Dream Industrial REIT

Annual Report 2022

Hecto 1-3
Zevenaar, Netherlands

Dream Industrial REIT owns and operates a $6.8 billion global portfolio totalling over 47 million square feet[1] 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, 2022.

Cover image: Rendering of net zero ready development at Courtney Park, Mississauga, Ontario.

Letter to Unitholders

The global macroeconomic backdrop remains volatile driven by several events that were not anticipated at the beginning of the year. With high inflation pushing Central Banks around the world to tighten monetary policy, interest rates have risen considerably. Furthermore, ongoing geopolitical tensions in Europe and persisting impact of COVID-19 on supply chain disruptions have continued to make it difficult to predict the path of inflation and interest rates.

Within this volatile environment, the industrial asset class has proven to be resilient. We believe that industrial fundamentals are well-positioned to continue to outperform in this economic environment. Availability remains at record lows across all of our operating regions with significant embedded growth opportunity as in-place rents remain well below market rents. The pipeline of new supply is expected to remain limited due to lack of readily available buildable land and rising replacement costs.

Dream Industrial REIT is well-positioned to capitalize on this favourable backdrop for industrial fundamentals as evidenced by our operating and financial results. For 2022, we reported 10.5% comparative properties NOI growth, well ahead of our guidance of above 7% set at the beginning of the year. Led primarily by the strong organic growth, we were able to grow diluted FFO per unit by 9.0%, while keeping leverage in the low 30% range. We continue to maintain one of the strongest balance sheets in the Canadian REIT sector, which has allowed us to execute on significant strategic initiatives that have improved the overall quality and growth trajectory of our business.

We accelerated our development program during the year, substantially completing 577,000 square feet of expansions at an estimated unlevered yield on cost of above 7.5%, which is 250-300 bps higher than the going-in yield on comparable stabilized product. We have an additional 2.4 million square feet of projects currently underway or in advanced stages of planning with a forecast yield on cost of above 6%. Our portfolio management and development program continue to be a key driver of value-creation. At year-end, our NAV per Unit was $16.97, an increase of over 12% year-over-year. Over the past several years, we have successfully diversified our sources of capital across geographies by expanding to

Allendale (Project rendering)
Cambridge, ON, Canada

Europe and lowering our cost of debt through our European debt strategy. Our strategic initiatives have also resulted in the creation of a strong platform across each of our markets. Since 2021, we have explored and executed on various strategies to capitalize on this strong platform and introduce private institutional capital into our business as a source of growth equity for the REIT. Our access to private capital has solidified our brand and resulted in a growing property management fee stream, which is expected to be a significant driver of value-creation and cash flow growth over time.

We continue to be a leader in sustainability and it remains a key focus across the entire Dream organization. In 2022, we published our inaugural Net Zero by 2035 Action Plan which outlines the proposed strategy and course of action to achieve net zero on Scope 1 and 2 emissions by 2035 and select Scope 3 emissions by 2050. We are currently underway on the construction of a 209,000 square foot net zero ready industrial building in the Greater Toronto Area, which will be one of the first of its kind in Canada.

Earlier in the year, we completed our first GRESB real estate assessment submission. We scored full marks in areas of Leadership, Policies, Reporting, Targets and Data Monitoring and Review, assisted by our access to the broader Dream platform. We look forward to furthering these initiatives and reporting on our progress in the upcoming year.

In 2022, we continued to deliver on our strategy to increase the value of our business and achieved significant milestones. 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 14th, 2023

Dream Industrial REIT

At a Glance*

Dream Industrial REIT is one of the largest Canadian REITs with an approximately 47 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.

$6.8 billion

investment properties fair value

9.0%

2022 YoY diluted FFO per unit growth[1]

257

assets[2][3]

4.8%

distribution yield[4]

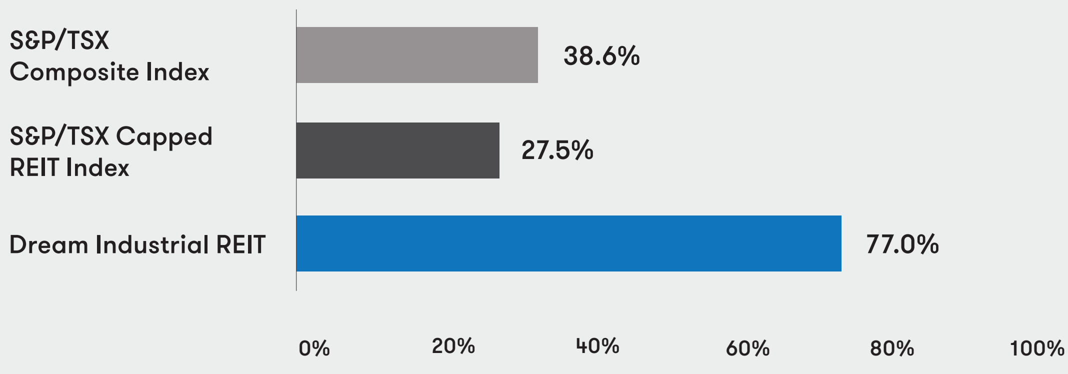
10.5%

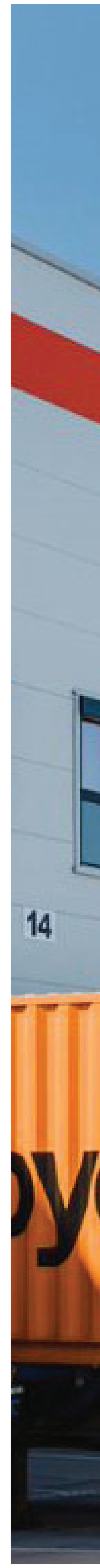
YoY CPNOI 2022 growth[5]

BBB(mid)

DBRS issuer rating

5 Year Cumulative Total Return





* All figures as at December 31, 2022.

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

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

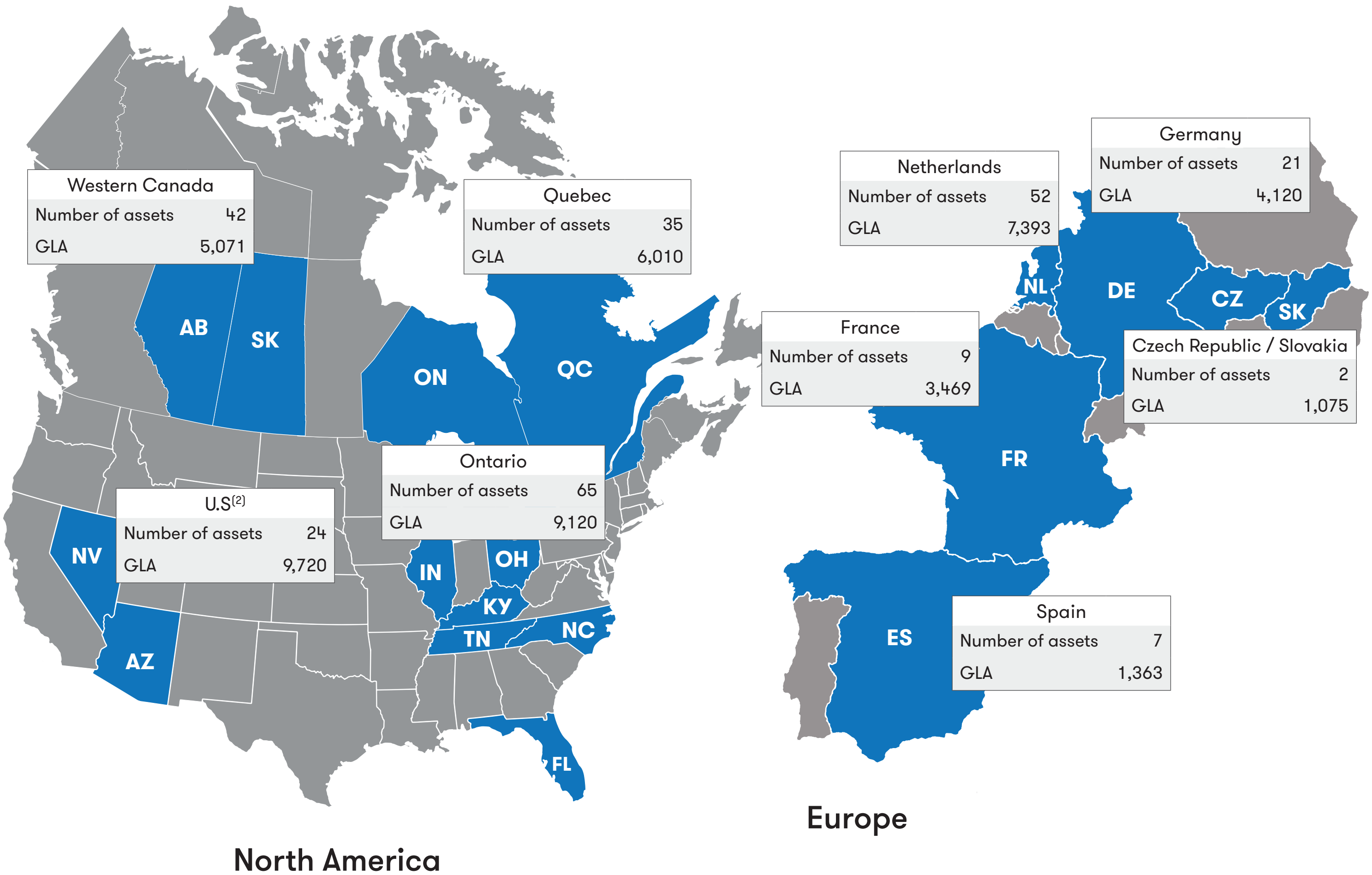
(3) Includes the Trust's owned and managed properties as at December 31, 2022.

(4) Distribution yield is calculated as annual distributions per unit divided by unit price as of February 13, 2023.

(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.

Priemyselný Park 460,
Kostolné Kračany, Slovakia

Our Geographic Reach



581 million
people (total addressable market)[1]

2.3 million
total site area and PUD[2]*

1,313
tenants[3]

23
industries[3]

47.3 million
SF total GLA[2]

98.9%
in place and committed occupancy[5]

38.3%
market rent spread

4.7 years
WALT[4]

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 allow 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 2023. Source: Data Commons.
(2) Reflects 100% of the investment properties in equity accounted investments as at December 31, 2022.
(3) Includes tenants occupying investment properties that are owned and managed by the Trust.
(4) Excludes the Trust's share of equity accounted investment as at December 31, 2022.
(5) As at December 31, 2022.

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

Distribution[1]

29.9M square feet | 133 assets | 1,189 acres

Urban Logistics[1]

12.4M square feet | 91 assets | 657 acres

Light Industrial[1]

5.0M square feet | 33 assets | 290 acres

Continuing to high-grade the portfolio

Christoph-Seydel-Straße 1
Radeberg, Germany

Near Term Development Projects	Number of projects	(in thousands of sq ft.)[2]	Estimated Unlevered yield
Total projects underway	6	961	6.6%
Total projects in planning	4	1,399	~6.1%
Total projects in pipeline	5	885	N/A
Total near-term development pipeline	15	3,245	-

(1) Excludes investment properties in equity accounted investment as at December 31, 2022.
(2) Represents total GLA of the projects for new development and redevelopment and incremental GLA for intensification projects.

ESG Highlights

Net Zero 2035 Action Plan

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

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

Dream Industrial is committed to net zero Scope 1 and 2 greenhouse gas (GHG) (operational and development) by 2035, and net zero select Scope 3 emissions by 2050. The commitment is focused on material emissions sources within our operational control and prioritizes emission reduction activities where we can have the greatest impact. On behalf of the Dream group of companies, including Dream Industrial, Dream Unlimited has committed to 61% of its total assets under management to be managed in line with net zero for Scope 1 and 2 emissions by 2035.

Dream Industrial continues to report on its progress towards meeting its targets and milestones in its annual Corporate Sustainability Report and through its commitment to the Net Zero Asset Managers initiative.

Sustainability Report

See our 2021 Sustainability Update Report under the Sustainability section of our website at: www.sustainability.dream.ca↗

Environmental

$850 million

in green bonds have been issued to date

2.4 million sf

of green building certifications are underway for 12 properties (including properties under development), in addition to 1.6 million square feet of completed green building certifications

1.2 million+ sf

of LED upgrades were completed across the portfolio

$12 million

of initial capital invested in rooftop solar panel installations are expected to generate over $1.3 million in annual income in 2023

Gold-level

Green Lease Leaders recognition by the Institute for Market Transformation and the U.S. Department of Energy's Better Buildings Alliance

15 solar projects

with a system capacity of over 10 MW of renewable energy were substantially completed in 2022

Social

Named

Best Workplaces™ for Giving Back by Great Places to Work® for the second year

Honoured

as one of Canada's Best Employers for Recent Graduates by the Career Directory

On track

to reach social procurement targets

Selected

as a three-time honouree of the Globe and Mail's Report on Business "Women Lead Here" program that benchmarks gender parity (2020, 2021 and 2022)

50%

of employees are women[1]

Governance

GRESB [2]

Completed

inaugural GRESB assessment and scored full marks in the Leadership, Policies, Reporting, Targets, and Data Monitoring & Review categories

75%

of the Trustees are independent[3]

25%

of the Trustees are women[3]

(1) Includes only employees 100% dedicated to Dream Industrial REIT (including Dream Europe Advisors Coöperatieve U.A. and Dream France Advisors SAS) as at December 31, 2022, and excludes employees on unpaid leaves of absence (e.g., permanent disability, long-term disability, parental leave) and interns.
(2) All intellectual property rights to this data belong exclusively to GRESB B.V. All rights reserved. GRESB B.V. has no liability to any person (including a natural person, corporate or unincorporated body) for any losses, damages, costs, expenses or other liabilities suffered as a result of any use of or reliance on any of the information which may be attributed to it.
(3) As at December 31, 2022.

ESG Commitments

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

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

United Nations Principles for Responsible Investment↗

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

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. Dream Industrial is an official supporter of the TCFD. The TCFD recommendations are structured around four core reporting areas: governance, strategy, risk management and metrics and targets. In 2022, Dream Industrial completed scenario analysis, which is a corporate strategy and risk/opportunity identification exercise to evaluate how we prepare for the implications of climate change and climate-related financial disclosures.

NET ZERO ASSET MANAGERS INITIATIVE

NZAM↗

The Net Zero Asset Managers (NZAM) initiative is an alliance of global asset managers committing to supporting the goal of net zero GHG emissions by 2050 or sooner, in line with the global efforts to limit warming to 1.5 degrees Celsius. The initiative covers 301 signatories and US$59 trillion in assets under management. Dream Unlimited, with the support of Dream Industrial, was one of the first Canadian companies to join the Net Zero Asset Managers initiative in October 2021 and made its initial target disclosure in 2022.

GRESB [1]

GRESB↗

Global Real Estate Sustainability Benchmark (GRESB) is an independent organization that validates ESG performance data. It is the global standard for ESG benchmarking and reporting for listed property companies, private property funds, developers and investors that invest directly in real estate. In its inaugural submission, Dream Industrial REIT scored full marks in the Leadership, Policies, Reporting, Targets, Data Monitoring and Review categories.

Technology Park Ypenburg
The Hague, Netherlands

Dream Industrial REIT

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Guldenweg 6
Varsseveld, 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, 2022	December 31, 2021
Total portfolio		
Number of assets[1][2]	**257**	239
Investment properties fair value	**$ 6,759,425**	$ 5,696,607
Gross leasable area ("GLA") (in millions of sq. ft.)[2]	**47.3**	43.0
Occupancy rate – in-place and committed (period-end)[3]	**98.9%**	98.2%
Occupancy rate – in-place (period-end)[3]	**97.9%**	97.7%
Average in-place and committed base rent per sq. ft. (period-end)[4]		
Canadian portfolio	**$ 8.46**	$ 7.87
European portfolio (€)	**€ 5.12**	€ 4.72
Estimated market rent to in-place and committed base rent spread (%) (period-end)[4]		
Canadian portfolio	**52.7%**	24.4%
European portfolio	**10.4%**	6.8%
Weighted average lease term ("WALT") (years)[4]	**4.7**	4.6

	Three months ended		Year ended	
	December 31, 2022	December 31, 2021	**December 31, 2022**	December 31, 2021
Operating results				
Net rental income	**$ 75,548**	$ 60,432	**$ 281,587**	$ 217,899
Comparative properties net operating income ("NOI") (constant currency basis)[3][5]	**65,268**	59,574	**174,071**	157,564
Net income (loss)	**(34,147)**	189,971	**705,885**	608,345
Funds from operations ("FFO")[5]	**64,033**	52,033	**240,493**	176,616
Per Unit amounts				
FFO – diluted[6][7]	**$ 0.23**	$ 0.21	**$ 0.89**	$ 0.81
Distribution rate	**$ 0.17**	$ 0.17	**$ 0.70**	$ 0.70

	As at	
	December 31, 2022	December 31, 2021
Financing		
Credit rating – DBRS	**BBB (mid)**	BBB (mid)
Net total debt-to-total assets (net of cash and cash equivalents) ratio(6)	**31.7%**	31.6%
Net total debt-to-normalized adjusted EBITDAFV ratio (years)(6)	**8.3**	8.0
Interest coverage ratio (times)(6)	**12.3**	7.9
Weighted average face interest rate on debt(8)	**1.21%**	0.83%
Weighted average term to maturity on debt (years)	**3.0**	3.8
Secured debt as a percentage of total assets(9)	**7.3%**	9.3%
Unencumbered investment properties as a percentage of investment properties(9)	**78.6%**	72.9%
Total assets	**$ 7,280,493**	$ 6,053,566
Cash and cash equivalents	**$ 83,802**	$ 164,015
Available liquidity(5)	**$ 529,587**	$ 511,612
Capital		
Total equity (per consolidated financial statements)	**$ 4,452,741**	$ 3,499,423
Total equity (including LP B Units)(5)	**$ 4,669,612**	$ 3,818,886
Total number of Units (in thousands)(10)	**275,156**	252,417
Net asset value ("NAV") per Unit(6)	**$ 16.97**	$ 15.13
Unit price	**$ 11.69**	$ 17.22

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

(2) Includes the Trust's owned and managed properties as at December 31, 2022 and December 31, 2021. Managed properties include U.S. assets in a private U.S. industrial fund (the "U.S. Fund") for which the Trust provides property management, construction management and leasing services at market rates.

(3) Includes the Trust's share of equity accounted investment as at December 31, 2022 and December 31, 2021. In addition, includes the expanded space related to the completed expansion in Dresden, Germany as at December 31, 2022, which has been 100% leased for occupancy in January 2023.

(4) Excludes the Trust's share of equity accounted investment as at December 31, 2022 and 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 additional information about these non-GAAP financial measures.

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

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

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

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

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

BUSINESS UPDATE

Dream Industrial Real Estate Investment Trust ("Dream Industrial REIT" or the "Trust") achieved transformative milestones in 2022. We continued to execute on our development program and portfolio management initiatives. In April, we formed a $1.5 billion develop-to-hold joint venture (the "Development JV") with a sovereign wealth fund (the "Partner") in which we own a 25% interest, allowing us to build up greater scale in our business. Furthermore, we expect to close on the upcoming acquisition of Summit Industrial Income REIT on or about February 17, 2023; our 10% interest will enable us to earn property management and leasing fees on market terms, significantly expanding our property management platform and enhancing our return on investment. At the same time, we continued growing our portfolio with over $565 million of acquisitions completed during the year, adding over 2.6 million square feet of strategic assets to our existing portfolio. Our robust leasing momentum and execution of growth opportunities allowed us to generate 9.6% year-over-year comparative properties NOI (constant currency basis) growth and 10.4% year-over-year FFO per Unit growth for the quarter. For the full year, we generated comparative properties NOI (constant currency basis) growth of 10.5% and FFO per Unit growth of 9.0% compared to 2021.

We raised $320 million of equity in Q1 2022, issued $336 million of unsecured debt throughout the year, and increased our unsecured revolving credit facility by $150 million. We ended the year with approximately $530 million of available liquidity, a net total debt-to-total assets (net of cash and cash equivalents) ratio of 31.7% and cash and cash equivalents of $83.8 million.

Operations update

Robust leasing momentum at attractive rental spreads and solid contractual rent growth – Since the end of Q3 2022, we have signed approximately 1.5 million square feet of new leases and renewals at an average spread of 59.5% over prior or expiring rents, excluding two automatic five-year term renewals totalling 0.4 million square feet in the Netherlands. The future rents on these two renewals will be subject to consumer price index ("CPI") indexation upon commencement of the renewal terms.

We have provided a summary of our recent leasing highlights below:

a. We addressed the remaining 130,000 square feet of our 600,000 square foot vacancy in our property in Blois, France. We achieved a 7% spread to the prior rent with the lease fully indexed to CPI, which commenced in November 2022.

b. In Ontario, we signed 270,000 square feet of renewals, achieving an average spread to expiry above 75% and a contractual rent growth above 3%.

c. In Québec, we signed two renewals for a combined 130,000 square feet space while achieving a 201% spread compared to the prior rent.

We expect to achieve strong rental rate growth over time as we set rents on expiring leases to market, as market rents continue to increase across our operating markets. As at December 31, 2022, the estimated market rent of properties in our portfolio increased by nearly 25% compared to December 31, 2021, and over 8% compared to September 30, 2022. As at December 31, 2022, estimated market rents exceed the average in-place base rent across our portfolio by over 35%.

Continued growth in net rental income for the quarter and year-to-date – Net rental income for the three months and year ended December 31, 2022 was $75.5 million and $281.6 million, respectively, representing an increase of $15.1 million or 25.0%, and $63.7 million or 29.2%, respectively, relative to the prior year comparative periods. For the three months ended December 31, 2022, year-over-year net rental income increased by 45.4% in Ontario, 14.5% in Québec, 8.1% in Western Canada and 25.0% in Europe. The increase was mainly driven by strong comparative properties NOI (constant currency basis) growth in 2022 and the impact of acquired investment properties in 2022 and 2021.

Solid pace of comparative properties NOI ("CP NOI") (constant currency basis) growth – CP NOI (constant currency basis) for the three months and year ended December 31, 2022 was $65.3 million and $174.1 million, respectively. For the same periods in 2021, CP NOI (constant currency basis) was $59.6 million and $157.6 million, respectively. This represents an increase of 9.6% and 10.5% for the three months and year ended December 31, 2022, respectively, compared to the prior year comparative periods.

The growth in CP NOI (constant currency basis) was led by a 17.1% and 14.6% year-over-year increase in CP NOI in Ontario for the three months and year ended December 31, 2022, respectively. This was driven primarily by increasing rental spreads on new and renewed leases where the average in-place base rent increased by 12.3% and 10.0%, respectively, along with a 160 and 180 basis points ("bps") increase in average occupancy, respectively, for the three months and year ended December 31, 2022.

In Québec, year-over-year CP NOI (constant currency basis) growth was 10.7% and 12.6% for the three months and year ended December 31, 2022, respectively. Higher rental rates on new and renewed leases and contractual rent step-ups resulted in an overall increase in average in-place rent by 6.7% and 7.6% for the three months and year ended December 31, 2022, respectively.

In Europe, strong contractual rent growth and CPI indexation resulted in a 2.0% and 4.8% increase in in-place base rent for the three months and year ended December 31, 2022, which drove year-over-year CP NOI (constant currency basis) growth of 5.1% and 9.2% for the three months and year ended December 31, 2022, respectively. The increase was driven by higher rental rates and the impact of CPI indexation on leases. For the quarter, CPI indexation contributed approximately 3.8% increase in comparative properties NOI and 3.4% for the full 2022 year. Additionally, $0.1 million of solar income was recognized in CP NOI (constant currency basis) during the quarter from completed projects in the Netherlands, bringing total solar income for the year to $0.6 million.

Acquisitions, development and finance update

Acquisitions – During 2022, we acquired approximately $565 million of income-producing assets (net of transaction costs of $35 million) that have added more than 2.6 million square feet of high-quality logistics space in land-constrained markets across Canada and Europe.

On November 7, 2022, the Trust announced, in partnership with GIC, an agreement with Summit Industrial Income REIT under which a joint venture between the Trust and GIC (the "Dream Summit") will acquire Summit Industrial Income REIT in a transaction valued at approximately $5.9 billion, including the assumption of certain debt (the "Arrangement"). Subsequent to December 31, 2022, regulatory approvals in respect of the Arrangement were received and closing of the Arrangement is expected to occur on or about February 17, 2023, subject to the satisfaction or waiver of all of the remaining customary closing conditions, all of which have been or are expected to be satisfied by or on such date. If all customary closing conditions are met or waived, the Trust will acquire a 10% interest in the joint venture for cash consideration of approximately $473 million, net of debt to be assumed on closing of the Arrangement and including estimated transaction costs. The Arrangement is expected to be funded with proceeds from a new $200 million unsecured term loan, the unsecured revolving credit facility and available cash on hand. The Trust will provide property management and leasing services to Dream Summit and earn fees at market rates.

Subsequent to the transaction, we will co-own and manage one of the largest portfolios of industrial assets in Canada with 43 million square feet of high-quality properties, primarily located in the Greater Toronto Area ("GTA"), Greater Golden Horseshoe Area ("GGHS") and Greater Montréal Area. In addition, we will have exposure to over 6.2 million square feet of near-term development projects in Canada (including projects held in the Development JV and in the Dream Summit venture at 100%) with anticipated completion in the next 12–30 months.

Pro forma the Dream Summit venture, our total co-owned and managed portfolio will grow to over 70 million square feet of GLA across Canada, U.S. and Europe, with 46% of our co-owned and managed GLA located in Ontario and Québec, up from 33% as at December 31, 2021.

Development update – Our development pipeline provides a significant opportunity to add high-quality assets in core markets at attractive economics. We have approximately 3.8 million square feet of development projects that are currently underway or in planning stages.

We currently have 961,000 square feet of projects underway across Canada. With a total expected cost of approximately $218 million (estimated costs to completion of $111 million), we expect unlevered yield on development cost of approximately 6.6% upon completion. We expect these projects to be completed in the next 12–18 months.

a. During the quarter, we commenced construction at a 436,000 square foot ground-up development in Cambridge, Ontario. This project is part of our $1.5 billion develop-to-hold joint venture with a sovereign wealth fund, in which we own a 25% interest. The project is expected to be completed in the next 12 months with a forecast unlevered yield on cost of above 6.6%.

b. We are under construction on the redevelopment of three buildings in Mississauga with an existing site area of 10 acres, providing opportunity to build a high-quality logistics product totalling 209,000 square feet. The building is expected to be net zero ready at completion and will be one of only a handful of such warehouses in Canada. Construction completion is expected by early 2024 with an estimated unlevered yield on cost of 6.3%.

c. We advanced the greenfield development of the 20-acre parcel of land located in the Balzac sub-market of Calgary, close to the Calgary International Airport with excellent connectivity to major highways and downtown Calgary. Construction commenced with an anticipated completion by the end of 2023 and an estimated unlevered yield on cost of 6.1%.

