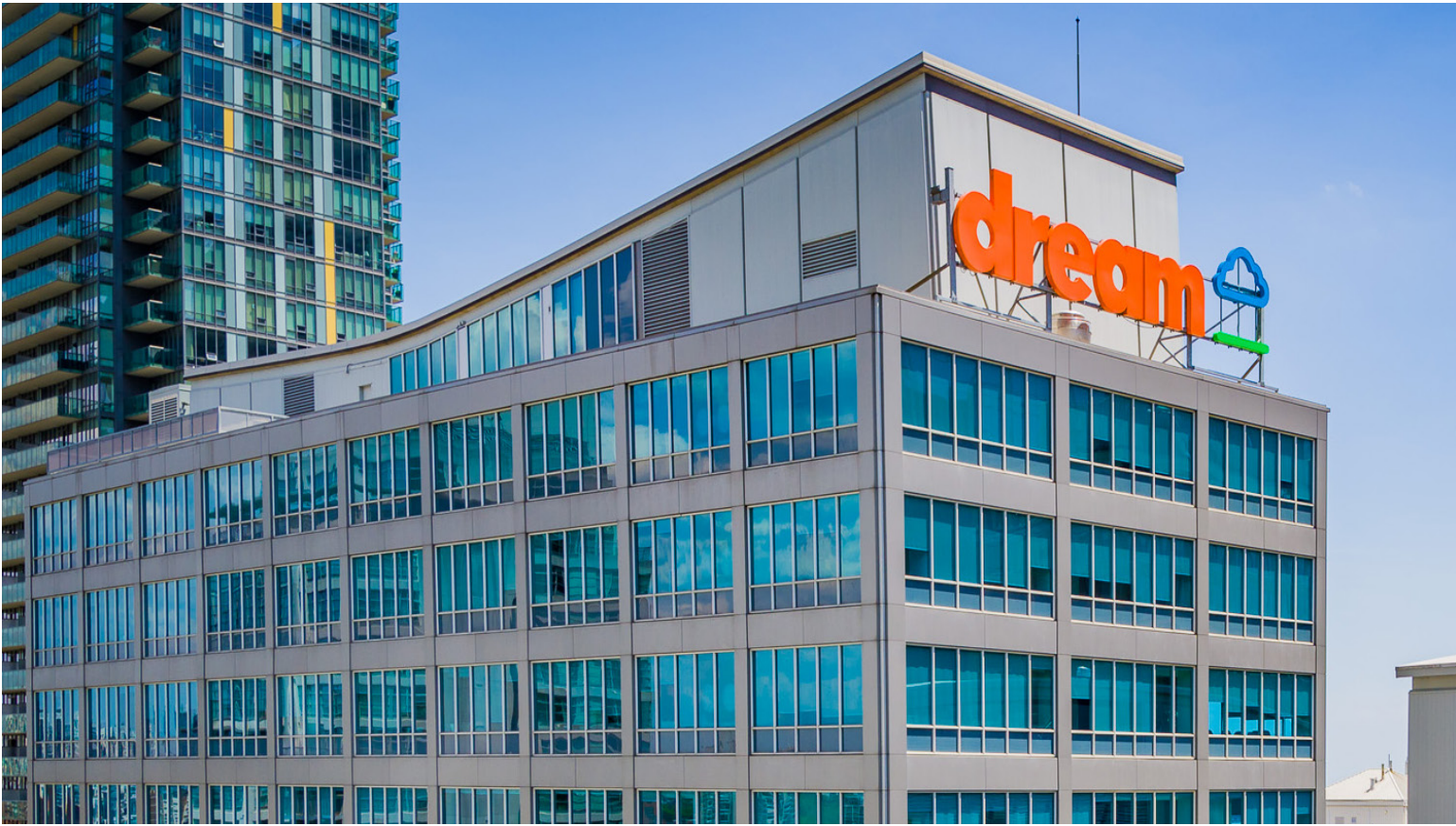
Subsequent to December 31, 2021, the Trust completed the following acquisitions:

		Fair value of investment properties <sup>(1)</sup>	Date acquired
480 Tapscott Road, Toronto, Ontario	\$	22,250	January 28, 2022
Balzac Lands, Calgary, Alberta <sup>(2)</sup>		13,750	February 8, 2022
<b>Total</b>	\$	36,000	

(1) Fair value of investment properties is as at the respective acquisition dates and excludes transaction costs.