We have an additional 1.4 million square feet of projects at our share that are in the final stages of planning with targeted completion in the coming two to three years. With a total cost of approximately $303 million, we expect an average unlevered yield on cost of approximately 6.1%.

In addition to the above projects, we are in the preliminary stages of planning for approximately 0.9 million square feet of near-term expansion and redevelopment opportunities in Europe.

Capital strategy – We continue to maintain significant financial flexibility as we execute on our strategy to grow and upgrade portfolio quality. Our proportion of secured debt is 7.3% of total assets and represents approximately 23% of total debt (a non-GAAP financial measure; see the "Non-GAAP Financial Measures" section for additional information), compared to 27.9%

one year ago. Additionally, our unencumbered asset pool totalled $5.3 billion as at December 31, 2022, representing approximately 79% of our investment properties value as at December 31, 2022.

We ended Q4 2022 with total available liquidity of $530 million including cash and cash equivalents of $83.8 million. During the quarter, we enhanced our liquidity with the $150 million upsize of our unsecured credit facility to $500 million with an additional $250 million accordion and the extension of the maturity to 2026. We also increased our unsecured term loan by US$100 million to US$250 million and extended the term to late 2025.

Environmental, social and governance (“ESG”) update

We achieved significant ESG milestones in 2022 and continued to execute on our sustainability strategy and commitments. During the quarter, we issued our 2021 Sustainability Update Report, which provides a summary of our key performance indicators, initiatives and commitments for the year ended December 31, 2021. The 2021 Sustainability Update Report includes ESG-related disclosures for energy, water, greenhouse gas (”GHG”) emissions and flood risk exposure. We continue to formalize our disclosure controls and procedures to collect, review and approve our ESG disclosures with the same level of scrutiny as our financial disclosures, in alignment with international ESG standards and frameworks.

In 2022, we substantially completed $12 million of capital investments committed to solar panel installations located in the Netherlands and Alberta, which are expected to generate approximately $1.3 million in annual revenues in 2023. These 15 projects have a system capacity of over 10 megawatts (“MW”) of renewable energy and are estimated to save approximately 89,000 tonnes of carbon dioxide equivalent (“tCO2e”) over the lifetime of the projects. In the Netherlands, all eight projects were operational by the end of 2022. In Alberta, six of the seven projects were substantially complete by the end of 2022, and the final project is expected to be complete in early 2023. We own and manage these solar panel installations directly as well as the associated revenue stream, which is expected to generate an attractive unlevered return of 8%. As the current phase of renewable energy projects is nearing completion, we are assessing nine additional projects in the Netherlands that are in the final stages of feasibility. We have established a successful renewable energy program in Alberta and the Netherlands, and will be applying the acquired in-house expertise to explore growing the program in these regions and expanding the geographic distribution in additional markets in Canada and Europe.

We continued to make progress on our commitment to increase the number of green building certifications in our portfolio. We completed 1.6 million square feet of green building certifications, and we have over 2.4 million square feet of green building certifications that are underway for 12 properties, including properties under development. During the quarter, the development of a 241,000 square foot logistics facility in Germany was completed, and we anticipate that the German Sustainable Building Council (“DGNB”) certification will be achieved for this building in 2023. In 2022, we committed to obtaining green building certification (Leadership in Energy and Environmental Design, Building Owners and Managers Association International or DGNB) on all new developments.

During Q4 2022, we commenced our inaugural zero carbon design redevelopment, which consists of a cluster of three buildings on a 10-acre site in the GTA, which will be redeveloped into a 209,000 square foot best-in-class facility. The redevelopment is expected to receive Canada Green Building Council’s (“CaGBC”) Zero Carbon Building Standard certification upon completion, in alignment with our net zero target. The new facility design includes energy efficient roof insulation, heating, and ventilation equipment, as well as a reinforced roof to support solar panels on up to 70% of the roof area.

As part of the Net Zero by 2035 Action Plan, which was published in April 2022 together with the Dream group of companies, we have committed to net zero Scope 1 and 2 GHG emissions (operational and development) by 2035 and net zero select Scope 3 GHG emissions (operational) by 2050. We considered peer commitments and investor expectations, current and proposed government regulations, existing technologies, and leading science-based standards and frameworks as well as our ESG strategy and current reporting obligations during the development of the Net Zero by 2035 Action Plan. The commitment is focused on material emissions sources within our operational control and prioritizes emission reduction activities where we can have the greatest impact. We continue to report on our progress towards meeting our targets and milestones in our annual Sustainability Update Report and through our commitment to the Net Zero Asset Managers initiative.

To improve the energy efficiency of our properties, we continue to invest in upgrading lighting to light emitting diodes (“LED”). Throughout 2022, we have upgraded over 1,200,000 square feet of lighting to LED, which contributes to reducing building emissions and operating costs.

We continue to develop our strategy for alignment with the Task Force on Climate-related Financial Disclosures (“TCFD”) as well as the UN Principles for Responsible Investment (“UN PRI”) and the Sustainability Accounting Standards Board (“SASB”). Our first

Global Real Estate Sustainability Benchmark ("GRESB") Real Estate Assessment submission in June 2022 contributed to our alignment with international reporting frameworks including TCFD, UN PRI and SASB.

To date, we have issued $850 million of green bonds to support our sustainable corporate strategy, of which $295 million was deployed in 2021 towards eligible green buildings and projects. We have approximately $600 million of eligible green projects in our near-term pipeline, with over $150 million of additional projects in feasibility or preliminary stages.

BASIS OF PRESENTATION

Our discussion and analysis of the financial position and results of operations of Dream Industrial REIT should be read in conjunction with the audited consolidated financial statements of Dream Industrial REIT and the accompanying notes for the year ended December 31, 2022. 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 ("CEO") 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 14, 2023.

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

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

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

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

FORWARD-LOOKING DISCLAIMER

Certain information herein contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation, including but not limited to statements relating to the Trust's objectives and strategies to achieve those objectives; the expected closing of the acquisition of Summit Industrial Income Real Estate Investment Trust by a joint venture between the Trust and GIC, and expectations regarding the Trust's provision of certain services to such joint venture and related fees, and expected total managed square feet of industrial space following such acquisition; the Trust's expectations relating to the benefits to be realized from demand drivers for industrial space; our marketing undertakings; the timing of closing of acquisitions, including the anticipated purchase price and value of additional acquisitions under contract or in exclusivity; the commencement of certain leases and the average spread thereof; the Trust's ability to achieve strong rental growth over time through inclusion of contractual annual rate escalators to its leases and as it sets rents on expiring leases as market rents continue to increase across the Trust's operating markets, and the expected increase of comparative properties NOI as a result thereof; the expectation that short-term leases generally have lower costs than long-term leases; expectations regarding tenant prospects; the expected going-in capitalization rate of acquisitions; our development and acquisition pipelines, including timing for completion thereof; our development joint venture (the "Development JV") with a leading global sovereign wealth fund, the expected terms of and contributions into such Development JV, the details of its expected development projects, the intent of the Development JV to keep development projects unlevered within the venture, and the expectation that a subsidiary of the Trust will provide certain services to the Development JV at market rates; the expected timing for completion of the Trust's projects and expansion plans; expectations regarding cash flow and cash distributions, and the expected variations of income and other metrics; expectations regarding the timing of execution of the Trust's acquisition strategy and asset recycling and redevelopment of capital raised from equity offerings; the Trust's intention and ability to fund any potential distribution shortfalls with cash and cash equivalents on hand and with the amounts available on the unsecured revolving credit facility; any potential future suspension and subsequent reinstatement of the Distribution Reinvestment Program ("DRIP") and Unit Purchase Plan; the Trust's goal of growing and upgrading the quality of its portfolio and providing attractive returns to unitholders; statements regarding the current or expected quality and opportunities in respect of the Trust's assets, including assets under development or redevelopment; the Trust's portfolio strategy and commitments, and its goal to acquire mid- to large-bay properties in the GTA, Greater Montréal Area and major Western European markets and to increase scale in existing sub-markets in Canada, and expected benefits thereof; the Trust's long-term growth goals through its retained interest in the U.S. Fund, and expected benefits thereof; the expectation that services provided to the U.S. Fund will generate a growing revenue stream; the pro forma composition of our portfolio after the completion of the acquisitions and potential development opportunities, including the GLA to be added to the Trust's portfolio following the acquisitions or expansions; our debt strategy, including in respect of our leverage ratio, liquidity levels, borrowing costs, foreign currency hedging, and our unencumbered investment properties pool; our development, expansion, value-add capital improvements and refurbishments and redevelopment plans, including benefits thereof and timing of construction commencement and completion, intensification, and the expansion potential of the Trust's portfolio, including the expected increase in site density resulting from intensification projects; anticipated development yields, including unlevered yields, development costs, completion timelines and the Trust's total assets it expects to have under active development; expected occupancy; use of the net proceeds from the Trust's recent offerings; the Trust's ability to deliver on ESG and sustainability initiatives and plans, and various sustainability policies and reporting initiatives by, and commitments with, third parties, including in respect of alignment with the Task Force on Climate-related Financial Disclosures, the United Nations Principles for Responsible Investment, and the Sustainability Accounting Standards Board; the Trust's ability to formalize disclosure controls and processes in respect of ESG matters; the expansion of the Trust's renewable energy program, the Trust's goal to be net zero by 2035 for operations including Scope 1 and 2 emissions and net zero by 2050 for select Scope 3 emissions, the Trust's ability to meet its commitments, targets and milestones under its Net Zero by 2035 Action Plan and execute its initiatives and plans under the Trust's annual Sustainability Update Report; the feasibility and completion of eligible green projects, including our green project pipeline; the Trust's commitment and ability to obtain green building certifications for its portfolio, including obtaining the CaGBC Zero Carbon Building Standard certification for a certain redevelopment, and the commitment to obtain green building certifications for all new developments; the Trust's net zero redevelopments, including starting dates; the feasibility, implementation, results, yield and other expected benefits, capital commitments, and completion timelines in respect of the Trust's solar power projects, and potential expansion of the Trust's solar program into other regions in Canada and Europe; the Trust's ability and plans to improve the energy efficiency of its portfolio, reduce building emissions and operating costs, including through LED lighting and roofing upgrades; the sustainability and efficiency of the Trust's developments; the Trust's conservative financial policy and expected flexibility and strength of its balance sheet; expectations regarding our credit rating and sources of debt; the Trust's portfolio and management strategy and expected benefits to be derived thereof, and expectations that its relationships will provide advantages in respect of acquisitions; the amount by which market rents exceed in-place rents and the outlook for rental rate growth; the 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; the relative illiquidity of real estate investments and limited ability to vary our portfolio promptly to respond to changing economic or investment conditions; significant expenditures associated with real estate ownership regardless of whether the property is producing sufficient income to pay such expenses; employment levels; the uncertainties around the timing and amount of future financings; inflation; risks related to a potential economic slowdown in the jurisdictions in which we operate and the effect inflation and any such economic slowdown may have on market conditions and lease rates; uncertainties surrounding the novel coronavirus ("COVID-19") pandemic and other public health crises and epidemics; risks associated with unexpected or ongoing geopolitical events, including disputes between nations, war, terrorism or other acts of violence; international sanctions; the financial condition of tenants and borrowers; leasing risks; risks associated with the geographically concentrated nature of our properties; interest rate and currency rate fluctuations; risks associated with CCIRS arrangements; regulatory risks and changes in law; environmental risks; competition from other developers, managers and owners of properties; risks associated with participating in joint arrangements; environmental and climate change risks; insurance risks including liability for risks that are uninsurable under any insurance policy; cyber security risks; our ability to sell investment properties at a price that reflects fair value; and our ability to source and complete accretive acquisitions.

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

All forward-looking information is as of February 14, 2023. Dream Industrial REIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information about these assumptions, risks and uncertainties is contained in our filings with securities regulators. Certain filings are also available on our website at www.dreamindustrialreit.ca.

BACKGROUND

Dream Industrial REIT is an unincorporated, open-ended real estate investment trust. As at December 31, 2022, we own, manage and operate a global portfolio comprising 257 assets totalling approximately 47.3 million square feet of GLA in key markets across Canada, Europe and the U.S. Our goal is to grow and upgrade the quality of our 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 100 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 recognize that investing in sustainability is a key driver of creating long-term value for our stakeholders. Our approach to sustainability aims to uncover opportunities to enhance asset value, incorporate energy management initiatives into capital expenditures and increase energy efficiency throughout our portfolio and lower operational costs.

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

SECTION II

OUR ASSETS

Dream Industrial REIT owns, manages and operates a portfolio of 257 assets (374 industrial buildings) totalling approximately 47.3 million square feet of GLA in key markets across Canada, Europe and the U.S. as at December 31, 2022.

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

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

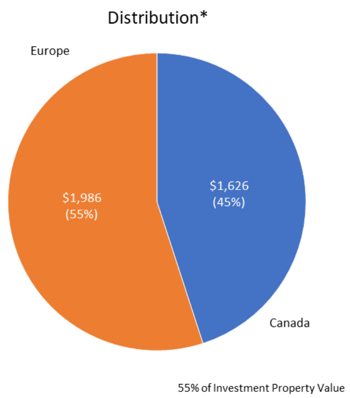
Focused portfolio strategy

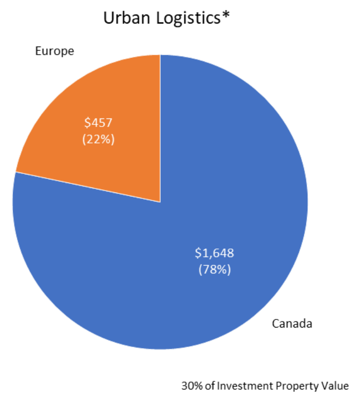
In Canada, our focus is on mid- to large-bay properties primarily in the GTA and the Greater Montréal Area where we expect to benefit from increased user demand relative to supply of quality industrial product, and where in-place rental rates are generally below market rental rates and the outlook for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

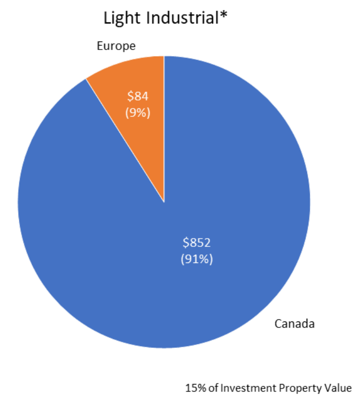
In Europe, our goal is to acquire mid- to large-bay properties in major Western European markets. Across these markets there is growing demand for urban logistics space, increased user demand relative to supply of quality industrial product, attractive going-in capitalization rates and upside potential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

In the U.S., we will continue to pursue long-term growth alongside strong institutional partners through our retained interest in the U.S. Fund. This structure allows us 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 provides property management, accounting, construction management and leasing services to the U.S. Fund at market rates. This is expected to provide us with a growing income stream as the U.S. Fund scales in attractive U.S. industrial markets.

As at December 31, 2022, our investment property value (excluding the U.S. portfolio and properties under development) by building type allocated by region is as follows:







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

Key property statistics by building type as at December 31, 2022 are summarized in the table below:

	December 31, 2022			
	Distribution	Urban logistics	Light industrial	Total
Number of assets(1)(2)	133	91	33	257
Number of buildings(2)	150	174	50	374
Total GLA (thousands of sq. ft.)(2)	29,885	12,424	5,032	47,341
Owned GLA (thousands of sq. ft.)(3)	23,527	11,534	5,032	40,093
Site area (in acres)(2)	1,189	657	290	2,136

(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, 2022.

(3) Includes the Trust's share of equity accounted investment as at December 31, 2022.

Development strategy

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

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

Our greenfield program is a combination of projects wholly owned by the Trust and those owned through a 25% interest in the Development JV that was established in Q2 2022 with the Partner.

Our greenfield projects consist of three development sites totalling 78 acres in the GTA and Calgary. These sites should support the development of approximately 1 million square feet in the near to medium term.

The eight-acre Abbotside site is attractively located in close proximity to Highway 410 in Caledon. We are currently underway on the development of a 154,000 square foot logistics facility. The construction contract has been awarded and construction commenced in Q2 2022. We expect construction to be completed in the first half of 2023 with a forecasted unlevered yield on cost of 7.3%.

In 2022, we acquired a 50-acre site in the Balzac sub-market of Calgary as well as a nearby 20-acre site. We are currently in the planning stages of constructing four buildings totalling approximately 1 million square feet at these sites. During the quarter we commenced construction on the 20-acre site and expect to commence construction on the 50-acre site in the first half of 2023. Complete construction of both sites is anticipated in the next 12–24 months, with a forecasted unlevered yield on cost of approximately 6%.

In Q2 2022, the Trust, along with Dream Unlimited Corp., announced the formation of the Development JV with the Partner. The Trust and the Partner are targeting to contribute up to a combined total of $1.5 billion into the Development JV. The Development JV will target to buy $500 million of well-located development sites in the GTA and other select markets within the GGHA to build high-quality, best-in-class industrial assets with the intention to hold the properties following stabilization. The Partner will commit to a 75% ownership interest in the Development JV with the Trust maintaining a 25% ownership interest. The Development JV intends to keep the development projects unlevered within the venture, with each party utilizing debt on their respective balance sheets to fund our respective share of the land acquisition and construction costs. Currently, the Development JV owns two sites located in the GTA and GGHA that should support the development of over 1.3 million square feet of GLA over the next 30 months. During the quarter, we commenced construction at the 436,000 square foot development in Cambridge, Ontario.

In addition to our greenfield program, we have the unique opportunity to add high-quality GLA through the expansion and redevelopment of existing sites across our predominantly urban portfolio in North America and Europe. We continuously evaluate redevelopment and intensification opportunities across our portfolio from technical and financial feasibility perspectives, and our current redevelopment pipeline consists of several sites in Ontario and Europe. We continue to add to our redevelopment/intensification pipeline through our acquisition activity. Our cumulative acquisition activity allowed us to add over 2.5 million square feet of excess density on our current income-producing assets that can be developed over time.

We have substantially completed 0.6 million square feet of intensification projects in 2022 and currently have approximately 1 million square feet of projects underway with an additional 1.4 million square feet of projects at our share that are in advanced stages of planning. We expect a significant portion of these projects to be completed in the next 24 months and generate an attractive unlevered yield on cost of approximately 6.5%.

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

(in millions of dollars)

Location	Region	GLA (in thousands of sq. ft.)[(1)]	Cost incurred[(2)]	Estimated cost to complete[(4)]	Total estimated cost	Construction completion	Estimated unlevered yield[(5)]	Current objective
Substantially complete								
The Hague, Netherlands	Europe	65	14.0	—	14.0	H1 2022	6.2%	Intensification
100 East Beaver Creek, Richmond Hill	Ontario	43	5.9	0.2	6.1	H2 2022	11.3%	Intensification
401 Marie-Curie Boulevard, Montréal – Ph. 1 & 2	Québec	228	29.8	1.3	31.1	H2 2022	8.2%	Intensification
Dresden, Germany	Europe	241	29.0	—	29.0	H2 2022	6.8%	Intensification
Total substantially complete		577	$ 78.7	$ 1.5	$ 80.2		7.6%	
Underway								
Blaise Pascal, Montréal	Québec	120	13.2	6.8	20.0	H1 2023	8.4%	Intensification
Abbotside, Caledon	Ontario	154	32.8	5.5	38.3	H1 2023	7.3%	New development
Terrebonne, QC	Québec	29	1.4	5.9	7.3	H1 2023	5.3%	Intensification
Balzac, AB	Alberta	340	12.9	49.5	62.4	H2 2023	6.1%	New development
Cambridge, ON[(3)]	Ontario	109	7.1	18.1	25.2	H1 2024	6.6%	New development
Mississauga, ON	Ontario	209	39.3	25.5	64.8	H1 2024	6.3%	Redevelopment
Total underway		961	$ 106.7	$ 111.3	$ 218.0		6.6%	
Planning								
Balzac, AB	Alberta	640				H2 2024		New development
Montréal, QC	Québec	167				H2 2024		Intensification
Whitby, ON	Ontario	384				H1 2025		Redevelopment
Brampton, ON[(3)]	Ontario	208				H1 2025		New development
Total planning		1,399	$ 59	$ 244	$ 303		~ 6.1%	
Total near-term development pipeline		2,937	$ 244	$ 357	$ 601		~ 6.5%	

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

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

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

(4) The cost to complete represents the Trust's best estimates as at December 31, 2022.

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

Our two-phase intensification project at 401 Marie-Curie Boulevard, a 527,000 square foot Class A distribution facility in the Greater Montréal Area, is substantially complete. 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 228,000 square feet, increasing coverage to 45%. We leased the entire 132,000 square foot phase one expansion, which took occupancy on April 1, 2022. We have leased the remaining 96,000 square foot phase two expansion, with occupancy starting in early 2023, resulting in an unlevered yield on construction costs of 8.0% on the phase two expansion project. We achieved an unlevered yield on construction costs of over 8.2% on the two-phase project.

In the first half of 2022, we substantially completed a 65,000 square foot expansion at our recently acquired 600,000 square foot high-tech and industrial cluster in The Hague, Netherlands. The expansion was pre-leased and construction was completed over the quarter, with an unlevered yield on construction costs of approximately 6.2%.

Construction is substantially complete on the expansion of an existing 110,000 square foot property in the GTA at 100 East Beaver Creek, which is located in Richmond Hill and is close to Highway 404 and Highway 407. The 43,000 square foot facility has been fully leased, achieving an unlevered yield on construction costs of over 11.3%.

The intensification project in Dresden, Germany commenced construction in Q4 2021 and is now substantially complete. The 30.4-acre site holds an existing 274,000 square foot asset, and site density has nearly doubled with the 241,000 square foot expansion. The expansion has been fully leased to two tenants taking occupancy in January 2023, resulting in an unlevered yield on construction costs of 6.8%.

We advanced the greenfield development of the 154,000 square foot prime logistics facility in Caledon, Ontario, and a 120,000 square foot expansion in Montréal, Québec. For both projects, construction commenced with an anticipated completion in the first half of 2023. Over the quarter, we signed a lease for the entire 120,000 square foot expansion in Montréal.

Demolition commenced on the redevelopment of the Courtney Park cluster in the GTA during the quarter. The cluster comprises three buildings in Mississauga with an existing site area of 10 acres, providing opportunity to build a high-quality logistics product totalling 209,000 square feet. The building is expected to be net zero ready with projected completion in early 2024 and an anticipated unlevered yield on construction costs of approximately 6.3% on this project.

Moreover, construction commenced at our greenfield development of the 20-acre parcel of land located in the Balzac sub-market of Calgary with completion expected in the second half of 2023 and an anticipated unlevered yield on construction costs of approximately 6.1%.

In addition to the above projects, we are in the preliminary stages of planning for approximately 0.9 million square feet of near-term expansion and redevelopment opportunities in Europe as shown in the following table. We continue to advance other intensification opportunities across our portfolio. We currently estimate that our excess land portfolio provides opportunities to add approximately 1.9 million square feet of high-quality industrial space over time.

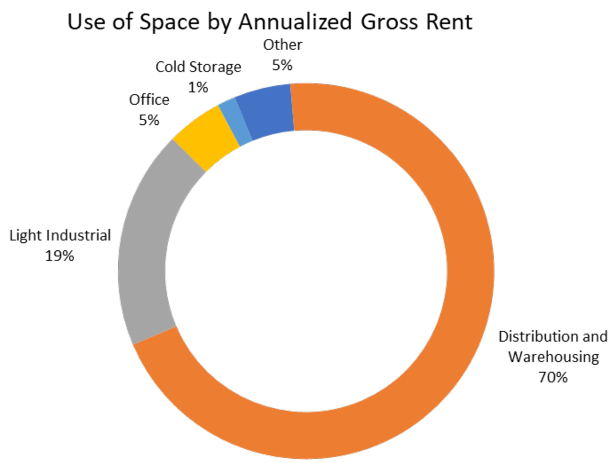
Location	Country	GLA[(1)] (in thousands of sq. ft.)	Current objective
Brebières	France	425	Intensification
Amiens	France	136	Intensification
Breda	Netherlands	219	Redevelopment
Bodegraven	Netherlands	81	Intensification
Varsseveld	Netherlands	24	Intensification
Total pipeline		885	

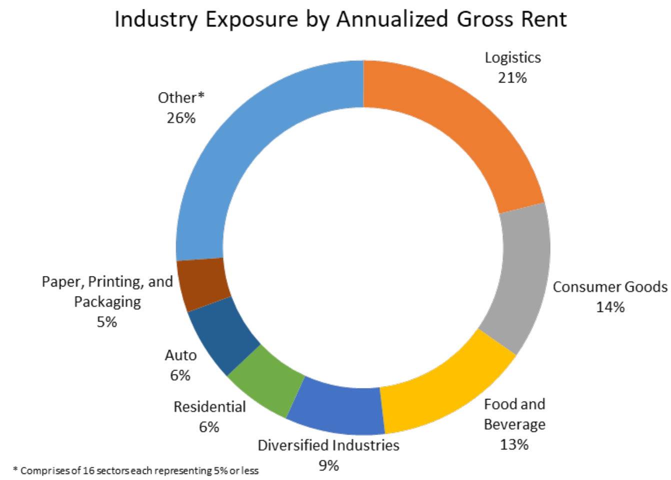
(1) Represents total GLA of the projects for new development and redevelopment and incremental GLA for intensification projects.

Tenant base profile

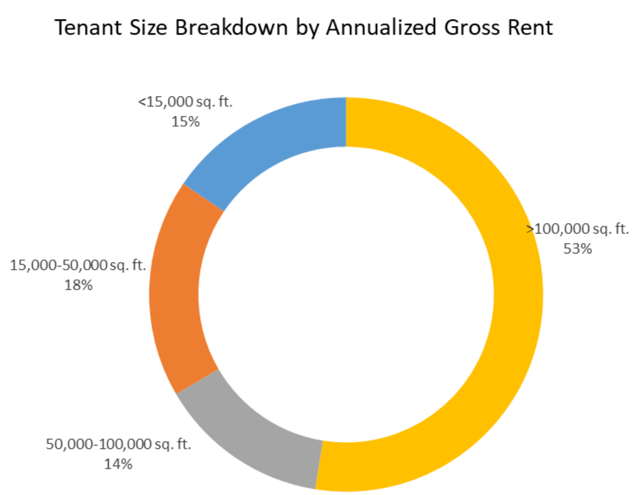
Our portfolio comprises primarily functional distribution and warehousing space occupied by tenants from various industries, with no single industry accounting for more than 21% of annualized gross rent. As at December 31, 2022, we had over 1,300 tenants (including those tenants occupying investment properties that are owned, managed and classified as assets held for sale).

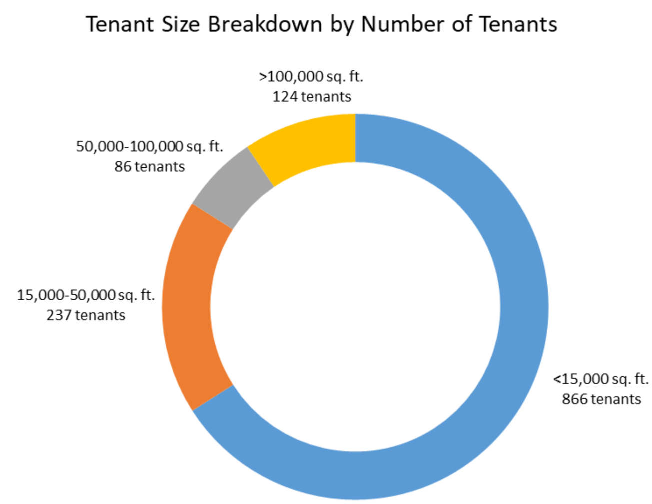
The following charts show the industries in which our tenants operate, and their use of space based on annualized gross rental revenue, as at December 31, 2022:





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, 2022:





Approximately 85% of our annualized gross rental revenue was derived from 447 tenants, each occupying over 15,000 square feet with an average size of approximately 94,000 square feet. The remaining annualized gross rental revenue was derived from 866 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, 2022. Our top ten tenants have a WALT of 5.4 years.

Rank	Tenant	Use of space	Gross rental revenue	Thousands of sq. ft.
1.	Auchan Supermarché Plaisir	Distribution & warehousing	2.8%	1,577
2.	ESM Ertl Systemlogistik	Distribution & warehousing	1.1%	472
3.	Immeubles RB Ltd.	Distribution & warehousing	1.0%	419
4.	Kuehne & Nagel	Distribution & warehousing	0.9%	467
5.	Gienow Windows and Doors	Distribution & warehousing, light industrial	0.9%	371
6.	RLS Slovakia, s.r.o.	Distribution & warehousing	0.9%	597
7.	Spectra Premium Industries Inc.	Distribution & warehousing, light industrial	0.9%	472
8.	GVT Transport & Logistics B.V.	Distribution & warehousing	0.9%	490
9.	DHL Supply Chain s.r.o.	Distribution & warehousing	0.9%	661
10.	Tayco Office Furnishings Inc.	Distribution & warehousing	0.8%	217
	Total		11.1%	5,743

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, 2022 and December 31, 2021:

	December 31, 2022				December 31, 2021			
	Number of buildings[1]	**Number of assets[1]**	**Owned GLA[2] (thousands of sq. ft.)**	**Total GLA[1] (thousands of sq. ft.)**	Number of buildings[1]	Number of assets[1]	Owned GLA[2] (thousands of sq. ft.)	Total GLA[1] (thousands of sq. ft.)
Ontario	**103**	**65**	**9,120**	**9,120**	97	60	8,444	8,444
Québec	**48**	**35**	**6,010**	**6,010**	47	34	5,737	5,737
Western Canada	**80**	**42**	**5,071**	**5,071**	80	42	5,071	5,071
Canadian portfolio	**231**	**142**	**20,201**	**20,201**	224	136	19,252	19,252
European portfolio	**105**	**91**	**17,420**	**17,420**	93	82	15,367	15,367
Total before U.S. portfolio	**336**	**233**	**37,621**	**37,621**	317	218	34,619	34,619
U.S. portfolio	**38**	**24**	**2,472**	**9,720**	34	21	1,973	8,428
Total portfolio	**374**	**257**	**40,093**	**47,341**	351	239	36,592	43,047

(1) Includes the Trust's owned and managed properties as at December 31, 2022 and December 31, 2021.

(2) Includes the Trust's share of equity accounted investment as at December 31, 2022 and 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:

	Total portfolio		
(percentage)	**December 31, 2022**	September 30, 2022	December 31, 2021
Ontario	**99.1**	99.3	97.7
Québec	**98.8**	98.9	99.1
Western Canada	**97.0**	97.0	95.6
Canadian portfolio	**98.5**	98.6	97.6
European portfolio	**99.3**	99.2	99.0
Total before U.S. portfolio	**98.9**	98.9	98.2
U.S. portfolio(1)	**100.0**	100.0	98.2
Total portfolio(1)	**98.9**	99.0	98.2

(1) Includes the Trust's share of equity accounted investment as at December 31, 2022, September 30, 2022 and December 31, 2021.

Our in-place and committed occupancy, excluding the U.S. portfolio, includes lease commitments totalling approximately 400,000 square feet for space that is being readied for occupancy but for which rental revenue is not yet recognized.

Our in-place and committed occupancy remained strong at 98.9%, compared to 99.0% as at September 30, 2022, and 98.2% as at December 31, 2021.

In-place and committed occupancy in Ontario was 99.1%, consistent with September 30, 2022. During the quarter, we acquired one fully occupied property of approximately 217,000 square feet. On a year-over-year basis, in-place and committed occupancy increased by 140 bps compared to December 31, 2021, primarily due to net positive leasing absorptions.

In-place and committed occupancy in Québec was 98.8%, consistent with September 30, 2022 and December 31, 2021. During the quarter, 285,000 square feet of new leases and renewals commenced compared to 308,000 square feet of expiries and terminations. We continue to actively market the vacant spaces and concluded the quarter with 112,000 square feet of committed vacancies.

In-place and committed occupancy in Western Canada remained flat quarter-over-quarter. We continue to actively market the vacant spaces and concluded the quarter with 28,000 square feet of committed vacancies mainly located in Calgary. On a year-over-year basis, in-place and committed occupancy increased by 140 bps compared to December 31, 2021, primarily due to net positive leasing absorptions.

In-place and committed occupancy in Europe increased by 10 bps quarter-over-quarter. During the quarter, we disposed of two properties totalling approximately 54,000 square feet. On a year-over-year basis, in-place and committed occupancy increased by 30 bps. We continue to actively address future expiries to capture higher rents and to a lesser extent market our vacant spaces in Europe, representing less than 1% as at December 31, 2022.

In-place and committed occupancy in the U.S. remained at 100%, unchanged from September 30, 2022. During the quarter, the U.S. Fund completed a development project and fully occupied the space, and expiries were fully offset by new leases, renewals and future committed occupancy of 17,000 square feet. On a year-over-year basis, in-place and committed occupancy increased by 180 bps compared to December 31, 2021.

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, 2022:

	Three months ended December 31, 2022					
	Canadian portfolio		European portfolio		Total portfolio	
	Thousands of sq. ft.	Percentage of GLA	Thousands of sq. ft.	Percentage of GLA	Thousands of sq. ft.	Percentage of GLA
Occupancy (in-place and committed) at beginning of period	19,711	98.6%	17,089	99.2%	36,800	98.9%
Vacancy committed for future occupancy	(210)	(1.0%)	(467)	(2.7%)	(677)	(1.8%)
Occupancy (in-place) at beginning of period	19,501	97.6%	16,622	96.5%	36,123	97.1%
Occupancy related to acquired properties and remeasurements	217		6		223	
Occupancy related to disposed properties	—		(52)		(52)	
Occupancy (in-place) at beginning of period – adjusted	19,718	97.6%	16,576	96.5%	36,294	97.1%
Natural expiries and relocations	(1,114)	(5.5%)	(169)	(1.0%)	(1,283)	(3.4%)
Early terminations	(60)	(0.3%)	—	—%	(60)	(0.2%)
New leases	182	0.9%	607	3.6%	789	2.1%
Renewals and relocations	1,013	5.0%	39	0.2%	1,052	2.8%
Occupancy (in-place) at period-end, before impact of substantially completed expansion	19,739	97.7%	17,053	99.3%	36,792	98.4%
Impact of substantially completed expansion(1)				(1.4%)		(0.6%)
Occupancy (in-place) at period-end	19,739	97.7%	17,053	97.9%	36,792	97.8%
Vacancy committed for future occupancy	159	0.8%	241	1.4%	400	1.1%
Occupancy (in-place and committed) at period-end	19,898	98.5%	17,294	99.3%	37,192	98.9%

	Year ended December 31, 2022					
	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	18,784	97.6%	15,212	99.0%	33,996	98.2%
Vacancy committed for future occupancy	(172)	(0.9%)	(2)	—%	(174)	(0.5%)
Occupancy (in-place) at beginning of period	18,612	96.7%	15,210	99.0%	33,822	97.7%
Occupancy related to properties reclassified to development	(212)		—		(212)	
Occupancy related to acquired properties and remeasurements	887		1,791		2,678	
Occupancy related to disposed properties	—		(52)		(52)	
Impact of substantially completed expansions(2)		(1.2%)		(0.3%)		(0.8%)
Occupancy (in-place) at beginning of period – adjusted	19,287	95.5%	16,949	98.7%	36,236	96.9%
Natural expiries and relocations	(3,565)	(17.7%)	(2,642)	(15.4%)	(6,207)	(16.5%)
Early terminations	(249)	(1.2%)	—	—%	(249)	(0.7%)
New leases	1,412	7.0%	984	5.7%	2,396	6.4%
Renewals and relocations	2,854	14.1%	1,762	10.3%	4,616	12.3%
Occupancy (in-place) at period-end, before impact of substantially completed expansion	19,739	97.7%	17,053	99.3%	36,792	98.4%
Impact of substantially completed expansion(1)				(1.4%)		(0.6%)
Occupancy (in-place) at period-end	19,739	97.7%	17,053	97.9%	36,792	97.8%
Vacancy committed for future occupancy	159	0.8%	241	1.4%	400	1.1%
Occupancy (in-place and committed) at period-end	19,898	98.5%	17,294	99.3%	37,192	98.9%

(1) The expanded space relates to the completed expansion in Dresden, Germany, which has been 100% leased for occupancy in January 2023.

(2) The expanded spaces relate to the completed expansions at the first and second phase of construction at 401 Marie-Curie Boulevard in Québec, 100 East Beaver Creek in Ontario, and The Hague in Netherlands.

The overall tenant retention ratio across our Canadian and European portfolios for the three months and year ended December 31, 2022 was 82.0% and 74.4%, respectively (2021 – 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, 2022 to January 31, 2023 across our Canadian and European portfolios (excluding U.S. portfolio):

Canadian and European portfolios	Thousands of sq. ft.	Rental rate spread[(1)]
Ontario	579	118.5%
Québec	269	101.2%
Western Canada	322	4.3%
Canadian portfolio	1,170	74.4%
European portfolio	376	6.5%

(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, 2022 to January 31, 2023 across our Canadian and European portfolios (excluding U.S. portfolio):

Canadian and European portfolios	Thousands of sq. ft.	Rental rate spread[(1)]
Ontario	1,454	87.0%
Québec	1,666	62.3%
Western Canada	1,499	4.3%
Canadian portfolio	4,619	46.5%
European portfolio	2,596	6.5%

(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, 2022, our leasing team transacted approximately 1.5 million and 7.2 million square feet of leasing activity, respectively. Rental spreads were in excess of 85% and 60% in Ontario and Québec, respectively, reflecting the robust demand for industrial space in those regions.

In Europe, the rental spreads exclude two leases totalling 0.4 million square feet that were automatically renewed during the quarter. Both leases were five-year term renewals and the future rents on these two renewals will be subject to CPI indexation upon commencement of the respective renewal terms.

Along with capturing significant rental rate growth, we are systematically adding contractual annual rental rate escalators to our leases that allow for consistently rising CP NOI over time. In Western Canada, improving market conditions allowed us to embed higher contractual annual rent steps of 2–3% within transacted leases. Currently, the average contractual annual rental rate growth embedded in our Canadian portfolio equates to over 2.6%. In our European portfolio, approximately 85% of the leases are indexed to the CPI with the remainder of the portfolio having contractual rent steps of 2% on average.

Canadian and European portfolios rental rates

Average in-place and committed base rent is contractual base rent 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):

	Average in-place and committed base rent (per sq. ft.)		
Canadian and European portfolios	**December 31, 2022**	September 30, 2022	December 31, 2021
Ontario	**$ 8.64**	$ 8.26	$ 7.79
Québec	**7.84**	7.72	7.20
Western Canada	**8.85**	8.86	8.78
Canadian portfolio	**$ 8.46**	$ 8.24	$ 7.87
European portfolio (€)	**€ 5.12**	€ 5.10	€ 4.72

As at December 31, 2022, the average in-place and committed base rent for our Canadian portfolio was $8.46 per square foot, compared to $8.24 per square foot as at September 30, 2022 and $7.87 per square foot as at December 31, 2021. The increase in the Canadian portfolio was driven by lease renewals and future lease commitments, capturing strong positive rental rate spreads in all regions.

As at December 31, 2022, the average in-place and committed base rent for our European portfolio was €5.12 per square foot, compared to €5.10 per square foot as at September 30, 2022 and €4.72 per square foot as at December 31, 2021. The increase in weighted average in-place and committed rents compared to comparative periods was attributable to positive rental rate spreads and indexation of rents to CPI.

The following table compares the average in-place and committed base rent per square foot with our estimated market rent per square foot by region for our Canadian and European portfolios (excluding U.S. portfolio) as at December 31, 2022:

				December 31, 2022
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	$ 8.64	$ 14.96	73.1%	4.1
Québec	7.84	12.97	65.4%	3.5
Western Canada	8.85	9.10	2.8%	3.9
Canadian portfolio	$ 8.46	$ 12.92	52.7%	3.9
European portfolio (€)	€ 5.12	€ 5.65	10.4%	5.6
Total portfolio (excluding U.S. portfolio) WALT (years)				4.7

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

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

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

The following table details our Canadian and European portfolios lease maturity profile by region, net of renewals and new leases completed as at December 31, 2022.

Canadian and European portfolios (in thousands of sq. ft.)	Vacancy, net of commitments	2023	2024	2025	2026	2027	2028+	Total
Ontario	78	1,367	764	1,369	1,508	1,339	2,695	9,120
Québec	71	699	1,182	1,151	883	661	1,363	6,010
Western Canada	154	532	816	799	727	667	1,376	5,071
Canadian portfolio	303	2,598	2,762	3,319	3,118	2,667	5,434	20,201
European portfolio	126	852	1,033	1,745	2,720	1,067	9,877	17,420
Canadian and European portfolios total GLA	429	3,450	3,795	5,064	5,838	3,734	15,311	37,621
Percentage of Canadian and European total GLA	1.1%	9.2%	10.1%	13.5%	15.5%	9.9%	40.7%	100.0%

Canadian and European portfolios lease expiry profile for 2023

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

Canadian and European portfolios (in thousands of sq. ft.)	Ontario	Québec	Western Canada	Canadian portfolio	European portfolio	Total
2023 expiries (as at December 31, 2022)	(1,704)	(1,199)	(1,391)	(4,294)	(1,689)	(5,983)
Expiries committed for renewals	337	500	859	1,696	837	2,533
Expiries, net of committed renewals	(1,367)	(699)	(532)	(2,598)	(852)	(3,450)
Commitment as a % of expiries	19.8%	41.7%	61.8%	39.5%	49.6%	42.3%
Current vacancies	(97)	(183)	(182)	(462)	(367)	(829)
Current vacancies committed for future occupancy	19	112	28	159	241	400
Current vacancies, net of commitments for future occupancy	(78)	(71)	(154)	(303)	(126)	(429)

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 CEO of the Trust, continues to take into consideration the operating performance of our 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, our segmented income included our share of net rental income from equity accounted investment in the U.S. Fund.

For a detailed discussion about investment properties revenue and operating expenses for the three months and years ended December 31, 2022 and December 31, 2021, refer to the section “Our Results of Operations”.

	Three months ended December 31,				Year ended December 31,			
	2022		2021		2022		2021	
	Amount	**%**	Amount	%	**Amount**	**%**	Amount	%
Ontario	**$ 22,170**	**29%**	$ 15,250	25%	**$ 79,190**	**28%**	$ 55,703	26%
Québec	**12,851**	**17%**	11,220	19%	**48,063**	**17%**	38,488	18%
Western Canada	**11,417**	**15%**	10,564	18%	**44,252**	**16%**	42,140	19%
Canadian portfolio	**46,438**	**61%**	37,034	62%	**171,505**	**61%**	136,331	63%
European portfolio	**28,282**	**38%**	22,630	37%	**106,120**	**38%**	60,953	28%
U.S. portfolio	**4,060**	**5%**	3,101	5%	**14,134**	**5%**	29,808	14%
Net property management and other income	**729**	**1%**	237	0%	**3,594**	**1%**	554	0%
Net rental income from disposed properties	**99**	**0%**	96	0%	**368**	**0%**	502	0%
Less: Net rental income from equity accounted investment	**(4,060)**	**(5%)**	(2,666)	(4%)	**(14,134)**	**(5%)**	(10,249)	(5%)
Net rental income	**$ 75,548**	**100%**	$ 60,432	100%	**$ 281,587**	**100%**	$ 217,899	100%

Net rental income for the three months and year ended December 31, 2022 increased by $15.1 million, or 25.0%, to $75.5 million and $63.7 million, or 29.2%, to $281.6 million, respectively, over the prior year comparative periods. The increase was mainly driven by the impact of acquired investment properties in 2022 and 2021, as well as comparative properties NOI (constant currency basis) growth in 2022, partially offset by the impact of investment properties disposed of 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 additional information about this non-GAAP financial measure.

The chief operating decision-maker, determined to be the CEO of the Trust, continues to take into consideration the operating performance of our 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, our segmented income included our 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, 2022 and December 31, 2021:

	Three months ended				Change in weighted average occupancy %	Change in in-place base rent %	Owned and managed GLA (thousands of sq. ft.)
	December 31, 2022	December 31, 2021	Change in $	Change in %			
Ontario	**$ 16,477**	$ 14,074	$ 2,403	17.1%	1.6%	12.3%	6,999
Québec	**12,178**	10,997	1,181	10.7%	(0.8%)	6.7%	5,967
Western Canada	**11,874**	10,994	880	8.0%	3.4%	(0.4%)	5,071
Canadian portfolio	**40,529**	36,065	4,464	12.4%	1.3%	6.7%	18,037
European portfolio (constant currency basis)	**21,809**	20,756	1,053	5.1%	(0.2%)	2.0%	14,197
U.S. portfolio (constant currency basis)	**2,930**	2,753	177	6.4%	1.5%	4.0%	1,954
Comparative properties NOI (constant currency basis)	**65,268**	59,574	5,694	9.6%	0.7%	5.4%	34,188
Impact of foreign currency translation on comparative properties NOI	**—**	602	(602)				
NOI from acquired properties – Canada	**4,738**	388	4,350				
NOI from acquired properties – Europe	**6,514**	705	5,809				
NOI from acquired properties – U.S.	**888**	38	850				
NOI from disposed properties	**99**	550	(451)				
Net property management and other income	**729**	237	492				
Straight-line rent	**2,699**	1,299	1,400				
Amortization of lease incentives	**(1,321)**	(497)	(824)				
Lease termination fees and other	**436**	(178)	614				
Bad debt provisions	**(442)**	(63)	(379)				
NOI from properties transferred to properties held for development	**—**	443	(443)				
Less: NOI from equity accounted investment	**(4,060)**	(2,666)	(1,394)				
Net rental income	**$ 75,548**	$ 60,432	$ 15,116	25.0%			

			Year ended				
	December 31, 2022	December 31, 2021	Change in $	Change in %	Change in weighted average occupancy %	Change in in-place base rent %	Owned and managed GLA (thousands of sq. ft.)
Ontario	**$ 58,359**	$ 50,934	$ 7,425	14.6%	1.8%	10.0%	6,550
Québec	**33,102**	29,408	3,694	12.6%	2.2%	7.6%	4,258
Western Canada	**45,965**	43,344	2,621	6.0%	2.3%	0.7%	5,071
Canadian portfolio	**137,426**	123,686	13,740	11.1%	2.1%	6.2%	15,879
European portfolio (constant currency basis)	**26,801**	24,545	2,256	9.2%	(0.3%)	4.8%	5,179
U.S. portfolio (constant currency basis)	**9,844**	9,333	511	5.5%	1.2%	3.3%	1,776
Comparative properties NOI (constant currency basis)	**174,071**	157,564	16,507	10.5%	1.5%	6.0%	22,834
Impact of foreign currency translation on comparative properties NOI	**—**	1,763	(1,763)				
NOI from acquired properties – Canada	**30,778**	10,696	20,082				
NOI from acquired properties – Europe	**78,839**	32,840	45,999				
NOI from acquired properties – U.S.	**3,455**	1,030	2,425				
NOI from disposed properties	**360**	19,905	(19,545)				
Net property management and other income	**3,594**	554	3,040				
Straight-line rent	**7,558**	3,118	4,440				
Amortization of lease incentives	**(3,073)**	(1,831)	(1,242)				
Lease termination fees and other	**(54)**	1,101	(1,155)				
Bad debt provisions	**(1,063)**	(169)	(894)				
NOI from properties transferred to properties held for development	**1,256**	1,577	(321)				
Less: NOI from equity accounted investment	**(14,134)**	(10,249)	(3,885)				
Net rental income	**$ 281,587**	$ 217,899	$ 63,688	29.2%			

For the three months ended December 31, 2022, comparative properties NOI (constant currency basis) was $65.3 million compared to $59.6 million in the prior year comparative quarter, representing an increase of $5.7 million or 9.6%.

For the year ended December 31, 2022, comparative properties NOI (constant currency basis) was $174.1 million compared to $157.6 million in the prior year, representing an increase of $16.5 million or 10.5%.

For the three months ended December 31, 2022, comparative properties NOI (constant currency basis) in Ontario increased by $2.4 million or 17.1%, compared to the prior year comparative quarter, primarily driven by increasing rental spreads on new and renewed leases where the average in-place base rent increased by 12.3%, along with increases in weighted average occupancy of 1.6%. For the year ended December 31, 2022, comparative properties NOI increased by $7.4 million, or 14.6%, compared to the prior year primarily due to new leasing in the GTA, in addition to the same reasons as discussed.

For the three months ended December 31, 2022, comparative properties NOI (constant currency basis) in Québec increased by $1.2 million or 10.7%, compared to the prior year comparative quarter. This was primarily due to an increase in the average in-place base rent of 6.7% due to higher rental rates on new and renewed leases and contractual rent step-ups. Furthermore, the recently completed phase one expansion at Marie-Curie contributed approximately $0.4 million of comparative properties NOI for the quarter, and is not included in our year-to-date comparative portfolio as the property was acquired during Q1 2021. For the year ended December 31, 2022, comparative properties NOI increased by $3.7 million or 12.6%, compared to the prior year period primarily due to a 2.2% increase in weighted average occupancy and new leasing in Montréal, in addition to the reasons as discussed.

For the three months ended December 31, 2022, comparative properties NOI (constant currency basis) in Western Canada increased by $0.9 million or 8.0%, compared to the prior year comparative quarter, driven by strong increases in weighted average occupancy of 3.4% primarily in Calgary and Regina. For the year ended December 31, 2022, comparative properties NOI increased by $2.6 million or 6.0% primarily due to new leasing in all sub-markets.

For the three months ended December 31, 2022, comparative properties NOI (constant currency basis) in Europe increased by $1.1 million or 5.1%, compared to the prior year comparative quarter, primarily attributable to higher rental rates on new and renewed leases in Netherlands, Slovakia and Germany and the impact of CPI indexation on leases in this overall portfolio, resulting in a 4.0% increase in average in-place base rent. CPI indexation contributed approximately a 3.8% increase in comparative properties NOI for the quarter and 3.4% for the full 2022 year. Additionally, $0.1 million of solar income was recognized during the quarter from completed projects in the Netherlands, bringing total solar income for the year to $0.6 million. For the year ended December 31, 2022, comparative properties NOI increased by $2.3 million or 9.2%, for primarily the same reasons as discussed above.

For the three months ended December 31, 2022, comparative properties NOI (constant currency basis) in the U.S. increased by $0.2 million or 6.4%, compared to the prior year comparative quarter primarily attributable to increased occupancy in the Midwest and higher rent step-ups in all sub-regions. For the year ended December 31, 2022, comparative properties NOI increased by $0.5 million or 5.5%, driven by new leasing in the East, in addition to the same reasons as discussed.

For the three months and year ended December 31, 2022, we earned net property management and other income from the U.S. Fund totalling $0.7 million and $3.6 million, respectively. This represents an increase of $0.5 million and $3.0 million compared to the prior year comparative periods, respectively, primarily attributable to higher leasing fees from increased leasing volume in the current year.

OUR RESULTS OF OPERATIONS

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Investment properties revenue	**$ 98,867**	$ 79,285	**$ 369,567**	$ 289,815
Investment properties operating expenses	**(23,319)**	(18,853)	**(87,980)**	(71,916)
Net rental income	**75,548**	60,432	**281,587**	217,899
Other income				
Share of net income from equity accounted investments	**(9,222)**	26,239	**38,482**	39,270
Interest, fee income and other	**62**	260	**674**	2,587
	(9,160)	26,499	**39,156**	41,857
Other expenses				
General and administrative	**(8,509)**	(6,654)	**(30,264)**	(22,807)
Interest:				
Debt and other financing costs(1)	**(6,349)**	(3,842)	**(20,622)**	(24,820)
Subsidiary redeemable units	**(3,247)**	(3,247)	**(12,986)**	(12,986)
Debt settlement costs	**(257)**	—	**(257)**	(31,569)
	(18,362)	(13,743)	**(64,129)**	(92,182)
Fair value adjustments and net loss on transactions and other activities				
Fair value adjustments to investment properties	**(65,503)**	141,841	**363,025**	586,011
Fair value adjustments to financial instruments	**(19,852)**	(18,818)	**122,532**	(111,723)
Net loss on transactions and other activities	**(8,673)**	3,359	**(16,805)**	(3,260)
	(94,028)	126,382	**468,752**	471,028
Income (loss) before income taxes	**(46,002)**	199,570	**725,366**	638,602
Current and deferred income tax expenses, net	**11,855**	(9,599)	**(19,481)**	(30,257)
Net income (loss)	**$ (34,147)**	$ 189,971	**$ 705,885**	$ 608,345
Other comprehensive income (loss)				
Items that will be reclassified subsequently to net income:				
Unrealized gain (loss) on foreign currency translation of foreign operations	**$ 161,699**	$ (43,374)	**$ 24,121**	$ (65,397)
Unrealized gain on hedging instruments	**(113,459)**	35,234	**31,118**	42,808
Share of other comprehensive income from equity accounted investment	**(3,490)**	(487)	**19,205**	1,387
	44,750	(8,627)	**74,444**	(21,202)
Comprehensive income	**$ 10,603**	$ 181,344	**$ 780,329**	$ 587,143

(1) For the three months and year ended December 31, 2022, the mark-to-market amortization netted against interest expense on debt and other financing costs was $798 and $3,072, respectively (for the three months and year ended December 31, 2021 – $898 and $1,794, respectively).