(2) Balzac Lands is a parcel of land totalling 50 acres.

Subsequent to year-end, the Board of Trustees approved the amendments to the AMA between the Trust and DAM, clarifying certain definitions and simplifying the administration of the agreement. The principal amendments to the agreement include: (i) change in fiscal year to match the Trust's year-end; (ii) FFO per unit replacing AFFO per unit in calculations; (iii) incorporation of development activities; and (iv) separate contracts for North America and Europe. These amendments do not materially change the overall financial impact to the Trust.



## Trustees

**Dr. R. Sacha Bhatia**<sup>Ind.</sup>  
Toronto, Ontario  
Population Health and  
Value Based Care Executive  
Ontario Health

**Michael J. Cooper**<sup>3</sup>  
Toronto, Ontario  
President & Chief Responsible Officer  
Dream Unlimited Corp.

**J. Michael Knowlton**<sup>Ind.,1,2</sup>  
Toronto, Ontario  
Corporate Director

**Ben Mulrone**<sup>Ind.,2</sup>  
Toronto, Ontario  
Corporate Director

**Brian Pauls**<sup>3</sup>  
Denver, Colorado  
Chief Executive Officer  
Dream Industrial REIT

**Vicky Schiff**<sup>Ind.,1,2</sup>  
Los Angeles, California  
Corporate Director

**Vincenza Sera**<sup>Ind.,3,4</sup>  
Toronto, Ontario  
Corporate Director

**Sheldon Wiseman**<sup>Ind.,1</sup>  
Toronto, Ontario  
Chief Executive Officer  
Gistex Inc.

### Legend:

Ind. Independent

1. Member of the Audit Committee
2. Member of the Governance,  
Compensation and  
Environmental Committee
3. Member of the Executive Committee
4. Chair of the Board of Trustees

## Management Team

**Brian Pauls**  
Chief Executive Officer

**Lenis Quan**  
Chief Financial Officer

**Alexander Sannikov**  
Chief Operating Officer

**Joe Iadeluca**  
Senior Vice President,  
Portfolio Management

**Bruce Traversy**  
Senior Vice President and  
Head of Investments



## Corporate Information

### HEAD OFFICE

**Dream Industrial  
Real Estate Investment Trust**  
30 Adelaide Street East, Suite 301  
Toronto, Ontario M5C 3H1  
Phone: (416) 365-3535  
Fax: (416) 365-6565

### INVESTOR RELATIONS

Phone: (416) 365-3535  
Toll free: 1 877 365-3535  
Email: [industrialinfo@dream.ca](mailto:industrialinfo@dream.ca)  
Website: [www.dreamindustrialreit.ca](http://www.dreamindustrialreit.ca)

### TRANSFER AGENT

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

**Computershare Trust  
Company of Canada**  
100 University Avenue, 8th Floor  
Toronto, Ontario M5J 2Y1  
Phone: (514) 982-7555 or  
1 800 564-6253  
Fax: (416) 263-9394 or  
1 888 453-0330  
Website: [www.computershare.com](http://www.computershare.com)  
Email: [service@computershare.com](mailto:service@computershare.com)

### AUDITOR

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

### CORPORATE COUNSEL

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

### STOCK EXCHANGE LISTING

**The Toronto Stock Exchange**  
Listing Symbol: DIR.UN

For more information, please visit  
[dreamindustrialreit.ca](http://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

**Attention:** Dividend Reinvestment Services or call their Customer Contact Centre at 1 800 564-6253 (toll free) or (514) 982-7555.



**Corporate Office**

30 Adelaide Street East, Suite 301

Toronto, Ontario M5C 3H1

Phone: 416.365.3535

Fax: 416.365.6565

Website: [www.dreamindustrialreit.ca](http://www.dreamindustrialreit.ca)

Email: [industrialinfo@dream.ca](mailto:industrialinfo@dream.ca)