Investment properties revenue

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

Investment properties revenue for the three months ended December 31, 2022 increased by $19.6 million, or 24.7%, when compared to the prior year comparative quarter. The increase was driven by organic growth in the portfolio (+$7.5 million), the impact of acquired properties in 2022 and 2021 (+$10.7 million) and property management and leasing fees (+$1.4 million).

Investment properties revenue for the year ended December 31, 2022 increased by $79.8 million, or 27.5%, when compared to the prior year. The increase was driven by organic growth in the portfolio (+$20.6 million), the impact of acquired properties in 2022 and 2021 (+$53.6 million) and property management and leasing fees (+$5.6 million).

Investment properties operating expenses

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

Investment properties operating expenses for the three months ended December 31, 2022 increased by $4.5 million, or 23.7%, over the prior year comparative quarter. The increase was driven by organic growth in the portfolio (+$0.4 million), the impact of acquired properties in 2022 and 2021 (+$3.4 million) and property management expenses (+$0.6 million).

Investment properties operating expenses for the year ended December 31, 2022 increased by $16.1 million, or 22.3%, over the prior year. The increase was driven by organic growth in the portfolio (+$1.5 million), the impact of acquired properties in 2022 and 2021 (+$12.5 million) and property management expenses (+$2.0 million).

General and administrative ("G&A") expenses

The following table summarizes our G&A expenses for the three months and years ended December 31, 2022 and December 31, 2021:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Asset management fee	**$ (3,269)**	$ (2,672)	**$ (12,579)**	$ (8,877)
Professional fees and general corporate expenses[1]	**(4,577)**	(3,100)	**(14,324)**	(10,566)
Deferred compensation expenses	**(663)**	(882)	**(3,361)**	(3,364)
Total	**$ (8,509)**	$ (6,654)	**$ (30,264)**	$ (22,807)

(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, 2022 increased by $1.9 million or 27.9%, and $7.5 million or 32.7%, respectively, when compared to the prior year respective periods. Asset management fees increased due to acquired properties in 2022 and 2021. Professional fees and general corporate expenses increased year-over-year primarily due to costs associated with the growth of the European portfolio, increased sustainability initiatives, and a larger portfolio management platform.

Share of net income from equity accounted investments

Share of net income from equity accounted investments represents our share of net income pick-up from our investment in an associate, the U.S. Fund, effective July 1, 2021, and in a joint venture, the Development JV, effective April 29, 2022.

Net income from the U.S. Fund mainly comprises net rental income, interest expense on debt, G&A expenses and fair value adjustments to investment properties and debt. Net income from our investment in the U.S. Fund may vary year-over-year or quarter-over-quarter due to fluctuations in fair value adjustments to investment properties and debt, and changes in our ownership levels. For the three months and year ended December 31, 2022, our share of net (loss)/income from the U.S. Fund was $(11.4) million and $36.3 million, respectively (for the three months and year ended December 31, 2021 – $26.2 million and $39.3 million, respectively). Net income from the U.S. Fund for the three months and year ended December 31, 2022 decreased over the prior year comparative periods primarily due to fair value adjustments on investment properties.

For the three months and year ended December 31, 2022, our share of net income from the Development JV was $2.2 million (for the three months and year ended December 31, 2021 – $nil). The increase is mainly driven by fair value adjustments to investment properties.

Interest expense on debt and other financing costs

Interest expense on debt and other financing costs increased by $2.5 million or 65.2% for the three months ended December 31, 2022 when compared to the prior year comparative period. The increase was driven by higher drawndowns on the unsecured revolving credit facility, higher interest rates on the Series B Debentures and the addition of the Series E Debentures in April 2022. Interest expense decreased by $4.2 million or 16.9% for the year ended December 31, 2022 when compared to the prior year, primarily due to Canadian and U.S. mortgages discharged during 2021. This was partially offset by European mortgages acquired in 2021, drawdowns on the unsecured revolving credit facility and interest expenses on debentures due to the timing of issuances throughout 2021 and 2022.

Debt settlement costs

During the year ended December 31, 2022, we wrote off unamortized financing costs totalling $0.3 million in relation to the amendment of the unsecured term loan.

During the year ended December 31, 2021, we discharged mortgages in Canada, Europe and the U.S. totalling $433.7 million with a weighted average face interest rate of 3.58%. We 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 disposition of the U.S. properties.

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, 2022 and December 31, 2021.

Fair value adjustments to financial instruments

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

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

The following table summarizes our fair value adjustments to financial instruments for the three months and years ended December 31, 2022 and December 31, 2021:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Unrealized remeasurement of carrying value of subsidiary redeemable units	**$ (17,810)**	$ (18,923)	**$ 102,592**	$ (75,506)
Unrealized remeasurement of carrying value of deferred trust units	**(1,364)**	(1,208)	**4,834**	(5,190)
Unrealized remeasurement of interest rate swaps	**23**	1,313	**15,807**	5,396
Loss on conversion of Subscription Receipts	**—**	—	**—**	(37,635)
Gain on fair value adjustment on interest rate swap	**—**	—	**—**	1,212
Amortization of fair value adjustments on CCIRS	**(701)**	—	**(701)**	—
Total	**$ (19,852)**	$ (18,818)	**$ 122,532**	$ (111,723)

Net loss on transactions and other activities

The following table summarizes our net loss on transactions and other activities for the three months and years ended December 31, 2022 and December 31, 2021:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Internal leasing costs	**$ (908)**	$ (1,022)	**$ (4,128)**	$ (3,683)
Foreign exchange gain (loss)[(1)]	**(7,801)**	4,001	**(11,976)**	2,093
Transaction costs on sale of investment properties	**(80)**	(303)	**(560)**	(2,366)
Other	**116**	(224)	**(141)**	(211)
Derecognition of equity accounted investment	**—**	907	**—**	907
Total	**$ (8,673)**	$ 3,359	**$ (16,805)**	$ (3,260)

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

Current and deferred income tax expenses

Current income tax expense for the three months and year ended December 31, 2022 was $0.6 million and $3.4 million, compared to $0.4 million and $18.1 million in the prior comparative periods, respectively. The increase for the quarter year-over-year is primarily due to an increase in net rental income in the European portfolio. Full-year current income taxes were lower in 2022 primarily due to the sale and transfer of our U.S. investment properties to the U.S. Fund in 2021.

Deferred income tax (recovery) expense for the three months and year ended December 31, 2022 was ($12.5) million and $16.0 million, compared to $9.2 million and $12.1 million in the prior comparative periods, respectively. The decrease for the quarter year-over-year is primarily due to the fair value adjustments of investment properties in Europe. The increase for the full year is primarily due to the increase in fair value of investment properties across the portfolio.

Other comprehensive income (loss)

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

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

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

FFO and diluted FFO per Unit for the three months and years ended December 31, 2022 and December 31, 2021 are shown in the table below:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Net income (loss)	**$ (34,147)**	$ 189,971	**$ 705,885**	$ 608,345
FFO	**$ 64,033**	$ 52,033	**$ 240,493**	$ 176,616
Weighted average number of Units (in thousands)	**275,305**	246,456	**270,710**	216,832
FFO per Unit – diluted	**$ 0.23**	$ 0.21	**$ 0.89**	$ 0.81
Net income (loss) per Unit – diluted	**$ (0.12)**	$ 0.77	**$ 2.61**	$ 2.81

Diluted FFO per Unit for the three months and year ended December 31, 2022 was $0.23 and $0.89, respectively, compared to $0.21 and $0.81, respectively, for the three months and year ended December 31, 2021. FFO per Unit was higher primarily driven by CP NOI (constant currency basis) growth. For the three months ended December 31, 2022, the increase was partially offset by higher G&A expenses due to a larger portfolio management platform. For the year ended December 31, 2022, the

CP NOI (constant currency basis) growth and interest expense savings from the Trust's European debt strategy was partially offset by higher G&A expenses for reasons as discussed above.

Related party transactions

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

Agreements with Dream Asset Management Corporation ("DAM")

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

The following table summarizes our fees paid to DAM and its affiliates for the three months and years ended December 31, 2022 and December 31, 2021:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Incurred under the AMA[1]:				
Asset management fee (included in G&A expenses)	**$ (3,269)**	$ (2,672)	**$ (12,579)**	$ (8,877)
Asset management fee (included in properties under development)	**(57)**	—	**(135)**	—
Acquisition fee (included in investment properties)	**(333)**	(2,501)	**(4,090)**	(12,315)
Capital expenditures fee (included in investment properties)	**(1,496)**	(365)	**(3,689)**	(695)
Expense reimbursements related to financing arrangements	**(126)**	(208)	**(653)**	(833)
Total costs incurred under the AMA	**$ (5,281)**	$ (5,746)	**$ (21,146)**	$ (22,720)
Total costs reimbursed under the Shared Services and Cost Sharing Agreement	**$ (243)**	$ (190)	**$ (1,428)**	$ (739)

(1) The AMA references for 2022 refer to costs under both the North American and European AMAs, as described below.

Effective January 1, 2022, the Trust and DAM amended and restated the AMA, to clarify certain definitions and simplify the administration of the agreement including by creating separate contracts for North America (being the amended and restated AMA, hereafter referred to as the "North American AMA") and Europe ("European AMA"). For details regarding the North American AMA and European AMA, please see the "Agreements with DAM" section in our management's discussion and analysis dated as at May 3, 2022 ("Q1 2022 MD&A"), which is incorporated by reference into this MD&A, and available on the System for Electronic Document Analysis and Retrieval ("SEDAR") (www.sedar.com). Capitalized terms used in this section but not defined have the meaning given to them in our Q1 2022 MD&A.

Both the North American AMA and European AMA provide for an incentive fee and Incentive Distribution based on FFO per Unit, as defined in the agreements, in excess of the FFO Hurdle amount. Both the North American hurdle and European hurdle were initially set at $0.95 per Unit as of January 1, 2020 and increase annually by 50% of the increase in the CPI as defined in the North American and European AMAs ($1.00 as of December 31, 2022).

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

As at December 31, 2022, no incentive fee under the North American AMA has been paid or is payable by the Trust to DAM.

As at December 31, 2022, the fair value of the LP Class B Units held by DAM Europe was $nil and no Incentive Distribution has been paid or is payable by the Trust to DAM Europe.

In the event that all of the Trust's investment properties were sold or both the North American AMA and the European AMA were terminated, based on the investment properties value reported as at December 31, 2022 of $6.8 billion, and based on the Trust's actual financial results for the year ended December 31, 2022, the estimated overall incentive fee payable would have been $271.7 million.

The amount of the North American incentive fee payable by the Trust and the Incentive Distribution and the redemption price of the LP Class B Units on any date will be contingent upon various factors, including, but not limited to, changes in Dream

Industrial REIT's FFO (as defined in the North American AMA) and changes in the European FFO, movements in the fair value of investment properties, acquisitions and dispositions, future foreign exchange rates, and changes in the total number of outstanding Units of the Trust.

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

The following table summarizes the costs reimbursed to Dream Office REIT for the three months and years ended December 31, 2022 and December 31, 2021 pursuant to the terms of the services agreement:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Total costs reimbursed under the Services Agreement	**$ (2,087)**	$ (1,928)	**$ (7,799)**	$ (5,979)

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, 2022 and December 31, 2021:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Interest paid and payable to Dream Office REIT on subsidiary redeemable units	**$ (3,247)**	$ (3,247)	**$ (12,986)**	$ (12,986)

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, 2022 and December 31, 2021:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Total costs incurred under the Sub Property Management Agreement(1)	**$ (86)**	$ (20)	**$ (265)**	$ (78)
Total costs incurred under the Property Management Agreement(2)	**$ —**	$ (51)	**$ —**	$ (1,258)
Pre-development cost recovery/development fee	**—**	(67)	**—**	(455)
Total costs incurred under the Property Management Agreement	**$ —**	$ (118)	**$ —**	$ (1,713)

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

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

Agreements with the associate and joint venture

The following table summarizes our fees earned from the associate and joint venture for the three months and years ended December 31, 2022 and December 31, 2021:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Total fees earned under the Property Management Agreement(1)	**$ 1,377**	$ 524	**$ 5,580**	$ 1,267

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

SECTION III

INVESTMENT PROPERTIES

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

Investment properties continuity

Changes in the value of our investment properties, excluding assets held for sale, by region for the three months and year ended December 31, 2022 are summarized in the following tables:

	Three months ended						
	October 1, 2022	Property acquisitions and dispositions	Building improvements, lease incentives and initial direct leasing costs(1)	Fair value adjustments(2)	Amortization of lease incentives, foreign currency translation(3) and other adjustments	Income-producing properties transferred to/from properties held for development	December 31, 2022
Ontario	$ 2,207,518	$ 69,648	$ 13,667	$ 16,257	$ (42)	$ —	$ 2,307,048
Québec	1,092,879	—	17,315	22,507	524	—	1,133,225
Western Canada	670,678	—	2,899	12,039	(361)	—	685,255
Canadian portfolio	3,971,075	69,648	33,881	50,803	121	—	4,125,528
European portfolio	2,446,553	(5,422)	10,319	(116,759)	192,619	—	2,527,310
U.S. portfolio	—	—	—	—	—	—	—
Total income-producing properties	6,417,628	64,226	44,200	(65,956)	192,740	—	6,652,838
Properties held for development	91,929	—	14,205	453	—	—	106,587
Total investment properties	$ 6,509,557	$ 64,226	$ 58,405	$ (65,503)	$ 192,740	$ —	$ 6,759,425

(1) Included in properties held for development is $14,205 of development costs, pre-development costs and capitalized interest.

(2) During the three months ended December 31, 2022, we wrote off acquisition related costs totalling $3,148 included in fair value adjustments on investment properties.

(3) Included in the European portfolio is foreign currency translation adjustment totalling $191,938.

							Year ended
	January 1, 2022	Property acquisitions and dispositions	Building improvements, lease incentives and initial direct leasing costs(1)	Fair value adjustments(2)	Amortization of lease incentives, foreign currency translation(3) and other adjustments	Income-producing properties transferred to/from properties held for development	December 31, 2022
Ontario	$ 1,843,987	$ 241,570	$ 29,950	$ 231,959	$ 1,481	$ (41,899)	$ 2,307,048
Québec	922,168	10,366	38,612	160,825	1,254	—	1,133,225
Western Canada	642,098	—	19,937	24,736	(1,516)	—	685,255
Canadian portfolio	3,408,253	251,936	88,499	417,520	1,219	(41,899)	4,125,528
European portfolio	2,210,713	316,864	56,220	(89,232)	32,745	—	2,527,310
Total income-producing properties	5,618,966	568,800	144,719	328,288	33,964	(41,899)	6,652,838
Properties held for development(4)	77,641	(71,575)	24,493	34,129	—	41,899	106,587
Total investment properties	$ 5,696,607	$ 497,225	$ 169,212	$ 362,417	$ 33,964	$ —	$ 6,759,425

(1) Included in properties held for development is $24,493 of development costs, pre-development costs and capitalized interest.

(2) During the year ended December 31, 2022, we wrote off acquisition-related costs totalling $34,674 included in fair value adjustments on investment properties.

(3) Included in the European portfolio is a foreign currency translation adjustment totalling $30,820.

(4) Included in properties held for development is the sale of two land parcels totalling $97,293 to the Development JV on April 29, 2022. Refer to Note 8 of our audited consolidated financial statements for further details.

Significant assumptions used in the valuation of investment properties

The fair value of the investment properties as at December 31, 2022 and December 31, 2021 represents our best estimate based on internally and externally available information as at the end of the reporting period.

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

The significant valuation metrics used in the cap rate method are stabilized cap rates. The following table summarizes stabilized cap rates by region as at December 31, 2022 and December 31, 2021:

				Total portfolio(1)
	December 31, 2022		December 31, 2021	
Stabilized cap rates	**Range (%)**	**Weighted average (%)(2)**	Range (%)	Weighted average (%)(2)
Ontario	**4.75–8.50**	**5.52**	4.00–7.75	4.79
Québec	**5.00–7.25**	**5.89**	4.25–6.00	4.97
Western Canada	**5.75–7.50**	**6.46**	5.50–7.50	6.23
Canadian portfolio	**4.75–8.50**	**5.78**	4.00–7.75	5.15
European portfolio	**4.30–8.25**	**5.32**	3.25–9.00	4.81
Total portfolio	**4.30–8.50**	**5.61**	3.25–9.00	5.02

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

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

The significant valuation metrics used in the discounted cash flow method as at December 31, 2022 and December 31, 2021 are set out in the table below:

	Total portfolio[1]			
	December 31, 2022		December 31, 2021	
	Range (%)	**Weighted average (%)[2]**	Range (%)	Weighted average (%)[2]
Discount rate	**5.05–9.50**	**6.54**	4.00–8.50	5.82
Terminal cap rate	**4.30–8.75**	**5.79**	3.25–8.75	5.17

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

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

We believe other valuation metrics, such as implied weighted average cap rates by region, will enable users to better understand how specific operating metrics, such as in-place rents versus market rents and in-place versus in-place and committed occupancy levels in the respective regions, may impact our values. The implied weighted average cap rate is determined using the annualized year ended December 31, 2022 net rental income by property, excluding the net rental income of properties acquired during the quarter and net rental income of disposed properties. Net rental income used in calculating the implied average cap rate also excludes the impact of lease termination fees and other rental income, bad debt provisions and 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, 2022 and December 31, 2021:

	Total portfolio[1]			
	December 31, 2022		December 31, 2021	
	Implied cap rate (%)	**Value per sq. ft.**	Implied cap rate (%)	Value per sq. ft.
Ontario	**3.88**	**$ 248**	3.80	$ 221
Québec	**4.42**	**193**	4.86	163
Western Canada	**6.93**	**135**	6.76	127
Canadian portfolio	**4.55**	**$ 203**	4.71	$ 176
European portfolio (value per sq. ft. in €)	**4.79**	**€ 102**	4.07	€ 96
Total portfolio (value per sq. ft. in $)	**4.56**	**$ 177**	4.47	$ 159

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

Acquisitions

During the three months and year ended December 31, 2022, we completed $66.5 million and $565.3 million, respectively, of acquisitions (excluding transaction costs), bringing total investment properties to over $6.8 billion.

The following acquisitions were completed during the year ended December 31, 2022:

	Acquired GLA (thousands of sq. ft.)	Occupancy at acquisition (%)	WALT at acquisition (years)	Fair value of investment properties[1]	Date acquired
480 Tapscott Road, Toronto, Ontario	85	100.0	2.1	$ 22,250	January 28, 2022
Rocky View County (land), Balzac, Alberta[2]	n/a	n/a	n/a	13,750	February 8, 2022
Portugalweg 17, Bodegraven, Netherlands[3]	128	100.0	10.0	36,048	March 16, 2022
Bijsterhuizen 3171, Wijchen, Netherlands[3]	147	100.0	9.5	26,477	March 24, 2022
4211 Mainway, Burlington, Ontario	94	100.0	4.4	17,900	March 31, 2022
Cross Roads Commercial Lands (land), Rocky View County, Alberta[2]	n/a	n/a	n/a	11,400	April 8, 2022
Poortcamp 2, De Lier, Netherlands[3]	141	100.0	2.9	30,793	April 19, 2022
Obserhausener Strasse 22, Düsseldorf, Germany[3]	56	100.0	2.8	6,170	April 20, 2022
125 Maple Grove, Cambridge, Ontario	137	100.0	8.3	31,800	April 26, 2022
60 East Beaver Creek, Richmond Hill, Ontario	86	100.0	4.8	30,000	April 28, 2022
219 Shoemaker Street, Kitchener, Ontario	29	100.0	1.0	6,250	May 17, 2022
Oude Hoorn 2, Houten, Netherlands[3]	105	100.0	5.1	19,238	May 19, 2022
Im Bresselsholze 14, Triptis, Germany[3]	189	100.0	2.5	14,693	May 20, 2022
25 Mural Street, Richmond Hill, Ontario	90	100.0	5.8	25,850	May 24, 2022
200–220 Joseph Carrier, Montréal, Québec	43	100.0	1.5	9,910	June 1, 2022
Hans-Böckler-Strasse 35, Minden, Germany[3]	472	100.0	10.0	65,335	June 1, 2022
Im Grund 3, Burgbernheim, Germany[3]	119	100.0	15.0	25,267	June 2, 2022
Logistiekweg 4, Bemmel, Netherlands[3]	106	100.0	10.0	36,401	June 9, 2022
33 Raglin Place, Cambridge, Ontario	25	100.0	4.0	5,400	June 17, 2022
1549 Yorkton Court, Burlington, Ontario	81	100.0	3.3	26,900	June 21, 2022
Verler Strasse 430, Gütersloh, Germany[3]	213	100.0	8.5	23,014	July 20, 2022
Säuritzer Strasse Ost 9, Burkau, Germany[3]	63	100.0	2.3	13,920	August 13, 2022
400 Norris Glen, Etobicoke, Ontario	217	100.0	1.0	66,500	October 20, 2022
Total	2,626	100.0	6.5	$ 565,266	

(1) Fair value of investment properties is as at the respective acquisition dates. Excludes transaction costs of $34,674.

(2) Rocky View County (land) and Cross Roads Commercial (land) are parcels of land totalling 50 and 19.5 acres, respectively.

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

For the year ended December 31, 2021, we acquired investment properties for gross proceeds net of adjustments and before transaction costs totalling $2.4 billion.

Dispositions

The following dispositions were completed during the year ended December 31, 2022:

	Fair value of investment properties[1]	Date disposed
Brampton East Lands, Brampton, Ontario[2]	$ 70,500	April 29, 2022
Maple Grove Road (land), Cambridge, Ontario[2]	27,518	April 29, 2022
Reaal 28A & Lageweg 17, Hoorn, Netherlands[3]	1,446	December 23, 2022
Nijborg 9-11, Renswoude, Netherlands[3]	3,976	December 28, 2022
Total	**$** 103,440	

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

(2) Control of these investment properties was transferred to the Development JV, a related party of the Trust.

(3) Dispositions in Europe were settled in euros and translated into Canadian dollars as at the respective transaction dates.

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

For the year ended December 31, 2021, we disposed of investment properties located in the U.S. and Alberta totalling $641.2 million.

Capital expenditures

We invest capital in our investment properties to help ensure optimal building performance, improve the experience of our tenants and reduce operating costs. In order to retain desirable rentable space and to generate adequate revenue over the long term, we must maintain or, in some cases, improve each property's condition to meet market demand. This also includes capital expenditures for the purposes of greenfield development, redevelopment and expansion activities.

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

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

Development capital expenditures are discretionary in nature and incurred to increase GLA and/or significantly improve the functionality of a property. These can include expenditures related to greenfield development, expansions, pre-development work on projects and redevelopment projects. Development capital expenditures include pre-development costs, direct construction costs, leasing costs, tenant improvements, borrowing costs, and overhead including applicable salaries and direct costs of internal staff directly attributable to the projects. During the quarter, we continued to allocate capital to our development pipeline with approximately 1 million square feet of projects currently underway.

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

- In Europe, we have completed all eight approved solar projects during 2022, and is currently performing feasibility assessments on nine properties.
- In Western Canada, we have substantially completed six of the seven approved solar projects during 2022, with the remaining project expected to be completed in early 2023.

At the end of 2022, we substantially completed a $12 million capital commitment on the solar panel installation programs across Canada and Europe, and successfully added approximately 22,000 solar panels to the portfolio.

The following table summarizes total capital expenditures incurred for the three months and years ended December 31, 2022 and December 31, 2021:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Recoverable capital expenditures	**$ 13,288**	$ 5,034	**$ 27,101**	$ 11,161
Non-recoverable capital expenditures	**856**	188	**5,105**	1,576
Recoverable and non-recoverable capital expenditures	**14,144**	5,222	**32,206**	12,737
Development capital expenditures	**20,329**	15,301	**76,297**	25,126
Value-add capital expenditures	**5,682**	5,929	**18,698**	8,631
Capital expenditures on income-producing properties	**$ 40,155**	$ 26,452	**$ 127,201**	$ 46,494
Capital expenditures on properties held for development[(1)(2)]	**13,849**	305	**23,553**	522
Total capital expenditures	**$ 54,004**	$ 26,757	**$ 150,754**	$ 47,016

(1) For the three months and year ended December 31, 2022, excludes capitalized interest of $356 and $958, respectively, which includes $18 of capitalized interest prior to the sale of two land parcels to the Development JV. For the three months and year ended December 31, 2021, excludes capitalized interest of $185 and $340, respectively.

(2) Includes $19 of development capital expenditures prior to the sale of two land parcels to the Development JV.

Total capital expenditures for the three months and year ended December 31, 2022 increased by $27.2 million and $103.7 million, respectively, compared to the prior year comparative periods. We are executing on a roofing upgrade program in Ontario and Québec to increase the energy efficiency and reflective properties of our roofs to align with our sustainability initiatives. These costs are included within recoverable capital expenditures and will be recovered from tenants over the useful life of the roof plus an imputed interest charge and management fee. Development capital expenditures on our income-producing properties and properties held for development in Canada and Europe have increased as we are executing on the expansion and development projects as described within this report. In addition, we have incurred higher value-add capital expenditures work across our Canadian and European portfolios as we execute on our LED lighting upgrades and solar panel installation projects.

Lease incentives and initial direct leasing costs

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

The following table summarizes leasing incentives and leasing costs reported for the three months and years ended December 31, 2022 and December 31, 2021 and include costs attributable to leases that commenced in the respective periods. Due to the timing of the signing of lease agreements, certain costs, such as lease commissions, may be incurred in advance of lease commencement.

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Lease incentives and initial direct leasing costs[(1)]	**$ 4,045**	$ 5,049	**$ 17,518**	$ 15,953

(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, 2022 decreased by $1.0 million and increased by $1.6 million, respectively, compared to the prior year comparative periods, primarily due to higher leasing volume offset by lower average costs per square foot.

Valuations of externally appraised investment properties

For the year ended December 31, 2022, 82 investment properties were valued by qualified external valuation professionals representing 27.4% of total investment property values, excluding acquired properties (for the year ended December 31, 2021 – 68 investment properties were externally appraised representing 27.7% of total investment property values, excluding acquired properties).

Fair value adjustments to investment properties

For the three months ended December 31, 2022, we recorded a fair value loss of $65.5 million predominantly driven by lower European values from higher cap rates, partially offset by higher market rents. Values in the Canadian portfolio increased as higher market rents offset higher cap rates in each of our markets.

For the year ended December 31, 2022, we recorded a fair value gain of $363.0 million, as a result of higher investment property values in Ontario, Québec and Western Canada as higher market rents offset the impact of higher cap rates in these markets. In our European portfolio, values were lower as higher cap rates were partially offset by the growth in market rents.

For the three months and year ended December 31, 2021, we recorded a fair value gain of $141.8 million and $586.0 million, respectively, 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.

OUR FINANCING

Debt strategy

Our debt strategy involves maintaining a conservative leverage ratio and building up a high-quality unencumbered investment properties pool, while optimizing borrowing costs, preserving liquidity and hedging our foreign currency investments. We are focused on improving our overall cost of capital and the risk profile of our business by maintaining an investment grade credit rating and diversifying our sources of debt through a combination of secured and unsecured debt. Over the past 24 months, we successfully lowered the overall cost of borrowing and effectively hedged the 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 CCIRS. However, pursuant to IFRS, the CCIRS are included in "Derivatives and other non-current assets" in the consolidated financial statements.

		As at		
		December 31, 2022		December 31, 2021
Financing metrics and other information				
Credit rating – DBRS		**BBB (mid)**		BBB (mid)
Net total debt-to-total assets (net of cash and cash equivalents) ratio(1)		**31.7%**		31.6%
Net total debt-to-normalized adjusted EBITDAFV ratio (years)(1)		**8.3**		8.0
Interest coverage ratio (times)(1)		**12.3**		7.9
Weighted average face interest rate on debt (period-end)(2)		**1.21%**		0.83%
Weighted average remaining term to maturity on debt (years)		**3.0**		3.8
Non-current debt	**$**	**2,137,412**	$	2,006,647
Total assets	**$**	**7,280,493**	$	6,053,566
Interest expense on debt and other financing costs	**$**	**20,622**	$	24,820
Total debt(3)	**$**	**2,337,367**	$	2,012,482
Unsecured debt(4)	**$**	**1,807,767**	$	1,450,801
Secured debt as a percentage of total assets(4)		**7.3%**		9.3%
Unencumbered investment properties (period-end)(4)	**$**	**5,313,083**	$	4,154,925
Unencumbered investment properties as a percentage of investment properties(4)		**78.6%**		72.9%
Cash and cash equivalents	**$**	**83,802**	$	164,015
Available liquidity (period-end)(3)	**$**	**529,587**	$	511,612

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

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

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

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

Liquidity and capital resources

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

Scheduled principal repayments that are due within one year total $6.2 million, and debt maturities that are due within one year total $271.2 million. The debt maturities are typically refinanced with mortgages or debt issuances with terms between five and ten years or repaid. With our balanced debt maturity schedule, undrawn unsecured revolving credit facility of $445.8 million, cash and cash equivalents of $83.8 million and unencumbered investment properties pool of $5.3 billion, we have sufficient liquidity and capital resources as at December 31, 2022 to fulfill the Trust's ongoing obligations. In addition, the Trust's net total debt-to-total-assets (net of cash and cash equivalents) ratio (a non-GAAP ratio) was 31.7% as at December 31, 2022.

Financing activities

Mortgages

During the three months ended December 31, 2022, we did not discharge any mortgages.

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

During the year ended December 31, 2021, we 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.

Debentures

On April 13, 2022, the Trust closed a private placement offering of a $200 million aggregate principal amount of 3.968% senior unsecured debentures, Series E, maturing on April 13, 2026 (the "Series E Green Bonds" and, collectively with the Series C Green Bonds and the Series D Green Bonds, the "Green Bonds"). Concurrent with the closing of the Series E Green Bonds, the Trust entered into CCIRS arrangements to swap the proceeds of the Series E Green Bonds to euros to lower the effective interest rate to 2.041%.

The $450 million Series A Debentures, $200 million Series B Debentures, $400 million Series C Green Bonds, $250 million Series D Green Bonds and $200 million Series E Green Bonds (collectively, the "Debentures") are 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.

$450 million Series A Debentures

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

$200 million Series B Debentures

The $200 million Series B Debentures were issued at a price equal to $1,000 per $1,000 principal amount, bear interest at a rate per annum equal to the Reference Rate Index for Canadian dollar bankers' acceptances with maturities of three months (three-month CDOR) plus 0.35% and will mature on June 17, 2024. Interest is payable on the $200 million Series B Debentures, and the Reference Rate Index will be adjusted on March 17, June 17, September 17 and December 17 of each year. The $200 million Series B Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the $200 million Series B Debentures offering totalled $0.8 million.

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

The $400 million Series C Debentures were issued at a price equal to $1,000 per $1,000 principal amount, bear interest at a rate of 2.057% per annum and will mature on June 17, 2027. Interest is payable on the $400 million Series C Debentures on June 17 and December 17 of each year. The $400 million Series C Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the $400 million Series C Debentures offering totalled $1.7 million.

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

The $250 million Series D Debentures were issued at a price equal to $1,000 per $1,000 principal amount, bear interest at a rate of 2.539% per annum and will mature on December 7, 2026. Interest is payable on the $250 million Series D Debentures on June 7 and December 7 of each year. The $250 million Series D Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the $250 million Series D Debentures offering totalled $1.5 million.

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

The $200 million Series E Debentures were issued at a price equal to $1,000 per $1,000 principal amount, bear interest at a rate of 3.968% per annum and will mature on April 13, 2026. Interest is payable on the $200 million Series E Debentures on April 13 and October 13 of each year. The $200 million Series E Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the $200 million Series E Debentures offering totalled $1.2 million.

Unsecured Term Loan (US$250 million)

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

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

Unsecured revolving credit facility

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

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

The amounts available and drawn under the revolving credit facility as at December 31, 2022 are as follows:

	December 31, 2022				
	Maturity date	Borrowing capacity	Letter of credit amount	Principal outstanding	Amounts available to be drawn
Unsecured revolving credit facility(1)	January 31, 2026	$ 500,000	$ 2,414	$ 51,801	$ 445,785

(1) The unsecured revolving credit facility has the ability to be drawn in Canadian dollars, U.S. dollars and euros. At December 31, 2022, the principal outstanding amounts included $6,042 and €31,650, which has been converted into Canadian dollars in accordance with the Trust’s accounting policies.

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.

Cross-currency interest rate swap arrangements

We lower the Trust's overall cost of borrowings and hedge the Trust's 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 CCIRS arrangements outstanding as at December 31, 2022 and December 31, 2021:

					December 31, 2022	December 31, 2021
	Euro notional amount	U.S./Canadian dollar notional amount	Maturity date	Financial instrument measurement	**Fair value assets (liabilities)**	Fair value assets
Canadian dollar to euro CCIRS – Series A Debentures(1)	€ 161,499	$ 250,000	December 22, 2025	Fair value through other comprehensive income	**$ 17,220**	$ 12,070
Canadian dollar to euro CCIRS – Reopening Series A Debentures(2)	135,474	200,000	December 22, 2025	Fair value through other comprehensive income	**6,231**	1,931
Canadian dollar to euro CCIRS – Series B Debentures(3)	135,750	200,000	June 17, 2024	Fair value through other comprehensive income	**3,165**	4,573
Canadian dollar to euro CCIRS – Series C Debentures(4)	271,499	400,000	June 17, 2027	Fair value through other comprehensive income	**19,743**	4,711
Canadian dollar to euro CCIRS – Series D Debentures(5)	174,544	250,000	December 7, 2026	Fair value through other comprehensive income	**9,100**	1,672
Canadian dollar to euro CCIRS – Series E Debentures(6)	143,926	200,000	April 13, 2026	Fair value through other comprehensive income	**(1,012)**	—
U.S. dollar to euro CCIRS – U.S. term loan(7)(8)	241,546	250,000	November 29, 2025	Fair value through other comprehensive income	**21,134**	7,557
Total	€ 1,264,238				**$ 75,581**	$ 32,514

(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 the three-month EURIBOR plus 0.5608%. The interest rate associated with the Canadian dollar notional amount is the 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 2.041%. The interest rate associated with the Canadian dollar notional amount is 3.968%.

(7) The interest rate associated with the euro notional amount is 0.784%. The interest rate associated with the U.S. dollar notional amount is a variable rate using SOFR plus spread.

(8) This swap arrangement is bifurcated into a cash flow and net investment hedge for the purpose of hedge accounting. As at December 31, 2022, the fair value asset of the net investment hedge portion is $7,870 and the fair value asset of the cash flow hedge portion is $13,264. As at December 31, 2021, the fair value asset of the net investment hedge portion was $13,982 and the fair value liability of the cash flow hedge portion was $(6,425).

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, 2022 and December 31, 2021.

				As at
	December 31, 2022		December 31, 2021	
	Weighted average face interest rate (including CCIRS)	**Weighted average face interest rate (excluding CCIRS)**	Weighted average face interest rate (including CCIRS)	Weighted average face interest rate (excluding CCIRS)
Mortgages	**1.84%**	**1.84%**	1.75%	1.75%
Unsecured term loan	**0.78%**	**3.87%**	0.86%	1.49%
Unsecured debentures	**0.99%**	**2.69%**	0.41%	1.83%
Unsecured revolving credit facility	**3.69%**	**3.69%**	—%	—%
Total	**1.21%**	**2.69%**	0.83%	1.78%

Debt maturity profile

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

The following is our total debt maturity profile as at December 31, 2022:

	Debt balance due at maturity	Scheduled principal repayments on debt maturing in future periods	Amount	Weighted average face interest rate
2023	$ 271,168	$ 6,216	$ 277,384	1.37%
2024[(1)]	304,112	3,289	307,401	2.34%
2025[(2)]	801,885	2,700	804,585	0.60%
2026[(3)]	493,713	2,798	496,511	1.42%
2027[(4)]	380,257	2,900	383,157	0.55%
2028–2030	69,118	4,756	73,874	3.57%
Total	$ 2,320,253	$ 22,659	$ 2,342,912	1.21%
Unamortized financing costs			(7,426)	
Unamortized fair value adjustments			1,881	
Total debt[(5)]			$ 2,337,367	
Fair value of CCIRS[(6)]			75,581	
Less: Current debt			(275,536)	
Non-current debt (per consolidated financial statements)			$ 2,137,412	

(1) The debt balance due 2024 includes debentures of $200,000, less a $3,165 CCIRS asset.

(2) The debt balance due 2025 includes a term loan of $338,601, less a $21,134 CCIRS asset, and debentures of $450,000, less a $23,451 CCIRS asset.

(3) The debt balance due 2026 includes an unsecured revolving credit facility of $51,801 and debentures of $450,000, less a $9,100 CCIRS asset, plus a $1,012 CCIRS liability.

(4) The debt balance due 2027 includes debentures of $400,000, less a $19,743 CCIRS asset.

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

(6) As at December 31, 2022, the CCIRS were in a net asset position and $76,593 was included in "Derivatives and other non-current assets" and $1,012 in "Derivatives and other non-current liabilities" in the consolidated financial statements.

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, 2022, the Trust's remaining contractual commitments related to construction and development projects amounted to $44.6 million (December 31, 2021 – $17.5 million).

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

OUR EQUITY

Total equity

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

						As at
	December 31, 2022			December 31, 2021		
	Units		**Amount**	Units		Amount
REIT Units and unitholders' equity	**256,604,207**	**$**	**3,106,904**	233,864,845	$	2,756,156
Retained earnings	**—**		**1,274,974**	—		746,848
Accumulated other comprehensive income (loss)	**—**		**70,863**	—		(3,581)
Total equity per consolidated financial statements	**256,604,207**		**4,452,741**	233,864,845		3,499,423
Add: LP B Units	**18,551,855**		**216,871**	18,551,855		319,463
Total equity (including LP B Units)[(1)]	**275,156,062**	**$**	**4,669,612**	252,416,700	$	3,818,886
NAV per Unit[(2)]		**$**	**16.97**		$	15.13

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

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

Total equity as per the consolidated financial statements as at December 31, 2022 was $4.5 billion, a 27.2% increase when compared to $3.5 billion as at December 31, 2021. The increase was primarily due to the public offering of REIT Units (+$220.2 million, net of issuance costs), issuances under the Trust's at-the-market equity program ("ATM program") at a weighted average unit price of $16.46 (+$88.3 million, net of issuance costs) and net income earned during the year ended December 31, 2022 (+$705.9 million), less distributions ($-177.8 million).

NAV per Unit as at December 31, 2022 increased to $16.97 from $15.13 at December 31, 2021, largely reflecting an increase in investment property values due to higher markets rents in the Ontario and Québec regions, and completed expansion projects.

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

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

The table below summarizes Dream Office REIT's ownership of the Trust as at December 31, 2022 and December 31, 2021:

	As at	
	December 31, 2022	December 31, 2021
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
Total number of Units held by Dream Office REIT	**26,604,306**	26,604,306
Dream Office REIT's percentage ownership of the Trust	**9.7%**	10.5%

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, 2022	233,864,845	18,551,855	252,416,700
REIT Units issued pursuant to public offerings and ATM program	19,588,300	—	19,588,300
REIT Units issued pursuant to Distribution Reinvestment and Unit Purchase Plan ("DRIP")	3,025,530	—	3,025,530
REIT Units issued pursuant to Deferred Unit Incentive Plan ("DUIP") and Unit Purchase Plan	125,532	—	125,532
Total Units outstanding as at December 31, 2022	256,604,207	18,551,855	275,156,062
Percentage of all Units	93.3%	6.7%	100.0%
REIT Units issued pursuant to DRIP	284,090	—	284,090
Units issued pursuant to DUIP and Unit Purchase Plan	2,712	—	2,712
Total Units outstanding as at February 14, 2023	256,891,009	18,551,855	275,442,864
Percentage of all Units	93.3%	6.7%	100.0%

Public offerings of REIT Units

The following table summarizes the public offering of REIT Units issued during the year ended December 31, 2022. 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
March 9, 2022[(1)]	14,110,500	$ 16.30	$ 230,001	$ 9,850

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

ATM program

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

During the year ended December 31, 2022, the Trust issued 5,477,800 REIT Units under this ATM program at a weighted average price of $16.46 per REIT Unit for gross proceeds of $90.1 million. Total costs related to the issuance of these REIT Units amounted to $1.8 million and were charged directly to unitholders' equity. Accordingly, the net proceeds relating to the issuance of these REIT Units amounted to $88.3 million.

Since the beginning of this ATM program, the Trust has issued 7,300,000 REIT Units under the ATM program at a weighted average price of $16.49 per REIT Unit for gross proceeds of $120.4 million. Total costs related to the issuance of these REIT Units amounted to $2.4 million. Accordingly, the net proceeds relating to the issuance of these REIT Units amounted to $118.0 million.

Short form base shelf prospectus

On November 26, 2021, the Trust filed and obtained a receipt for a final short form base shelf prospectus dated November 26, 2021 that is valid for a 25-month period, during which time the Trust may, from time to time, offer and issue REIT Units, Subscription Receipts and debt securities, or any combination thereof, having an aggregate offering price of up to $2.5 billion.

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

Since the filing of this base shelf prospectus dated November 26, 2021, the Trust has issued REIT Units under this base shelf prospectus totalling $350.4 million.

Distribution Reinvestment and Unit Purchase Plan

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

Distribution policy

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

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

The following tables summarize the total distributions paid and payable on REIT Units for the three months and years ended December 31, 2022 and December 31, 2021:

	Three months ended December 31,	
	2022	2021
Distributions paid in cash on REIT Units	**$ (35,656)**	$ (28,928)
Paid by way of reinvestment in REIT Units	**(9,424)**	(10,728)
Less: Payable at December 31, 2022/December 31, 2021	**14,920**	12,384
Add: Payable at December 31, 2022/December 31, 2021	**(14,968)**	(13,641)
Total distributions paid and payable on REIT Units (per consolidated financial statements)	**$ (45,128)**	$ (40,913)

	Year ended December 31,	
	2022	2021
Distributions paid in cash on REIT Units	**$ (136,061)**	$ (104,839)
Paid by way of reinvestment in REIT Units	**(40,371)**	(33,454)
Less: Payable at December 31, 2021/December 31, 2020	**13,641**	8,906
Add: Payable at December 31, 2022/December 31, 2021	**(14,968)**	(13,641)
Total distributions paid and payable on REIT Units (per consolidated financial statements)	**$ (177,759)**	$ (143,028)

The following tables summarize the total distributions (a non-GAAP financial measure) on REIT Units and subsidiary redeemable units and DRIP participation rate (a non-GAAP ratio) for the three months and years ended December 31, 2022 and December 31, 2021:

	Three months ended December 31, 2022		Three months ended December 31, 2021	
	Amount	**% of total**	Amount	% of total
Distributions reinvested less 3% bonus distribution[1] (DRIP participation rate)[2]	**$ 9,895**	**20.6%**	$ 10,343	23.6%
Distributions paid in cash[1]	**38,206**	**79.4%**	33,505	76.4%
Total distributions excluding 3% bonus distribution	**48,101**	**100.0%**	43,848	100.0%
3% bonus distribution	**274**		312	
Total distributions[1]	**$ 48,375**		$ 44,160	

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

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

	Year ended December 31, 2022			Year ended December 31, 2021		
		Amount	% of total		Amount	% of total
Distributions reinvested less 3% bonus distribution[1] (DRIP participation rate)[2]	$	39,510	20.8%	$	34,819	22.5%
Distributions paid in cash[1]		150,060	79.2%		120,222	77.5%
Total distributions excluding 3% bonus distribution		189,570	100.0%		155,041	100.0%
3% bonus distribution		1,175			973	
Total distributions[1]	$	190,745		$	156,014	

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

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

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

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

To the extent that cash generated from (utilized in) operating activities less interest and other financing costs paid on debt may be less than the total distributions (a non-GAAP financial measure), 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 10 of the consolidated financial statements for a description of the terms and interest payable under the revolving credit facility. In the event that shortfalls exist, we do not anticipate that cash distributions will be suspended in the foreseeable future but do expect that there could be timing differences between the execution of our acquisition strategy and asset recycling opportunities and the redeployment of capital raised from equity offerings. Accordingly, to the extent there are shortfalls, distributions may be considered an economic return of capital. We determine the distribution rate by, among other considerations, an assessment of cash flows generated from (utilized in) operating activities less interest and other financing costs paid on debt. Dream Industrial REIT's Declaration of Trust provides the Board of Trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust.

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

The following table summarizes cash flows generated from operating activities, interest and other financing costs paid on debt, net income (loss), total REIT Units distributions paid and payable, and total distributions (a non-GAAP financial measure) for the three months and years ended December 31, 2022 and December 31, 2021:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Cash generated from operating activities	**$ 66,828**	$ 51,167	**$ 218,394**	$ 174,392
Interest and other financing costs paid on debt	**(7,359)**	(6,431)	**(19,326)**	(27,047)
Net income (loss)	**(34,147)**	189,971	**705,885**	608,345
Total REIT Unit distributions paid and payable	**(45,128)**	(40,913)	**(177,759)**	(143,028)
Total distributions[1]	**(48,375)**	(44,160)	**(190,745)**	(156,014)

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

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

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Excess (shortfall) of net income (loss) over total distributions[1][2]	**$ (82,522)**	$ 145,811	**$ 515,140**	$ 452,331
Excess (shortfall) of cash generated from operating activities less interest and other financing costs paid on debt over total distributions[2][3]	**11,094**	576	**8,323**	(8,669)

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

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

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

For the three months ended December 31, 2022 total distributions (a non-GAAP financial measure) exceeded net income (loss) by $82.5 million and for the year ended December 31, 2022, net income exceeded total distributions (a non-GAAP financial measure) by $515.1 million, primarily as a result of non-cash items such as share of net income from equity accounted investments, fair value adjustments to investment properties and fair value adjustments to financial instruments, which are included in net income (loss). 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.

For the three months and year ended December 31, 2022, cash flows generated from operating activities less interest and other financing costs paid on debt exceeded total distributions (a non-GAAP financial measure) by $11.1 million and $8.3 million, respectively.

For the three months 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.

Of the total distributions (a non-GAAP financial measure) declared for the three months and year ended December 31, 2022, $10.2 million and $40.7 million, respectively, were reinvested through the DRIP (including 3% bonus distributions). 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). Over time, reinvestments pursuant to the DRIP will increase the number of Units outstanding, which may result in upward pressure on the total amount of cash distributions. Our Declaration of Trust provides our Board of Trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust, which allows for any unforeseen expenditures and the variability in cash distributions as a result of additional Units issued pursuant to the Trust's DRIP. Furthermore, the Board of Trustees has the discretion to suspend the DRIP and Unit Purchase Plan at any time to preserve capital if it is determined to be in the best interest of the Trust to do so.

SECTION IV

SELECTED ANNUAL INFORMATION

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

	2022	2021	2020
Investment properties revenue	**$ 369,567**	$ 289,815	$ 235,946
Income before income taxes (continuing and discontinued operations)	**725,366**	638,602	208,814
Net income	**705,885**	608,345	200,136
Total assets	**7,280,493**	6,053,566	3,521,330
Non-current liabilities	**2,458,929**	2,419,298	1,435,022
Distributions per Unit	**$ 0.70**	$ 0.70	$ 0.70
Distributions declared[1]	**$ 190,745**	$ 156,014	$ 119,099
Units outstanding:			
REIT Units	**256,604,207**	233,864,845	152,678,861
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. Our acquisitions of investment properties, net of dispositions of the U.S. portfolio, contributed to the Trust's increase in total assets. The expansion of a high-quality portfolio and strong organic growth contributed to the growth in investment properties revenue, income before income taxes and net income. 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, 2022, December 31, 2021 and are summarized in the table below:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
CAD per US$1.00 (average during period)[1]	**$ 1.3578**	$ 1.2603	**$ 1.3016**	$ 1.2535
CAD per US$1.00 (period-end)[1]	**1.3544**	1.2678	**1.3544**	1.2678
CAD per €1.00 (average during period)[1]	**1.3862**	1.4408	**1.3697**	1.4828
CAD per €1.00 (period-end)[1]	**1.4458**	1.4391	**1.4458**	1.4391

(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, 2021:

Key portfolio, leasing, financing and capital information

				2022				2021
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Portfolio								
Number of assets[(1)(2)]	**257**	258	257	244	239	221	215	186
GLA (in millions of sq. ft.)[(3)]	**47.3**	46.5	46.0	44.4	43.0	39.8	38.5	28.8
Leasing								
Occupancy rate – in-place and committed (period-end)[(3)]	**98.9%**	99.0%	99.1%	98.7%	98.2%	98.0%	98.0%	97.2%
Occupancy rate – in-place (period-end)[(3)]	**97.9%**	97.3%	98.6%	97.6%	97.7%	97.6%	97.4%	95.7%
Tenant retention ratio	**82.0%**	67.2%	59.2%	85.6%	87.8%	66.8%	78.3%	58.0%
Average in-place and committed base rent per sq. ft. (period-end)[(4)]								
Canadian portfolio	**$ 8.46**	$ 8.24	$ 8.11	$ 7.95	$ 7.87	$ 7.78	$ 7.67	$ 7.60
European portfolio (€)	**€ 5.12**	€ 5.10	€ 4.99	€ 4.80	€ 4.72	€ 4.55	€ 4.51	€ 5.20
Financing[(5)]								
Net total debt-to-total assets (net of cash and cash equivalents) ratio[(6)]	**31.7%**	29.2%	29.7%	26.2%	31.6%	32.9%	37.9%	28.7%
Net total debt-to-normalized adjusted EBITDAFV (years)[(6)]	**8.3**	7.8	7.8	6.9	8.0	7.8	8.6	6.0
Non-current debt	**$ 2,137.4**	$ 2,006.2	$ 1,962.9	$ 1,912.2	$ 2,006.6	$ 1,785.2	$ 2,028.4	$ 1,074.8
Total assets	**$ 7,280.5**	$ 7,139.3	$ 6,963.3	$ 6,708.2	$ 6,053.6	$ 5,327.4	$ 5,680.9	$ 3,693.7
Net income (loss)	**$ (34.1)**	$ 125.7	$ 171.5	$ 442.9	$ 190.0	$ 162.8	$ 160.3	$ 95.3
Interest coverage ratio (times)[(6)]	**12.3**	13.4	12.7	10.4	7.9	6.3	5.2	4.8
Interest expense on debt and other financing costs	**$ 6.3**	$ 5.2	$ 5.0	$ 4.1	$ 3.8	$ 5.5	$ 7.5	$ 8.0
Weighted average face interest rate on debt (period-end)[(7)]	**1.21%**	1.14%	1.01%	0.85%	0.83%	0.86%	1.49%	2.44%
Weighted average remaining term to maturity on debt (years)	**3.0**	3.0	3.3	3.5	3.8	3.9	4.4	5.1
Unencumbered investment properties (in millions)[(8)]	**$ 5,313.1**	$ 5,088.4	$ 4,916.7	$ 4,494.4	$ 4,154.9	$ 3,404.2	$ 2,322.7	$ 2,051.0
Cash and cash equivalents	**$ 83.8**	$ 60.1	$ 81.3	$ 290.1	$ 164.0	$ 87.3	$ 313.2	$ 80.8
Available liquidity[(9)]	**$ 529.6**	$ 346.0	$ 429.1	$ 637.8	$ 511.6	$ 434.8	$ 663.2	$ 395.2
Capital								
Total number of Units (in millions)[(10)]	**275.2**	274.3	273.6	272.7	252.4	230.8	228.4	192.0
Total equity (per consolidated financial statements)	**$ 4,452.7**	$ 4,477.8	$ 4,329.0	$ 4,194.9	$ 3,499.4	$ 3,015.8	$ 2,841.7	$ 2,212.7
NAV per Unit[(6)]	**$ 16.97**	$ 17.05	$ 16.64	$ 16.48	$ 15.13	$ 14.37	$ 13.69	$ 12.82
Unit price	**$ 11.69**	$ 10.73	$ 12.08	$ 16.14	$ 17.22	$ 16.20	$ 15.28	$ 13.42

(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 CCIRS, 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 additional information about 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. See the "Non-GAAP Financial Measures" section for additional information about this non-GAAP financial measure.

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

Results of operations

				2022				2021
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Investment properties revenue	**$ 98,867**	$ 93,313	$ 89,959	$ 87,428	$ 79,285	$ 75,832	$ 69,267	$ 65,431
Investment properties operating expenses	**(23,319)**	(21,316)	(21,230)	(22,115)	(18,853)	(16,122)	(18,172)	(18,769)
Net rental income	**75,548**	71,997	68,729	65,313	60,432	59,710	51,095	46,662
Other income (loss)	**(9,160)**	6,378	23,357	18,581	26,499	14,871	225	262
Other expenses	**(18,362)**	(15,852)	(15,636)	(14,279)	(13,743)	(43,688)	(15,923)	(18,828)
Fair value adjustments and net gain (loss) on transactions and other activities	**(94,028)**	71,685	103,914	387,181	126,382	142,420	131,109	71,117
Income (loss) before income taxes	**(46,002)**	134,208	180,364	456,796	199,570	173,313	166,506	99,213
Current income tax expense	**(616)**	(1,534)	(811)	(477)	(367)	(17,757)	—	—
Deferred income tax recovery (expense)	**12,471**	(7,011)	(8,073)	(13,430)	(9,232)	7,259	(6,211)	(3,949)
Net income (loss)	**$ (34,147)**	$ 125,663	$ 171,480	$ 442,889	$ 189,971	$ 162,815	$ 160,295	$ 95,264
Other comprehensive income (loss)								
Unrealized gain (loss) on foreign currency translation of foreign operations	**161,699**	(13,261)	(53,493)	(70,824)	(43,374)	11,719	(3,807)	(29,935)
Unrealized gain (loss) on hedging instruments	**(113,459)**	54,521	41,683	48,373	35,234	(6,285)	(4,732)	18,591
Share of other comprehensive income (loss) from equity accounted investment	**(3,490)**	17,749	7,714	(2,768)	(487)	2,206	(223)	(109)
	44,750	59,009	(4,096)	(25,219)	(8,627)	7,640	(8,762)	(11,453)
Comprehensive income	**$ 10,603**	$ 184,672	$ 167,384	$ 417,670	$ 181,344	$ 170,455	$ 151,533	$ 83,811

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

Funds from operations ("FFO")

				2022				2021
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net income (loss)	**$ (34,147)**	$ 125,663	$ 171,480	$ 442,889	$ 189,971	$ 162,815	$ 160,295	$ 95,264
Add (deduct):								
Fair value adjustments to investment properties	**65,503**	(43,133)	(24,699)	(360,696)	(141,841)	(162,452)	(207,117)	(74,601)
Fair value adjustments to financial instruments	**19,852**	(30,481)	(84,242)	(27,661)	18,818	16,060	74,971	1,874
Share of net income from equity accounted investments	**9,222**	(6,279)	(23,031)	(18,394)	(26,239)	(13,031)	—	—
Interest expense on subsidiary redeemable units	**3,247**	3,246	3,247	3,246	3,247	3,246	3,247	3,246
Amortization and write-off of lease incentives	**1,335**	627	488	628	498	337	469	503
Internal leasing costs	**908**	1,056	1,073	1,091	1,022	861	902	898
Fair value adjustments to deferred trust units included in G&A	**(173)**	(133)	(18)	101	155	143	49	10
Foreign exchange (gain) loss	**7,835**	568	3,404	10	(4,001)	1,071	131	706
Share of FFO from equity accounted investments	**2,836**	2,717	2,579	1,994	1,502	1,564	—	—
Deferred income tax expense (recovery)	**(12,471)**	7,011	8,073	13,430	9,232	(7,259)	6,211	3,949
Current income tax expense related to dispositions	**6**	—	126	—	273	16,589	—	—
Transaction costs on sale of investment properties	**80**	35	445	—	303	2,063	—	—
Derecognition of equity accounted investment	**—**	—	—	—	(907)	—	—	—
FFO[(1)] before the undernoted adjustment	**$ 64,033**	$ 60,897	$ 58,925	$ 56,638	$ 52,033	$ 22,007	$ 39,158	$ 31,849
Debt settlement costs	**—**	—	—	—	—	28,510	—	3,059
FFO[(1)]	**$ 64,033**	$ 60,897	$ 58,925	$ 56,638	$ 52,033	$ 50,517	$ 39,158	$ 34,908
Weighted average number of diluted Units (in thousands)[(2)]	**275,305**	274,481	273,668	259,320	246,456	229,472	204,866	185,808
FFO per Unit – diluted[(1)(3)]	**$ 0.23**	$ 0.22	$ 0.22	$ 0.22	$ 0.21	$ 0.22	$ 0.19	$ 0.19

(1) FFO is a non-GAAP financial measure and diluted FFO per Unit is a non-GAAP ratio. See the "Non-GAAP Financial Measures" and "Non-GAAP Ratios" sections for additional information about these respective metrics.

(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 FFO per Unit – diluted (a non-GAAP ratio).

NON-GAAP FINANCIAL MEASURES

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

Funds from operations ("FFO")

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

In January 2022, the Real Property Association of Canada ("REALPAC") issued an updated guidance on "Funds from Operations" and "Adjusted Funds from Operations" for IFRS. We have reviewed the REALPAC FFO guidelines and our determination of FFO substantially aligns with the REALPAC FFO guidelines, with the exception of the add-back of debt settlement costs arising from capital management activities and disposals of investment properties. These debt settlement costs are primarily funded from either net proceeds from equity offerings or net proceeds from dispositions, and not from cash flows from operating activities. As a result, we are of the view that debt settlement costs incurred as a result of capital management or investing activities should be excluded from the determination of FFO. Debt settlement costs incurred as a result of operating activities are included in the determination of FFO.

FFO is reconciled to net income (loss) (the most directly comparable IFRS financial measure) in the table below for the three months and years ended December 31, 2022 and December 31, 2021:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Net income (loss) for the period	**$ (34,147)**	$ 189,971	**$ 705,885**	$ 608,345
Add (deduct):				
Fair value adjustments to investment properties	**65,503**	(141,841)	**(363,025)**	(586,011)
Fair value adjustments to financial instruments	**19,852**	18,818	**(122,532)**	111,723
Share of net income from equity accounted investments	**9,222**	(26,239)	**(38,482)**	(39,270)
Interest expense on subsidiary redeemable units	**3,247**	3,247	**12,986**	12,986
Amortization and write-off of lease incentives	**1,335**	498	**3,078**	1,807
Internal leasing costs	**908**	1,022	**4,128**	3,683
Fair value adjustments to deferred trust units included in G&A	**(173)**	155	**(223)**	357
Foreign exchange loss (gain)	**7,835**	(4,001)	**11,817**	(2,093)
Share of FFO from equity accounted investments	**2,836**	1,502	**10,126**	3,066
Deferred income tax expense (recovery)	**(12,471)**	9,232	**16,043**	12,133
Current income tax expense related to dispositions	**6**	273	**132**	16,862
Transaction costs on sale of investment properties	**80**	303	**560**	2,366
Derecognition of equity accounted investment	**—**	(907)	**—**	(907)
FFO for the period before the undernoted adjustment	**$ 64,033**	$ 52,033	**$ 240,493**	$ 145,047
Debt settlement costs	**—**	—	**—**	31,569
FFO for the period	**$ 64,033**	$ 52,033	**$ 240,493**	$ 176,616

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. This non-GAAP financial measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

When we compare CP NOI on a year-over-year basis for the three months ended December 31, 2022 and December 31, 2021, we exclude investment properties acquired on or after October 1, 2021. For the years ended December 31, 2022 and December 31, 2021, we exclude investment properties acquired on or after January 1, 2021. CP NOI (constant currency basis) also excludes NOI from sold properties and properties held for sale, as applicable, NOI from properties held for development during the current or comparative period, net property management and other income, straight-line rent, amortization of lease incentives, lease termination fees and other rental income, and bad debt provisions. CP NOI (constant currency basis) includes NOI from equity accounted investment and solar revenues.

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

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

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

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

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

Total distributions

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

The table below reconciles total distributions to distributions on REIT Units (the most directly comparable IFRS financial measure) for the three months and years ended December 31, 2022 and December 31, 2021:

	Three months ended December 31,		Year ended December 31,	
Amounts included in consolidated financial statements	**2022**	2021	**2022**	2021
Distributions on REIT Units	**$ 45,128**	$ 40,913	**$ 177,759**	$ 143,028
Interest on subsidiary redeemable units	**3,247**	3,247	**12,986**	12,986
Total distributions	**$ 48,375**	$ 44,160	**$ 190,745**	$ 156,014

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

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

Distributions reinvested less 3% bonus distributions is reconciled to distributions reinvested (the most directly comparable IFRS financial measure) for the three months and years ended December 31, 2022 and December 31, 2021.

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Distributions reinvested as included in consolidated financial statements	**$ 9,424**	$ 10,728	**$ 40,371**	$ 33,454
Less: Distributions reinvested pertaining to prior period	**(2,703)**	(3,207)	**(3,134)**	(796)
Add: Distributions reinvested on January 13, 2023 and January 15, 2022, respectively	**3,448**	3,134	**3,448**	3,134
Less: 3% bonus distribution	**(274)**	(312)	**(1,175)**	(973)
Distributions reinvested less 3% bonus distribution	**$ 9,895**	$ 10,343	**$ 39,510**	$ 34,819

Distributions paid in cash (a non-GAAP financial measure) is a useful measure to investors in evaluating the cash flow requirements of the Trust to fund the cash distributions. Distributions paid in cash is reconciled to distributions paid on REIT Units (the most directly comparable IFRS financial measure) for the three months and years ended December 31, 2022 and December 31, 2021. This non-GAAP financial measure is not defined by IFRS, does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Distributions paid on REIT Units	**$ 35,656**	$ 28,928	**$ 136,061**	$ 104,839
Interest paid on LP B Units	**3,247**	3,247	**12,986**	12,986
Less: Distributions paid on REIT Units pertaining to prior period	**(12,217)**	(9,176)	**(10,507)**	(8,110)
Less: Interest paid on LP B Units pertaining to prior period	**(1,082)**	(1,083)	**(1,082)**	(1,082)
Add: Distributions paid on REIT Units on January 13, 2023 and January 15, 2022, respectively	**11,520**	10,507	**11,520**	10,507
Add: Interest paid on LP B Units on January 13, 2023 and January 15, 2022, respectively	**1,082**	1,082	**1,082**	1,082
Distributions paid in cash	**$ 38,206**	$ 33,505	**$ 150,060**	$ 120,222

Available liquidity

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

The table below reconciles available liquidity to cash and cash equivalents (the most directly comparable IFRS financial measure) as at December 31, 2022 and December 31, 2021:

	December 31, 2022	December 31, 2021
Cash and cash equivalents per consolidated financial statements	**$ 83,802**	$ 164,015
Undrawn unsecured revolving credit facility(1)	**445,785**	347,597
Available liquidity	**$ 529,587**	$ 511,612

(1) Net of letters of credit totalling $2,414 and $2,403 as at December 31, 2022 and December 31, 2021, respectively.

Total debt

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

The table below reconciles total debt to non-current debt (the most directly comparable IFRS financial measure) as at December 31, 2022 and December 31, 2021:

Amounts per consolidated financial statements		**December 31, 2022**		December 31, 2021
Non-current debt	**$**	**2,137,412**	$	2,006,647
Current debt		**275,536**		38,349
Fair value of CCIRS[1]		**(75,581)**		(32,514)
Total debt	**$**	**2,337,367**	$	2,012,482

(1) As at December 31, 2022, the CCIRS were in a net asset position and $76,593 was included in "Derivatives and other non-current assets" and ($1,012) in "Derivatives and other non-current liabilities" in the consolidated financial statements (December 31, 2021 – the CCIRS were in a net asset position and $38,939 was included in "Derivatives and other non-current assets" and ($6,425) in "Derivatives and other non-current liabilities" in the consolidated financial statements).

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

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

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

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

The following table reconciles net total debt to non-current debt (the most directly comparable IFRS financial measure) and total assets (net of cash and cash equivalents) to total assets (the most directly comparable IFRS financial measure) as at December 31, 2022 and December 31, 2021:

		December 31, 2022		December 31, 2021
Non-current debt	**$**	**2,137,412**	$	2,006,647
Add (deduct):				
Current debt		**275,536**		38,349
Fair value of CCIRS		**(75,581)**		(32,514)
Unamortized financing costs		**7,426**		4,937
Unamortized fair value adjustments		**(1,881)**		(5,287)
Cash and cash equivalents		**(83,802)**		(164,015)
Net total debt	**$**	**2,259,110**	$	1,848,117
Total assets		**7,280,493**		6,053,566
Less: Fair value of CCIRS		**(75,581)**		(32,514)
Less: Cash and cash equivalents		**(83,802)**		(164,015)
Total assets (net of cash and cash equivalents)	**$**	**7,121,110**	$	5,857,037

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

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

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

	For the three months ended		For the year ended	
	December 31, 2022	December 31, 2021	**December 31, 2022**	December 31, 2021
Net income (loss) for the period	**$ (34,147)**	$ 189,971	**$ 705,885**	$ 608,345
Add (deduct):				
Fair value adjustments to investment properties	**65,503**	(141,841)	**(363,025)**	(586,011)
Fair value adjustments to financial instruments	**19,852**	18,818	**(122,532)**	111,723
Share of net income from equity accounted investments	**9,222**	(26,239)	**(38,482)**	(39,270)
Interest expense on debt and other financing costs	**6,349**	3,842	**20,622**	24,820
Interest expense on subsidiary redeemable units	**3,247**	3,247	**12,986**	12,986
Other items included in investment properties revenue(1)	**(1,391)**	(660)	**(4,792)**	(2,372)
Distributions from equity accounted investment	**2,066**	967	**6,026**	1,931
Deferred and current income tax expenses, net	**(11,855)**	9,599	**19,481**	30,257
Net loss (gain) on transactions and other activities	**8,673**	(3,579)	**16,805**	3,066
Debt settlement costs	**257**	—	**257**	31,569
Adjusted EBITDAFV for the period	**$ 67,776**	$ 54,125	**$ 253,231**	$ 197,044

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

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

		December 31, 2022		December 31, 2021
Adjusted EBITDAFV – quarterly[1]	**$**	**67,776**	$	53,962
Add (deduct):				
Normalized NOI of properties acquired in the quarter[2]		**167**		3,898
NOI of properties disposed of in the quarter[3]		**(90)**		(355)
Normalized adjusted EBITDAFV – quarterly		**67,853**		57,505
Normalized adjusted EBITDAFV – annualized	**$**	**271,412**	$	230,020

(1) Adjusted EBITDAFV (a non-GAAP financial measure) for the three months ended December 31, 2022 and December 31, 2021 is reconciled to net income (loss) for the respective periods in the table above.

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

(3) For 2021, 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.

NON-GAAP RATIOS

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

Diluted FFO per Unit

Management believes diluted FFO per Unit, a non-GAAP ratio, provides our investors with additional relevant information on our operating performance and it is used by management in evaluating the Trust's operating performance. Fair value adjustments to investment properties and financial instruments, gains or losses on disposal of investment properties, debt settlement costs arising from capital management activities and disposals of investment properties, and other non-cash items do not necessarily provide an accurate picture of the Trust's past or recurring operating performance. FFO and diluted FFO per Unit are commonly used measures of 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, 2022 and December 31, 2021:

	Three months ended December 31,				Year ended December 31,			
		2022		2021		**2022**		2021
FFO[1]	**$**	**64,033**	$	52,033	**$**	**240,493**	$	176,616
Weighted average number of Units (in thousands)		**275,305**		246,456		**270,710**		216,832
FFO per Unit – diluted	**$**	**0.23**	$	0.21	**$**	**0.89**	$	0.81

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

Net asset value ("NAV") per Unit

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

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

Management believes that 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, 2022 and December 31, 2021:

		December 31, 2022	December 31, 2021
Net total debt[1]	**$**	**2,259,110**	$ 1,848,117
Total assets (net of cash and cash equivalents)[1][2]		**7,121,110**	5,857,037
Net total debt-to-total assets (net of cash and cash equivalents) ratio		**31.7%**	31.6%

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

(2) Excludes the fair value of the CCIRS of $75,581 and $32,514 as at December 31, 2022 and December 31, 2021, respectively, as already considered in the non-GAAP financial measure, net total debt.

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

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

Adjusted EBITDAFV (a non-GAAP financial measure) and Normalized adjusted EBITDAFV – annualized (a non-GAAP financial measure) are defined above under the heading "Adjusted earnings before interest, taxes, depreciation, amortization and fair value adjustments ("Adjusted EBITDAFV") and Normalized adjusted EBITDAFV – annualized".

The following table calculates the annualized net total debt-to-normalized adjusted EBITDAFV as at December 31, 2022 and December 31, 2021:

		December 31, 2022	December 31, 2021
Net total debt[1]	**$**	**2,259,110**	$ 1,848,117
Normalized adjusted EBITDAFV – annualized[2]		**271,412**	230,020
Net total debt-to-normalized adjusted EBITDAFV ratio (years)		**8.3**	8.0

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

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

Interest coverage ratio

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

Interest coverage ratio as shown below is calculated as the trailing 12-month adjusted EBITDAFV (a non-GAAP financial measure) divided by the trailing 12-month interest expense on debt and other financing costs. Interest expense on subsidiary redeemable units is excluded from this ratio as it represents distributions on units; however, pursuant to IFRS, the distributions are presented as interest expense.

The following table calculates the interest coverage ratio for the years ended December 31, 2022 and December 31, 2021:

		Year ended December 31,	
		2022	2021
Adjusted EBITDAFV[1]	**$**	**253,231**	$ 197,044
Interest expense on debt and other financing costs		**20,622**	24,820
Interest coverage ratio (times)		**12.3**	7.9

(1) Adjusted EBITDAFV (a non-GAAP financial measure) for the years ended December 31, 2022 and December 31, 2021 has been reconciled to net income under the heading "Adjusted earnings before interest, taxes, depreciation, amortization and fair value adjustments ("Adjusted EBITDAFV")" within the "Non-GAAP Financial Measures" section above.

DRIP participation rate

The DRIP participation rate is a non-GAAP ratio calculated as distributions reinvested less 3% bonus distribution (a non-GAAP financial measure) divided by the sum of distributions reinvested, less 3% bonus distribution (a non-GAAP financial measure) and distributions paid in cash (a non-GAAP financial measure). Management believes it is a useful measure to investors in evaluating the impact that the DRIP will have on the Trust's ability to sustain current distribution levels during the current and future periods. Over time, reinvestments pursuant to the DRIP will increase the number of Units outstanding, which may result in upward pressure on the total amount of cash distributions. This non-GAAP ratio does not have a standard meaning and may not be comparable with similar measures presented by other issuers.

The following table summarizes the components used to determine DRIP participation rate for the three months and years ended December 31, 2022 and December 31, 2021:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Distributions reinvested less 3% bonus distribution[1]	**$ 9,895**	$ 10,343	**$ 39,510**	$ 34,819
Distributions paid in cash[1]	**38,206**	33,505	**150,060**	120,222
Total distributions excluding 3% bonus distribution	**$ 48,101**	$ 43,848	**$ 189,570**	$ 155,041
DRIP participation rate	**20.6%**	23.6%	**20.8%**	22.5%

(1) Distributions reinvested less 3% bonus distribution (a non-GAAP financial measure) and distributions paid in cash (a non-GAAP financial measure) for the year ended December 31, 2022 and December 31, 2021 have been reconciled to distributions reinvested and distributions paid on REIT Units, respectively, under the heading "Distributions reinvested less 3% bonus distribution and distributions paid in cash" within the "Non-GAAP Financial Measures" section above.

SUPPLEMENTARY FINANCIAL MEASURES AND RATIOS AND OTHER DISCLOSURES

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

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

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

The table below summarizes the components used to determine unencumbered investment properties and unencumbered investment properties as a percentage of investment properties as at December 31, 2022 and December 31, 2021:

Amounts included in consolidated financial statements	**December 31, 2022**	December 31, 2021
Investment properties	**$ 6,759,425**	$ 5,696,607
Less: Pledged as collateral	**(1,446,342)**	(1,541,682)
Unencumbered investment properties	**$ 5,313,083**	$ 4,154,925
Unencumbered investment properties as a percentage of investment properties	**78.6%**	72.9%

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, 2022 and December 31, 2021:

Amounts included in consolidated financial statements	December 31, 2022	December 31, 2021
Secured debt	**$ 529,600**	$ 561,681
Total assets	**7,280,493**	6,053,566
Secured debt as a percentage of total assets	**7.3%**	9.3%

Unsecured debt

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

The table below summarizes the components used to determine unsecured debt as at December 31, 2022 and December 31, 2021:

Amounts included in consolidated financial statements	December 31, 2022	December 31, 2021
Unsecured revolving credit facility	**$ 50,742**	$ (464)
Unsecured term loan	**338,057**	189,705
Unsecured debentures	**1,494,549**	1,294,074
Fair value of CCIRS[1]	**(75,581)**	(32,514)
Unsecured debt	**$ 1,807,767**	$ 1,450,801

(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, 2022, there were 552,281 unvested deferred trust units and associated income deferred trust units (December 31, 2021 – 440,225).

The table below summarizes the basic and diluted weighted average number of Units for the three months and years ended December 31, 2022 and December 31, 2021:

	Three months ended December 31,		Year ended December 31,	
Weighted average Units outstanding	**2022**	2021	**2022**	2021
Basic (in thousands)	**274,756**	246,016	**270,215**	216,412
Diluted (in thousands)	**275,305**	246,456	**270,710**	216,832

SECTION V

DISCLOSURE CONTROLS AND OUR PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

For the year ended December 31, 2022, 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, 2022.

There were no changes in Dream Industrial REIT’s internal control over financial reporting during the financial year ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, Dream Industrial REIT’s internal control over financial reporting.

SECTION VI

RISKS AND OUR STRATEGY TO MANAGE

In addition to the specific risks discussed in this Annual Report, we are exposed to various risks and uncertainties, many of which are beyond our control and could have an impact on our business, financial condition, operating results and prospects. Unitholders should consider these risks and uncertainties when assessing our outlook in terms of investment potential. For a further discussion of the risks and uncertainties identified by Dream Industrial REIT, please refer to our latest Annual Report and Annual Information Form filed on SEDAR at www.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, Europe and the U.S. and, as a result, are impacted by economic and other factors specifically affecting the real estate markets in Canada, Europe and the U.S. These factors may differ from those affecting the real estate markets in other regions. Due to the concentrated nature of our properties, a number of our properties could experience any of the same conditions at the same time. If real estate conditions in Canada, Europe or the U.S. decline relative to real estate conditions in other regions, our cash flows and financial condition may be more adversely affected than those of companies that have more geographically diversified portfolios of properties.

Development

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

Financing

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

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

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

Interest rates

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

Economic environment risks

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

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

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

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

Currency risk

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

Hedging instruments

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

Changes in law

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

Tax considerations

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

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

Competition

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

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

Joint arrangements

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

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

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

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

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

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

Environmental and climate change-related risk

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

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

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

Insurance

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

Adverse global market, economic and political conditions

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

Public health risk

Public health crises, pandemics and epidemics, such as those caused by new strains of viruses such as COVID-19, could adversely impact our and our customers' businesses, and thereby our and our customers' ability to meet payment obligations, by disrupting supply chains and transactional activities, causing reduced traffic at our properties, leading to mobility restrictions and other quarantine measures, precipitating increased government regulation and negatively impacting local, national or global economies. Public health crises, pandemics and epidemics may also increase the volatility in financial markets and impact debt and equity markets, which could affect our ability to access capital. All of these factors may have a material adverse effect on our business, results of operations and our ability to make cash distributions to unitholders.

The speed and extent of the spread of COVID-19, and the duration and intensity of resulting business disruption and related financial and social impact, are uncertain, and such adverse effects may be material. The actual and threatened spread of COVID-19 globally could also further adversely affect global economies and financial markets resulting in a prolonged economic downturn and a decline in the value of the Trust's unit price. The extent to which COVID-19 (or any other disease, epidemic or pandemic) impacts business activity or financial results, and the duration of any such negative impact, will depend on future developments, which are highly uncertain.

SECTION VII

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. We examine the significant assumptions at the end of each reporting period and update 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.

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

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

For properties under development, we exercise judgment in determining when development activities have commenced, when and how much borrowing costs are to be capitalized to the development project, and the point of practical completion.

Business combinations

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

We assess 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, "Financial Instruments", requires management to use judgment in determining if the Trust's financial assets are impaired. In making this judgment, we evaluate, 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, we record a loss allowance equal to the lifetime expected credit losses arising from that financial asset.

FUTURE ACCOUNTING POLICY CHANGES

Amendments to 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, 2024. We are 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.

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

"Lenis Quan"

Lenis Quan
Chief Financial Officer

Toronto, Ontario, February 14, 2023

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, 2022 and 2021, 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, 2022 and 2021;
- 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, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter	How our audit addressed the key audit matter
Valuation of income-producing properties included in investment properties *Refer to note 2 – Summary of significant accounting policies, note 4 – Investment properties and note 32 – Fair value measurements to the consolidated financial statements.* The Trust measures its investment properties at fair value and as at December 31, 2022, these assets were valued at $6.8 billion, which included $6.7 billion of income-producing properties. The fair values of the income-producing properties are reviewed by management with reference to independent property appraisals, if obtained, and market conditions existing at the reporting date, using generally accepted market practices. Valuations for the income-producing properties are prepared by applying the income approach. The income approach is derived from two methods: the capitalization rate (“cap rate”) method and the discounted cash flow method. For the cap rate method, the 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 rates, terminal rates, and market rents. 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.	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, and cap rates by comparing to external market and industry data, where available. Professionals with specialized skill and knowledge in the field of real estate valuations further assisted us in evaluating the reasonableness of a sample of these 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 14, 2023

Consolidated balance sheets

(in thousands of Canadian dollars)

	Note	**December 31, 2022**	December 31, 2021
Assets			
NON-CURRENT ASSETS			
Investment properties	4, 5	**$ 6,759,425**	$ 5,696,607
Equity accounted investments	6	**313,527**	139,355
Derivatives and other non-current assets	7	**92,016**	40,865
		7,164,968	5,876,827
CURRENT ASSETS			
Cash and cash equivalents		**83,802**	164,015
Amounts receivable	9	**27,673**	7,857
Prepaid expenses and other assets		**4,050**	4,867
		115,525	176,739
Total assets		**$ 7,280,493**	$ 6,053,566
Liabilities			
NON-CURRENT LIABILITIES			
Non-current debt	10	**$ 2,137,412**	$ 2,006,647
Subsidiary redeemable units	12	**216,871**	319,463
Deferred Unit Incentive Plan (“DUIP”)	13	**14,369**	17,747
Deferred income tax liabilities, net	14	**47,869**	29,359
Derivatives and other non-current liabilities	15	**42,408**	46,082
		2,458,929	2,419,298
CURRENT LIABILITIES			
Current debt	10	**275,536**	38,349
Amounts payable and accrued liabilities	16	**88,784**	95,742
Current income tax liabilities		**4,503**	754
		368,823	134,845
Total liabilities		**2,827,752**	2,554,143
Equity			
Unitholders’ equity		**3,106,904**	2,756,156
Retained earnings		**1,274,974**	746,848
Accumulated other comprehensive income (loss)	19	**70,863**	(3,581)
Total equity		**4,452,741**	3,499,423
Total liabilities and equity		**$ 7,280,493**	$ 6,053,566

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)

		Year ended December 31,	
	Note	**2022**	2021
Investment properties revenue	20, 26	**$ 369,567**	$ 289,815
Investment properties operating expenses	26	**(87,980)**	(71,916)
Net rental income		**281,587**	217,899
Other income			
Share of net income from equity accounted investments	6	**38,482**	39,270
Interest, fee income and other		**674**	2,587
		39,156	41,857
Other expenses			
General and administrative	21	**(30,264)**	(22,807)
Interest:			
Debt and other financing costs	22	**(20,622)**	(24,820)
Subsidiary redeemable units	22	**(12,986)**	(12,986)
Debt settlement costs		**(257)**	(31,569)
		(64,129)	(92,182)
Fair value adjustments and net loss on transactions and other activities			
Fair value adjustments to investment properties	4	**363,025**	586,011
Fair value adjustments to financial instruments	23	**122,532**	(111,723)
Net loss on transactions and other activities	24	**(16,805)**	(3,260)
		468,752	471,028
Income before income taxes		**725,366**	638,602
Current and deferred income tax expenses, net	14	**(19,481)**	(30,257)
Net income		**$ 705,885**	$ 608,345
Other comprehensive income (loss)			
Items that will be reclassified subsequently to net income:			
Unrealized gain (loss) on foreign currency translation of foreign operations	19	**$ 24,121**	$ (65,397)
Unrealized gain on hedging instruments	19	**31,118**	42,808
Share of other comprehensive income from equity accounted investment	19	**19,205**	1,387
		74,444	(21,202)
Comprehensive income		**$ 780,329**	$ 587,143

See accompanying notes to the consolidated financial statements.

Consolidated statements of changes in equity

(all dollar amounts in thousands of Canadian dollars)

		Attributable to unitholders of the Trust				
Year ended December 31, 2022	**Note**	**Number of REIT Units**	**Unitholders' equity**	**Retained earnings**	**Accumulated other comprehensive income (loss)**	**Total equity**
Balance at January 1, 2022		**233,864,845**	**$ 2,756,156**	**$ 746,848**	**$ (3,581)**	**$ 3,499,423**
Net income		**—**	**—**	**705,885**	**—**	**705,885**
Distributions paid and payable	18	**—**	**—**	**(177,759)**	**—**	**(177,759)**
Public offerings of REIT Units	17	**19,588,300**	**320,146**	**—**	**—**	**320,146**
Distribution Reinvestment Plan		**3,025,530**	**40,371**	**—**	**—**	**40,371**
REIT Units issued for vested deferred trust units and Unit Purchase Plan		**125,532**	**1,884**	**—**	**—**	**1,884**
Issue costs and other	17	**—**	**(11,653)**	**—**	**—**	**(11,653)**
Other comprehensive income	19	**—**	**—**	**—**	**74,444**	**74,444**
Balance at December 31, 2022		**256,604,207**	**$ 3,106,904**	**$ 1,274,974**	**$ 70,863**	**$ 4,452,741**

		Attributable to unitholders of the Trust				
Year ended December 31, 2021	Note	Number of REIT Units	Unitholders' equity	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Balance at January 1, 2021		152,678,861	$ 1,605,724	$ 281,531	$ 17,621	$ 1,904,876
Net income		—	—	608,345	—	608,345
Distributions paid and payable	18	—	—	(143,028)	—	(143,028)
Public offerings of REIT Units	17	78,797,800	1,153,940	—	—	1,153,940
Distribution Reinvestment Plan		2,182,037	33,454	—	—	33,454
REIT Units issued for vested deferred trust units and Unit Purchase Plan		206,147	3,075	—	—	3,075
Issue costs and other		—	(40,037)	—	—	(40,037)
Other comprehensive loss	19	—	—	—	(21,202)	(21,202)
Balance at December 31, 2021		233,864,845	$ 2,756,156	$ 746,848	$ (3,581)	$ 3,499,423

See accompanying notes to the consolidated financial statements.

Consolidated statements of cash flows

(in thousands of Canadian dollars)

	Note	Year ended December 31, 2022	2021
Generated from (utilized in) operating activities			
Net income		**$ 705,885**	$ 608,345
Non-cash items:			
Share of net income from equity accounted investments	6	**(38,482)**	(39,270)
Fair value adjustments to investment properties	4	**(363,025)**	(586,011)
Unrealized fair value adjustments to financial instruments	23	**(122,532)**	111,723
Depreciation and amortization		**3,073**	1,780
Other adjustments	25	**38,709**	25,183
Change in non-cash working capital	25	**(9,906)**	12,753
Investment in lease incentives and initial direct leasing costs		**(16,207)**	(16,501)
Interest expense on debt and other financing costs	22	**20,622**	24,820
Debt settlement costs		**257**	31,569
		218,394	174,391
Generated from (utilized in) investing activities			
Investment in building improvements and other development and pre-development costs		**(147,615)**	(45,964)
Acquisitions, deposits and transaction costs of investment properties (net of cash acquired)		**(615,438)**	(1,986,202)
Dispositions of investment properties (net of assumed mortgages and transaction costs)		**73,578**	281,983
Distributions from equity accounted investments		**967**	964
Contributions to equity accounted investments		**(91,850)**	(15,277)
		(780,358)	(1,764,496)
Generated from (utilized in) financing activities			
Borrowings	10	**629,013**	1,049,800
Lump sum repayments	10	**(269,317)**	(433,651)
Principal repayments	10	**(8,973)**	(16,573)
Financing costs additions	10	**(2,625)**	(5,400)
Interest and other financing costs paid on debt	22	**(19,326)**	(27,047)
Interest paid on subsidiary redeemable units	22	**(12,986)**	(12,986)
Debt settlement costs paid		**—**	(23,249)
Distributions paid on REIT Units	18	**(136,061)**	(104,839)
Cash proceeds on issuance of REIT Units	17	**320,173**	1,116,789
Issue costs paid on REIT Units		**(11,653)**	(39,726)
Other adjustments to financing activities		**(292)**	(113)
		487,953	1,503,005
Decrease in cash and cash equivalents		**(74,011)**	(87,100)
Foreign exchange loss on cash held in foreign currency		**(6,202)**	(3,820)
Cash and cash equivalents, beginning of year		**164,015**	254,935
Cash and cash equivalents, end of year		**$ 83,802**	$ 164,015

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, 2022 were authorized for issuance by the Board of Trustees on February 14, 2023, after which they may be amended only with the Board of Trustees' approval.

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

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

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 comparable sales or the discounted cash flow method, net of costs to complete, to determine the fair value as at the end of each reporting period. On a quarterly basis, the Trust uses both the cap rate method and/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 deposits held at call with financial institutions and all short-term investments with an original maturity of three months or less, and exclude cash subject to restrictions that prevent its use for current purposes.

Financial instruments

Classification and measurement of financial instruments

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

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

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

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

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

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

Financial assets

Classification

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

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

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

Measurement

At initial recognition, the Trust initially measures a financial asset at its fair value, in some cases, less any related transaction costs. Subsequent measurement depends on the Trust's business model for managing the financial assets and the contractual terms of the cash flows. There are three measurement categories into which the Trust classifies its financial assets:

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

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

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

Cash flow hedges

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

The Trust uses CCIRS to hedge its exposure to foreign currency risk and interest rate risk on cash flows associated with the unsecured term 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 13, 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.

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

Income taxes

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

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

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

Provisions

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

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

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

Impairment

The Trust assesses the possibility and amount of any impairment loss or write-down as it relates to 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.

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 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. 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.

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. The Trust examines the significant assumptions at the end of each reporting period and updates these assumptions based on recent leasing activity and external market data available at that time. If there is any change in these assumptions or in regional, national or international economic conditions, the fair value of investment properties may change materially.

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

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

Business combinations

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

Under the acquisition method of accounting the consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of the assets 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.

Note 3

FUTURE ACCOUNTING POLICY CHANGES

Amendments to 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, 2024. The Trust is currently assessing the impact of these amendments.

Note 4

INVESTMENT PROPERTIES

	Note	Year ended December 31, 2022 Income-producing properties	Properties held for development	Investment properties	Year ended December 31, 2021 Income-producing properties	Properties held for development	Investment properties
Balance at beginning of period		**$ 5,618,966**	**$ 77,641**	**$ 5,696,607**	$ 3,241,601	$ —	$ 3,241,601
Additions (deductions):							
Acquisitions of investment properties and land	5	**574,222**	**25,718**	**599,940**	2,452,678	76,538	2,529,216
Building improvements		**50,904**	**—**	**50,904**	21,368	—	21,368
Lease incentives and initial direct leasing costs		**17,518**	**—**	**17,518**	15,953	—	15,953
Development costs, pre-development costs and capitalized interest		**76,297**	**24,493**	**100,790**	25,126	1,103	26,229
Income-producing properties transferred to/from properties held for development[(1)]		**(41,899)**	**41,899**	**—**	—	—	—
Investment properties reclassified to assets held for sale and disposed	8	**(5,422)**	**(97,293)**	**(102,715)**	(640,032)	—	(640,032)
Fair value adjustments to investment properties		**328,288**	**34,129**	**362,417**	585,223	—	585,223
Change in straight-line rent		**6,217**	**—**	**6,217**	2,666	—	2,666
Amortization of lease incentives		**(3,073)**	**—**	**(3,073)**	(1,796)	—	(1,796)
Foreign currency translation		**30,820**	**—**	**30,820**	(83,821)	—	(83,821)
Balance at end of period		**$ 6,652,838**	**$ 106,587**	**$ 6,759,425**	$ 5,618,966	$ 77,641	$ 5,696,607
Change in unrealized income included in net income							
Change in fair value of investment properties		**$ 327,774**	**$ 485**	**$ 328,259**	$ 585,223	$ —	$ 585,223

(1) Three Ontario income-producing properties were transferred to properties held for development due to redevelopment activities.

Investment properties include $18,039 (December 31, 2021 – $11,731) related to straight-line rent receivables.

Valuations of externally appraised investment properties

For the year ended December 31, 2022, there were 82 investment properties valued by qualified external valuation professionals, which represent 27.4% of total investment property values, excluding acquired properties (for the year ended December 31, 2021 – 68 investment properties were externally appraised representing 27.7% 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, 2022 and December 31, 2021 represents the Trust's best estimate based on the internally and externally available information as at the end of each reporting period.

Significant assumptions used in the valuation of investment properties

As at December 31, 2022 and December 31, 2021, the Trust's investment properties were valued using the capitalization ("cap") rate and discounted cash flow methods, except for income-producing properties acquired during the respective quarters as applicable and properties held for development. As at December 31, 2022 and December 31, 2021, development land included in the properties held for development were valued at the acquisition price plus capitalized interest, planning and pre-development costs incurred to date and revalued using a comparable sales approach. Income-producing properties transferred to properties held for development were initially valued at carrying value, which approximated fair value. The significant and unobservable Level 3 valuation metrics used in the methods as at December 31, 2022 and December 31, 2021 are set out in the table below:

	December 31, 2022[1]		December 31, 2021[1]	
	Range (%)	**Weighted average (%)[2]**	Range (%)	Weighted average (%)[2]
Cap rate method				
Stabilized cap rate	**4.30–8.50**	**5.61**	3.25–9.00	5.02
Discounted cash flow method				
Discount rate	**5.05–9.50**	**6.54**	4.00–8.50	5.82
Terminal cap rate	**4.30–8.75**	**5.79**	3.25–8.75	5.17

(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, 2022:

	Impact to change in weighted average stabilized cap rates	
Cap rate method	+25 bps	–25 bps
Increase (decrease) in value	$ (278,919)	$ 304,954

	Impact to change in weighted average discount rates		Impact to change in weighted average terminal cap rates	
Discounted cash flow method	+25 bps	–25 bps	+25 bps	–25 bps
Increase (decrease) in value	$ (130,475)	$ 133,673	$ (185,941)	$ 203,548

Note 5
INVESTMENT PROPERTY ACQUISITIONS
Acquisitions
Detailed below are the investment property acquisitions completed for the year ended December 31, 2022:

		Fair value of investment properties[1]	Date acquired
480 Tapscott Road, Toronto, Ontario	$	22,250	January 28, 2022
Rocky View County (land), Balzac, Alberta[2]		13,750	February 8, 2022
Portugalweg 17, Bodegraven, Netherlands[3]		36,048	March 16, 2022
Bijsterhuizen 3171, Wijchen, Netherlands[3]		26,477	March 24, 2022
4211 Mainway, Burlington, Ontario		17,900	March 31, 2022
Cross Roads Commercial Lands (land), Rocky View County, Alberta[2]		11,400	April 8, 2022
Poortcamp 2, De Lier, Netherlands[3]		30,793	April 19, 2022
Obserhausener Strasse 22, Düsseldorf, Germany[3]		6,170	April 20, 2022
125 Maple Grove, Cambridge, Ontario		31,800	April 26, 2022
60 East Beaver Creek, Richmond Hill, Ontario		30,000	April 28, 2022
219 Shoemaker Street, Kitchener, Ontario		6,250	May 17, 2022
Oude Hoorn 2, Houten, Netherlands[3]		19,238	May 19, 2022
Im Bresselsholze 14, Triptis, Germany[3]		14,693	May 20, 2022
25 Mural Street, Richmond Hill, Ontario		25,850	May 24, 2022
200–220 Joseph Carrier, Montréal, Québec		9,910	June 1, 2022
Hans-Böckler-Strasse 35, Minden, Germany[3]		65,335	June 1, 2022
Im Grund 3, Burgbernheim, Germany[3]		25,267	June 2, 2022
Logistiekweg 4, Bemmel, Netherlands[3]		36,401	June 9, 2022
33 Raglin Place, Cambridge, Ontario		5,400	June 17, 2022
1549 Yorkton Court, Burlington, Ontario		26,900	June 21, 2022
Verler Strasse 430, Gütersloh, Germany[3]		23,014	July 20, 2022
Säuritzer Strasse Ost 9, Burkau, Germany[3]		13,920	August 13, 2022
400 Norris Glen, Etobicoke, Ontario		66,500	October 20, 2022
Total	**$**	**565,266**	

(1) Fair value of investment properties is at the respective acquisition dates. Excludes transaction costs of $34,674.

(2) Rocky View County (land) and Cross Roads Commercial Lands (land) are parcels of land totalling 50 and 19.5 acres, respectively.

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

For the year ended December 31, 2021, the Trust acquired investment properties for gross proceeds net of adjustments and before transaction costs totalling $2,420,481.

Detailed below are the considerations paid for the acquired investment properties for the years ended December 31, 2022 and December 31, 2021:

	Note		**Year ended December 31, 2022**		Year ended December 31, 2021
Cash paid (net of cash acquired)[1]		**$**	**562,825**	$	1,885,453
Deposits paid in prior period and released to seller on closing			**2,600**		19,925
Assumed non-cash working capital and capital expenditure obligations			**(159)**		37,788
Transaction costs and land transfer taxes			**34,674**		98,593
Assumed mortgages[2]	10		**—**		477,315
Assumed ground lease liabilities[3]			**—**		10,142
Total cost of acquisitions		**$**	**599,940**	$	2,529,216

(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 for the year ended December 31, 2021.

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

Note 6

EQUITY ACCOUNTED INVESTMENTS

The Trust holds an equity accounted investment in a private U.S. industrial fund (the "U.S. Fund"), and in a GTA Development joint venture (the "Development JV"), as described in Note 8; both are related parties of the Trust. For the three months and year ended December 31, 2022, the Trust earned fees totalling $1,377 and $5,580, respectively, for providing property management and accounting, construction management and leasing services to the U.S. Fund (see Note 27).

Equity accounted investments continuity

						Year ended December 31, 2022		Year ended December 31, 2021
		Development JV		U.S. Fund		**Total**		Total[1]
Balance at beginning of year	$	—	$	139,355	**$**	**139,355**	$	—
Capital contributions		30,661		91,850		**122,511**		100,681
Distributions earned		—		(6,026)		**(6,026)**		(1,931)
Share of comprehensive income		2,151		36,331		**38,482**		39,270
Foreign currency translation adjustments		—		19,205		**19,205**		1,335
Balance at end of year	$	32,812	$	280,715	**$**	**313,527**	$	139,355
Percentage of ownership, end of year		25.0%		25.4%				19.3%

(1) Balance and percentage of ownership for the year ended December 31, 2021 represents the Trust's investment in the U.S. Fund only.

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, 2022
		At % ownership interest
Non-current assets	$	279,676
Current assets		3,291
Total assets		282,967
Non-current liabilities		—
Current liabilities		2,252
Total liabilities		2,252
Investment in U.S. Fund	**$**	**280,715**
Ownership as a percentage of total shares outstanding of the U.S. Fund, end of year		25.4%

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

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 27). 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.

Note 7
DERIVATIVES AND OTHER NON-CURRENT ASSETS

	Note		**December 31, 2022**		December 31, 2021
Restricted cash and other assets		**$**	**2,939**	$	1,417
Fair value of interest rate swaps	31		**12,484**		509
Fair value of CCIRS	31		**76,593**		38,939
Total		**$**	**92,016**	$	40,865

Note 8
DISPOSITIONS

The following dispositions were completed during the year ended December 31, 2022:

		Fair value of investment properties(1)	Date disposed
Brampton East Lands, Brampton, Ontario(2)	$	70,500	April 29, 2022
Maple Grove Road (land), Cambridge, Ontario(2)		27,518	April 29, 2022
Reaal 28A & Lageweg 17, Hoorn, Netherlands(3)		1,446	December 23, 2022
Nijborg 9-11, Renswoude, Netherlands(3)		3,976	December 28, 2022
Total	$	103,440	

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

(2) Control of these investment properties was transferred to the Development JV, a related party of the Trust.

(3) Dispositions in Europe were settled in euros and translated into Canadian dollars as at the respective transaction dates.

On April 29, 2022, the Trust completed the contribution of two properties held for development in Canada to a newly formed Development JV between a subsidiary of the Trust and an institutional investor (the "Partner") for total cash consideration of $68,157 and units of the Development JV representing 25% ownership, with a fair value of $30,661. A subsidiary of Dream Asset Management ("DAM") is the asset manager of the Development JV and the Trust continues paying fees on its interest in the Development JV under its current asset management agreement with DAM. A subsidiary of the Trust will provide property management, capital expenditures oversight, and leasing services to the Development JV upon completion of the properties held for development.

For the year ended December 31, 2021, the Trust disposed of investment properties located in the U.S. and Alberta totalling $641,185.

Note 9

AMOUNTS RECEIVABLE

		December 31, 2022		December 31, 2021
Trade receivables	**$**	**9,884**	$	2,494
Less: Provision for impairment of trade receivables		**(1,406)**		(842)
Trade receivables, net		**8,478**		1,652
Other amounts receivable		**19,195**		6,205
Amounts receivable	**$**	**27,673**	$	7,857

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, 2022
2023	$	300,470
2024		272,988
2025		239,368
2026		196,931
2027		157,752
2028+		383,567
Total	$	1,551,076

Note 10

DEBT

		December 31, 2022		December 31, 2021
Mortgages(1)	**$**	**529,600**	$	561,681
Unsecured revolving credit facility(1)		**50,742**		(464)
Unsecured term loan(1)(2)		**338,057**		189,705
Unsecured debentures(1)		**1,494,549**		1,294,074
Total debt		**2,412,948**		2,044,996
Less: Current portion		**(275,536)**		(38,349)
Non-current debt	**$**	**2,137,412**	$	2,006,647

(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, 2022 and December 31, 2021:

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

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

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

						December 31, 2021
	Note	Mortgages	Unsecured revolving credit facility	Unsecured term loan(1)	Unsecured debentures	Total
Total debt as at January 1, 2021		$ 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 assumed mortgages		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(2)		(200)	758	226	775	1,559
Total debt as at December 31, 2021		$ 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).

Mortgages

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

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.

Unsecured term loan (US$250 million)

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

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

Unsecured revolving credit facility

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

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

The amounts available and drawn under the revolving credit facility as at December 31, 2022 are as follows:

					December 31, 2022
	Maturity date	Borrowing capacity	Letter of credit amount	Principal outstanding	Amounts available to be drawn
Unsecured revolving credit facility[1]	January 31, 2026	$ 500,000	$ 2,414	$ 51,801	$ 445,785

(1) The unsecured revolving credit facility has the ability to be drawn in Canadian dollars, U.S. dollars and euros. As at December 31, 2022, the principal outstanding amounts included $6,042 and €31,650, which has been converted into Canadian dollars in accordance with the Trust's accounting policies.

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.

Debentures

On April 13, 2022, the Trust closed a private placement offering of $200 million aggregate principal amount of 3.968% senior unsecured debentures, Series E, maturing on April 13, 2026 (the "Series E Green Bonds" and, collectively with the Series C Green Bonds and the Series D Green Bonds, the "Green Bonds"). Concurrent with the closing of the Series E Green Bonds, the Trust entered into CCIRS arrangements to swap the proceeds of the Series E Green Bonds to euros to lower the effective interest rate to 2.041%.

The $450 million Series A Debentures, $200 million Series B Debentures, $400 million Series C Green Bonds, $250 million Series D Green Bonds and $200 million Series E Green Bonds (collectively, the "Debentures") are 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.

$450 million Series A Debentures

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

$200 million Series B Debentures

The $200 million Series B Debentures were issued at a price equal to $1,000 per $1,000 principal amount, bear interest at a rate per annum equal to the Reference Rate Index for Canadian dollar bankers' acceptances with maturities of three months (three-month CDOR) plus 0.35% and will mature on June 17, 2024. Interest is payable on the $200 million Series B Debentures, and the Reference Rate Index will be adjusted on March 17, June 17, September 17 and December 17 of each year. The $200 million Series B Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the $200 million Series B Debentures offering totalled $0.8 million.

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

The $400 million Series C Debentures were issued at a price equal to $1,000 per $1,000 principal amount, bear interest at a rate of 2.057% per annum and will mature on June 17, 2027. Interest is payable on the $400 million Series C Debentures on June 17 and December 17 of each year. The $400 million Series C Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the $400 million Series C Debentures offering totalled $1.7 million.

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

The $250 million Series D Debentures were issued at a price equal to $1,000 per $1,000 principal amount, bear interest at a rate of 2.539% per annum and will mature on December 7, 2026. Interest is payable on the $250 million Series D Debentures on June 7 and December 7 of each year. The $250 million Series D Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the $250 million Series D Debentures offering totalled $1.5 million.

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

The $200 million Series E Debentures were issued at a price equal to $1,000 per $1,000 principal amount, bear interest at a rate of 3.968% per annum and will mature on April 13, 2026. Interest is payable on the $200 million Series E Debentures on April 13 and October 13 of each year. The $200 million Series E Debentures are redeemable at the option of the Trust in whole or in part at any time and from time to time prior to maturity in accordance with the terms and conditions of the agreement. Total financing costs related to the $200 million Series E Debentures offering totalled $1.2 million.

Debt weighted average effective interest rates and maturity profile

As at December 31, 2022, the weighted average effective interest rate on total debt was 1.26% (December 31, 2021 – 0.91%). 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
2023	$ 271,168	$ 6,216	$ 277,384	$ 24,093	$ 301,477
2024	307,277	3,289	310,566	19,329	329,895
2025	846,470	2,700	849,170	16,432	865,602
2026	501,801	2,798	504,599	8,530	513,129
2027	400,000	2,900	402,900	3,744	406,644
2028–2030	69,118	4,756	73,874	4,049	77,923
Total	$ 2,395,834	$ 22,659	$ 2,418,493	$ 76,177	$ 2,494,670
Unamortized financing costs			(7,426)		
Unamortized fair value adjustments			1,881		
Total debt			$ 2,412,948		

Note 11

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 23), resulting in the 20,987,500 Subscription Receipts balance being transferred to an issue of unitholders' equity at $317,751 (see Note 17). The remaining 50% of the underwriters' fee along with other issuance costs totalling $6,204 were charged to unitholders' equity (see Note 17).

Note 12

SUBSIDIARY REDEEMABLE UNITS

The Trust has the following subsidiary redeemable units outstanding:

		Year ended December 31, 2022		Year ended December 31, 2021	
	Note	**Number of units issued and outstanding**	**Amount**	Number of units issued and outstanding	Amount
Balance at beginning of year		**18,551,855 $**	**319,463**	18,551,855 $	243,957
Remeasurement of carrying value	23	**—**	**(102,592)**	—	75,506
Balance at end of year		**18,551,855 $**	**216,871**	18,551,855 $	319,463

For the years ended December 31, 2022 and December 31, 2021, the Trust recorded $12,986 and $12,986, respectively, in distributions on the subsidiary redeemable units, which are included as interest expense in the consolidated statements of comprehensive income (see Note 22).

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, 2022 and December 31, 2021, 18,551,855 Special Trust Units were issued and outstanding.

Note 13

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, 2022 and December 31, 2021, 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, 2022 and December 31, 2021:

		Year ended December 31,	
	Note	**2022**	2021
Balance at beginning of year		**$ 17,747**	$ 12,313
Deferred compensation expense	21	**3,361**	3,364
REIT Units issued for vested deferred trust units		**(1,857)**	(3,044)
Remeasurement of carrying value of deferred trust units	23	**(4,834)**	5,190
Cash settlement of deferred trust units		**(48)**	(76)
Balance at end of year		**$ 14,369**	$ 17,747

	Year ended December 31,	
	2022	2021
Outstanding and payable at beginning of year	**1,191,487**	1,084,617
Granted[1]	**374,618**	323,253
REIT Units issued	**(123,449)**	(203,876)
Cancelled or forfeited	**(15,362)**	(6,637)
REIT Units settled in cash	**(2,959)**	(5,870)
Outstanding and payable at end of year[2]	**1,424,335**	1,191,487

(1) Includes 72,444 income deferred trust units granted during the year ended December 31, 2022 (December 31, 2021 – 57,304 income deferred trust units).

(2) Includes 872,054 vested but not issued deferred trust units as at December 31, 2022 (December 31, 2021 – 751,262).

The following table summarizes the deferred trust units granted for the years ended December 31, 2022 and December 31, 2021:

	December 31, 2022		December 31, 2021	
	Grant price range	**Number of units granted[1]**	Grant price range	Number of units granted[1]
Deferred trust units granted	**$ 10.68–16.72**	**302,174**	$ 12.89–17.07	265,949

(1) Includes 205,544 deferred trust units granted to key management personnel as at December 31, 2022 (December 31, 2021 – 174,489).

Note 14

INCOME TAXES

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

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

		December 31, 2022		December 31, 2021
Deferred tax assets				
Income tax loss carry-forwards	$	7,098	$	2,842
Financial instruments		—		27
Deferred tax liabilities				
Investment properties		(26,752)		(14,197)
Equity accounted investment		(28,215)		(18,031)
Deferred tax liabilities, net	$	(47,869)	$	(29,359)

As at December 31, 2022, there were unused tax losses of $4,181 for which no deferred tax asset is recognized (December 31, 2021 – $4,635), which expire in 2038 or later, as it is not probable that the REIT will be able to utilize such losses against taxable profits in the future.

		Year ended December 31,		
		2022		2021
Current income tax expense	$	(3,438)	$	(18,124)
Deferred income tax expense, net		(16,043)		(12,133)
Deferred and current income taxes expense, net	$	(19,481)	$	(30,257)

The following table reconciles the expected income taxes based upon the 2022 and 2021 statutory rates and the income tax expense recognized during the years ended December 31, 2022 and December 31, 2021:

		Year ended December 31,		
		2022		2021
Income before income taxes (continuing and discontinued operations)	$	725,366	$	638,602
Less: Income not subject to taxation in subsidiary corporations		(695,580)		(531,344)
Income subject to taxation in subsidiary corporations	$	29,786	$	107,258
Statutory tax rate		26.5%		26.5%
Tax calculated at statutory tax rate		7,893		28,423
Increase (decrease) resulting from:				
Tax benefits not recognized		19,410		5,204
Non-deductible expenses		(4,711)		268
Effects of different tax rates in U.S. and Europe in which the group operates		(1,494)		(768)
Non-taxable portion of capital gains		(246)		(2,818)
Other items		(1,371)		(52)
Deferred and current income taxes expense, net	$	19,481	$	30,257

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 27). 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 27). 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 15
DERIVATIVES AND OTHER NON-CURRENT LIABILITIES

	Note		**December 31, 2022**	December 31, 2021
Tenant security deposits		**$**	**29,553** $	24,879
Fair value of CCIRS	31		**1,012**	6,425
Fair value of interest rate swaps			**—**	2,748
Ground leases			**11,843**	12,030
Total		**$**	**42,408** $	46,082

Note 16
AMOUNTS PAYABLE AND ACCRUED LIABILITIES

	Note		**December 31, 2022**	December 31, 2021
Trade payables and accrued liabilities		**$**	**58,367** $	72,913
Accrued interest			**4,650**	1,562
Rent received in advance			**10,799**	7,626
Distributions payable	18		**14,968**	13,641
Total		**$**	**88,784** $	95,742

Note 17
EQUITY

		December 31, 2022			December 31, 2021		
	Note	**Number of REIT Units**		**Amount**	Number of REIT Units		Amount
Unitholders' equity		**256,604,207**	**$**	**3,106,904**	233,864,845	$	2,756,156
Retained earnings		**—**		**1,274,974**	—		746,848
Accumulated other comprehensive income (loss)	19	**—**		**70,863**	—		(3,581)
Total equity		**256,604,207**	**$**	**4,452,741**	233,864,845	$	3,499,423

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, 2022 and December 31, 2021. Total costs related to the offerings were charged directly to unitholders' equity.

	Year ended December 31, 2022			
Date of public offering	**Number of REIT Units**	**REIT Unit price**	**Gross proceeds**	**Issue costs**
March 9, 2022[(1)]	**14,110,500 $**	**16.30 $**	**230,001 $**	**9,850**

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

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

(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.

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

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

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

Since the beginning of this ATM Program dated November 30, 2021, the Trust has issued 7,300,000 REIT Units under this ATM Program at a weighted average price of $16.49 per REIT Unit for gross proceeds of $120,362. Total costs related to the issuance of these REIT Units amounted to $2,407. Accordingly, the net proceeds relating to the issuance of these REIT Units amounted to $117,955.

Short form base shelf prospectus

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

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

Since the beginning of this base shelf prospectus dated November 26, 2021, the Trust has issued REIT Units under this base shelf prospectus totalling $350,363.

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

For the year ended December 31, 2022, 3,025,530 REIT Units (December 31, 2021 – 2,182,037 REIT Units) were issued under the DRIP and $40,371 (December 31, 2021 – $33,454) was recorded as distributions in the consolidated statements of changes in equity. Subsequent to December 31, 2022, the Trust issued an additional 284,090 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, 2022, 2,083 REIT Units (December 31, 2021 – 2,271 REIT Units) were issued under the Unit Purchase Plan for proceeds of $27 (December 31, 2021 – $31). Subsequent to December 31, 2022, the Trust issued an additional 80 REIT Units under the Unit Purchase Plan.

Note 18

DISTRIBUTIONS

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

The Trust declared distributions of $0.70, for the years ended December 31, 2022 and December 31, 2021.

The following table summarizes distributions paid and payable for the years ended December 31, 2022 and December 31, 2021:

	Year ended December 31, 2022	2021
Paid in cash[1]	**$ (136,061)**	$ (104,839)
Paid by way of reinvestment in REIT Units[2]	**(40,371)**	(33,454)
Less: Payable at December 31, 2021/December 31, 2020	**13,641**	8,906
Add: Payable at December 31, 2022/December 31, 2021	**(14,968)**	(13,641)
Total distributions paid and payable	**$ (177,759)**	$ (143,028)

(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, 2022:

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 19, 2022	December 2022	January 13, 2023	$ 0.05833	$ 11,520	$ 3,448[1]
January 20, 2023	January 2023	February 15, 2023	0.05833	11,475	3,509[2]

(1) $3,448 in distributions along with $103 in bonus distributions were reinvested in an additional 284,170 REIT Units (including 3% bonus distributions on Units reinvested pursuant to the DRIP).

(2) $3,509 in distributions along with $105 in bonus distributions were reinvested in an additional 252,342 REIT Units (including 3% bonus distributions on Units reinvested pursuant to the DRIP).

Note 19

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	2022 Opening balance January 1	2022 Net change during the period	2022 Closing balance December 31	2021 Opening balance January 1	2021 Net change during the period	2021 Closing balance December 31
Unrealized gain (loss) on foreign currency translation of foreign operations	**$ (43,488)**	**$ 24,121**	**$ (19,367)**	$ 21,909	$ (65,397)	$ (43,488)
Unrealized gain (loss) on hedge of net investment	**49,505**	**(19,575)**	**29,930**	(3,399)	52,904	49,505
Unrealized loss on cash flow hedge	**(435)**	**—**	**(435)**	(435)	—	(435)
Unrealized gain (loss) on interest portion of hedging derivatives	**(10,316)**	**50,693**	**40,377**	(220)	(10,096)	(10,316)
Share of other comprehensive income (loss) from equity accounted investment	**1,153**	**19,205**	**20,358**	(234)	1,387	1,153
Accumulated other comprehensive income (loss)	**$ (3,581)**	**$ 74,444**	**$ 70,863**	$ 17,621	$ (21,202)	$ (3,581)

Note 20
INVESTMENT PROPERTIES REVENUE

	Note		Year ended December 31, 2022		2021
Rental income		$	**305,014**	$	245,738
Recoveries revenue			**58,973**		42,810
Property management and other income	27		**5,580**		1,267
Total		$	**369,567**	$	289,815

Note 21
GENERAL AND ADMINISTRATIVE EXPENSES

	Note		Year ended December 31, 2022		2021
Asset management fee	27	$	**(12,579)**	$	(8,877)
Deferred compensation expense	13		**(3,361)**		(3,364)
Professional fees and general corporate expenses[1]			**(14,324)**		(10,566)
General and administrative expenses		$	**(30,264)**	$	(22,807)

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

Note 22
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, 2022 and December 31, 2021:

		Year ended December 31, 2022		2021
Interest expense and other financing costs incurred, at contractual rate	$	**(22,413)**	$	(24,877)
Capitalized interest on properties held for development		**958**		582
Amortization of financing costs		**(2,239)**		(2,318)
Amortization of fair value adjustments		**3,072**		1,793
Interest expense on debt and other financing costs		**(20,622)**		(24,820)
Add (deduct):				
Amortization of financing costs		**2,239**		2,318
Amortization of fair value adjustments		**(3,072)**		(1,793)
Capitalized interest on properties held for development		**(958)**		(582)
Change in accrued interest		**3,087**		(2,170)
Cash interest paid on debt and other financing costs	$	**(19,326)**	$	(27,047)

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, 2022		2021
Paid in cash	$	**(12,986)**	$	(12,986)
Paid by way of reinvestment in REIT Units		**—**		—
Add-back: Interest payable at December 31, 2021/December 31, 2020		**1,082**		1,082
Deduct: Interest payable at December 31, 2022/December 31, 2021		**(1,082)**		(1,082)
Interest on subsidiary redeemable units	$	**(12,986)**	$	(12,986)

The interest payable on subsidiary redeemable units at December 31, 2022 was settled in cash on January 13, 2023.

Note 23

FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS

	Note	Year ended December 31, 2022	2021
Unrealized remeasurement of carrying value of subsidiary redeemable units	12	**$ 102,592**	$ (75,506)
Unrealized remeasurement of carrying value of deferred trust units	13	**4,834**	(5,190)
Unrealized remeasurement of interest rate swaps		**15,807**	5,396
Loss on conversion of Subscription Receipts	11	**—**	(37,635)
Gain on fair value adjustment on interest rate swap		**—**	1,212
Amortization of fair value adjustments on CCIRS		**(701)**	—
Total		**$ 122,532**	$ (111,723)

Note 24

NET LOSS ON TRANSACTIONS AND OTHER ACTIVITIES

	Year ended December 31, 2022	2021
Internal leasing costs	**$ (4,128)**	$ (3,683)
Foreign exchange gain (loss)	**(11,976)**	2,093
Transaction costs on sale of investment properties	**(560)**	(2,366)
Derecognition of equity accounted investment	**—**	907
Other	**(141)**	(211)
Total	**$ (16,805)**	$ (3,260)

Note 25

SUPPLEMENTARY CASH FLOW INFORMATION

The components of other adjustments under operating activities include:

	Note	Year ended December 31, 2022	2021
Change in straight-line rent	4	**$ (6,217)**	$ (2,666)
Deferred unit compensation expense, net	13	**3,361**	3,364
Deferred income tax expense, net	14	**16,043**	12,133
Interest on subsidiary redeemable units	22	**12,986**	12,986
Foreign exchange loss (gain)	24	**11,976**	(2,093)
Transaction costs on sale of investment properties	24	**560**	2,366
Derecognition of equity accounted investment	24	**—**	(907)
Total other adjustments		**$ 38,709**	$ 25,183

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

	Year ended December 31, 2022	2021
(Increase) decrease in amounts receivable	**$ (19,075)**	$ 2,187
Decrease in prepaid expenses and other assets	**218**	203
(Increase) decrease in derivatives and other non-current assets	**(1,522)**	331
Increase (decrease) in amounts payable and accrued liabilities	**2,130**	(336)
Increase in derivatives and other non-current liabilities	**4,594**	9,614
Increase in current income tax liabilities	**3,749**	754
Change in non-cash working capital	**$ (9,906)**	$ 12,753

Note 26

SEGMENTED INFORMATION

For the years ended December 31, 2022 and December 31, 2021, 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 and in the properties held for developments sold to the Development JV when assessing the operating performance of the U.S. and Ontario segments, respectively. Effective July 1, 2021, the Trust's segmented income included the Trust's share of net rental income from the U.S. Fund while fair value adjustments on investment properties and internal leasing costs included in net loss on transactions and other activities exclude the equity accounted investment in the U.S. segment.

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

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

The Trust did not allocate interest expense to the geographic segments since financing is viewed as a corporate function. The Trust's financing strategy is to optimize the overall borrowing costs and it is not typically determined on a segment basis. Similarly, other income, other expenses, fair value adjustments to financial instruments, net gain (loss) on transactions and other activities (excluding internal leasing costs), and income taxes were not allocated to the segments.

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

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

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

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

(4) The Ontario and Western Canada segments include fair value adjustments of $485 related to properties held for development.

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

Year ended December 31, 2021	Ontario	Québec	Western Canada	Europe	U.S.[1]	Segment total	Other[2]	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)
Net rental income (segmented income)	$ 55,703	$ 38,488	$ 42,260	$ 61,332	$ 24,138	$ 221,921	$ (4,022)	$ 217,899
Fair value adjustments on investment properties	$ 438,962	$ 143,255	$ 15,842	$ (29,897)	$ 17,061	$ 585,223	$ 788	$ 586,011
Net loss on transactions and other activities[3]	(1,129)	(638)	(1,567)	(306)	(43)	(3,683)	423	(3,260)

(1) U.S. includes all of the Trust's U.S. portfolio, and the financial results from the assets disposed to the U.S. Fund prior to the disposition dates.

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

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

Investment properties and equity accounted investments

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

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

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

Year ended December 31, 2021	Ontario	Québec	Western Canada	Europe	U.S.	Total
Investment properties[1]	$ 1,921,628	$ 922,168	$ 642,098	$ 2,210,713	$ —	$ 5,696,607
Capital expenditures[2]	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.

(2) Includes building improvements, lease incentives and initial direct leasing costs. The Ontario segment includes $1,103 of capitalized interest and other pre-development costs. The U.S. segment excludes the equity accounted investment.

Note 27

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, 2022, the Trust's ownership in the U.S. Fund was 25.4% (December 31, 2021 – 19.3%). For the year ended December 31, 2022, average ownership was 23.3% (December 31, 2021 – 23.8%).

Agreements and arrangements with related parties

DAM

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

The principal amendments to the agreement included:

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

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

North American AMA

The North American AMA entitles DAM to the same fees as the original AMA in respect of the Trust's North American properties: a base annual management fee, capital expenditure fee, acquisition fee, financing fee and incentive fee. The incentive fee calculation has been modified to be based on an amount equal to 15% of the Trust's FFO per Unit from the Trust's North American investment properties and gains on the disposition of any North American investment properties in the year in excess of the North American hurdle amount (the "North American Hurdle Amount"), multiplied by the number of Units outstanding, less the amount of any shortfall in the Incentive Distribution (as defined below) in respect of the European portfolio as described below. The North American Hurdle Amount was initially set as at January 1, 2020 as the product of (i) $0.95 per Unit (increasing annually by 50% of the increase in the consumer price index as defined in the North American AMA ($1.00 as of December 31, 2022) multiplied by (ii) the proportion of the Trust's total portfolio represented by the North American investment properties (based on the historic cost of the Trust's investment properties).

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

European AMA

The European AMA applies only to the Trust's European investment properties. Under the European AMA, a subsidiary of DAM ("Europe Asset Manager") is entitled to a base annual management fee, capital expenditure fee, acquisition fee and financing fee. In addition, a subsidiary of DAM ("DAM Europe") holds LP Class B Units of a subsidiary of the Trust through which the Trust holds the European investment properties. These LP Class B Units entitle DAM Europe to an annual distribution (the "Incentive Distribution") equal to 15% of the Trust's European FFO per Unit in excess of the European hurdle amount (the "European Hurdle Amount"), multiplied by the number of Units outstanding. The calculation of the European FFO per Unit includes the Trust's FFO from the European investment properties and gains on the disposition of any European investment properties in the year. The European Hurdle Amount was initially set as at January 1, 2020 as the product of (i) $0.95 per Unit (increasing annually by 50% of the increase in the consumer price index as defined in the European AMA ($1.00 as of December 31, 2022) multiplied by (ii) the proportion of the Trust's total portfolio represented by the European investment properties (based on the historic cost of the Trust's investment properties).

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

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

As at December 31, 2022, no incentive fee under the North American AMA has been paid or is payable by the Trust to DAM.

As at December 31, 2022, the fair value of the LP Class B Units held by DAM Europe was $nil and no Incentive Distribution has been paid or is payable by the Trust to DAM Europe.

In the event that all of the Trust's investment properties were sold or both the North American AMA and the European AMA were terminated, based on the investment properties value reported as at December 31, 2022 of $6.8 billion, and based on the Trust's actual financial results for the year ended December 31, 2022, the estimated overall incentive fee payable would have been $271.7 million.

The amount of the North American incentive fee payable by the Trust and the Incentive Distribution and the redemption price of the LP Class B Units on any date will be contingent upon various factors, including, but not limited to, changes in the Trust's FFO (as defined in the North American AMA) and changes in the European FFO, movements in the fair value of investment properties, acquisitions and dispositions, future foreign exchange rates, and changes in the total number of outstanding Units of the Trust.

PAULS Corp, LLC ("PAULS Corp")

Brian Pauls, 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.

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

U.S. Fund

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

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

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

As at December 31, 2022 and December 31, 2021, Dream Office REIT indirectly owns, through its subsidiaries, 8,052,451 REIT Units and 18,551,855 LP B Units, representing approximately 9.7% and 10.5%, 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, 2022 and December 31, 2021, issued deferred trust units to trustees and officers (see Note 13).

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, 2022 and December 31, 2021:

	Year ended December 31, 2022	2021
Incurred under the AMA:		
Asset management fee (included in general and administrative expenses)	**$ (12,579)**	$ (8,877)
Asset management fee (included in properties under development)	**(135)**	—
Capital expenditures fee (included in investment properties)	**(3,689)**	(695)
Acquisition fee (included in investment properties)	**(4,090)**	(12,315)
Expense reimbursements related to financing arrangements	**(653)**	(833)
Total costs incurred under the AMA	**$ (21,146)**	$ (22,720)
Total costs reimbursed under the Shared Services and Cost Sharing Agreement	**$ (1,428)**	$ (739)

Agreement and transactions with Dream Office REIT

The following table summarizes the costs reimbursed to Dream Office REIT for the years ended December 31, 2022 and December 31, 2021:

	Year ended December 31, 2022	2021
Total costs reimbursed under the Services Agreement	**$ (7,799)**	$ (5,979)

The following table summarizes our distributions paid and payable to subsidiaries of Dream Office REIT for the years ended December 31, 2022 and December 31, 2021:

	Year ended December 31, 2022	2021
Distributions paid and payable to Dream Office REIT on subsidiary redeemable units	**$ (12,986)**	$ (12,986)
Distributions paid and payable to Dream Office REIT on REIT Units	**(5,637)**	(5,637)
Total distributions paid and payable to Dream Office REIT	**$ (18,623)**	$ (18,623)

Agreements with PAULS Corp

The following table summarizes our fees paid and costs reimbursed to an affiliate of PAULS Corp for the years ended December 31, 2022 and December 31, 2021:

	Year ended December 31, 2022	2021
Total costs incurred under the Sub Property Management Agreement(1)	**$ (265)**	$ (78)
Total costs incurred under the Property Management Agreement(2)	**$ —**	$ (1,258)
Pre-development cost recovery/development fee	**—**	(455)
Total costs incurred under the Property Management Agreement	**$ —**	$ (1,713)

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

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

Agreements and transactions with the associate and joint venture

The following table summarizes our fees earned from the associate and joint venture for the years ended December 31, 2022 and December 31, 2021:

	Year ended December 31,	
	2022	2021
Total fees earned under the Property Management Agreement[1]	**$ 5,580**	$ 1,267

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

The following table summarizes our distributions received and receivable from the U.S. Fund for the years ended December 31, 2022 and December 31, 2021:

	Year ended December 31,	
	2022	2021
Total distributions received and receivable from the U.S. Fund	**$ 6,026**	$ 1,931

Amounts due from (to) related parties

Amounts due from related parties	**December 31, 2022**	December 31, 2021
DAM	**—**	91
U.S. Fund[1]	**2,273**	1201

(1) As at December 31, 2022, the balance includes $2,066 of distribution receivable from the U.S. Fund as at December 31, 2022 (December 31, 2021 – $967) and $207 fees earned under the Property Management Agreement (December 31, 2021 – $234).

Amounts due to related parties	**December 31, 2022**	December 31, 2021
DAM	**$ (5,593)**	$ (6,993)
Dream Office REIT	**(811)**	(916)
PAULS Corp	**(42)**	(118)

Distributions and interest payable to Dream Office REIT

	December 31, 2022	December 31, 2021
Interest payable on subsidiary redeemable units to Dream Office REIT[1]	**$ (1,082)**	$ (1,082)
Distributions payable to Dream Office REIT[2]	**(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, 2022 and December 31, 2021.

(2) Distributions payable is in relation to the 8,052,451 REIT Units held by Dream Office REIT as at December 31, 2022 and December 31, 2021.

Note 28

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, 2022, the Trust's remaining contractual commitments related to construction and development projects amounted to $44,623 (December 31, 2021 – $17,467).

On January 6, 2022 and April 1, 2022, the Trust funded capital contributions to the U.S. Fund totalling US$21,896 and US$48,441, respectively, reducing the contractual commitment of capital contributions to US$9,731 as at December 31, 2022.

Note 29

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. In August 2022, the Trust renewed its 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 face interest rate on debt, average term to maturity of debt, secured debt as a percentage of total assets, and variable rate debt as a percentage of total debt. These indicators assist the Trust in assessing whether the debt level maintained is sufficient to provide adequate cash flows for leasing costs, building improvements, development projects, and capital commitment requirements, and in evaluating the need to raise funds for further expansion. Various mortgages and unsecured debt have debt covenant requirements that are monitored by the Trust to ensure there are no defaults. These covenants include loan-to-value ratios, cash flow coverage ratios, interest coverage ratios, debt service coverage ratios, unencumbered investment properties levels, and secured debt to total assets ratio. These covenants are measured at the subsidiary limited partnership level, and all have been complied with as at December 31, 2022 and December 31, 2021. For the years ended December 31, 2022 and December 31, 2021, 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 30

FINANCIAL INSTRUMENTS – RISK MANAGEMENT

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

Market risk

Market risk consists of interest rate risk and other market price risk. The Trust has exposure to interest rate risk primarily as a result of its fixed rate debt due to the expected requirement to refinance such debts in the year of maturity. To a lesser extent, the Trust is exposed to variable rate debt on its drawings on the unsecured revolving credit facility and one of its unsecured debentures. The Trust is exposed to the variability in market interest rates and credit spreads on maturing debt to be renewed and the variability of interest rates on its variable rate debt. The Trust has effectively addressed the exposure to variable rate debt on its U.S. dollar denominated unsecured term loan by entering into a CCIRS and fixing the rate. The Trust had no other variable rate debt as at December 31, 2022 and December 31, 2021. 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 2023 as at December 31, 2022:

		Interest rate risk			
		-1%		+1%	
	Carrying amount	Income	Equity	Income	Equity
Financial assets					
Cash and cash equivalents[1]	$ 83,802	$ (838)	$ (838)	$ 838	$ 838
Financial liabilities					
Debt due to mature in 2023[2]	271,168	2,712	2,712	(2,712)	(2,712)

(1) Cash and cash equivalents are short-term investments with an original maturity of three months or less, and exclude cash subject to restrictions that prevent the Trust's use for current purposes. Bank accounts with Canadian and U.S. currencies generally earn interest income at the bank's prime rate less 2.00% and 4.45%, respectively. Bank accounts with euros generally earn interest income between 0% and 0.25%. Cash and cash equivalents as at December 31, 2022 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, 2022, a $0.10 change in the value of the U.S. dollar relative to the Canadian dollar would result in a $18,803 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 $20,097 change to other components of equity.

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

Credit risk

The Trust's assets mainly consist of investment properties. Credit risk arises from the possibility that tenants in investment properties may not fulfill their lease or contractual obligations. The Trust mitigates its credit risk by attracting tenants of sound financial standing and by diversifying its mix of tenants. As at December 31, 2022 and December 31, 2021, 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 9, straight-line rent receivables disclosed in Note 4 and related party amounts receivable disclosed in Note 27.

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 32.

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, 2022, current liabilities exceeded current assets by $253,298 (December 31, 2021 – current assets exceeded current liabilities by $41,894). 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; and
- differences in critical terms between the CCIRS and loans.

Note 31

OTHER FINANCIAL INSTRUMENTS

Cross-currency interest rate swap arrangements

The following table summarizes the Trust's CCIRS arrangements outstanding as at December 31, 2022 and December 31, 2021:

	Euro notional amount	U.S./Canadian dollar notional amount	Maturity date	Financial instrument measurement	**December 31, 2022** Fair value assets (liabilities)	December 31, 2021 Fair value assets
Canadian dollar to euro CCIRS – Series A Debentures(1)	€ 161,499	$ 250,000	December 22, 2025	Fair value through other comprehensive income	**$ 17,220**	$ 12,070
Canadian dollar to euro CCIRS – Reopening Series A Debentures(2)	135,474	200,000	December 22, 2025	Fair value through other comprehensive income	**6,231**	1,931
Canadian dollar to euro CCIRS – Series B Debentures(3)	135,750	200,000	June 17, 2024	Fair value through other comprehensive income	**3,165**	4,573
Canadian dollar to euro CCIRS – Series C Debentures(4)	271,499	400,000	June 17, 2027	Fair value through other comprehensive income	**19,743**	4,711
Canadian dollar to euro CCIRS – Series D Debentures(5)	174,544	250,000	December 7, 2026	Fair value through other comprehensive income	**9,100**	1,672
Canadian dollar to euro CCIRS – Series E Debentures(6)	143,926	200,000	April 13, 2026	Fair value through other comprehensive income	**(1,012)**	—
U.S. dollar to euro CCIRS – U.S. term loan(7)(8)	241,546	250,000	November 29, 2025	Fair value through other comprehensive income	**21,134**	7,557
Total	€ 1,264,238				**$ 75,581**	$ 32,514

(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 the three-month EURIBOR plus 0.5608%. The interest rate associated with the Canadian dollar notional amount is the 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 2.041%. The interest rate associated with the Canadian dollar notional amount is 3.968%.

(7) The interest rate associated with the euro notional amount is 0.784%. The interest rate associated with the U.S. dollar notional amount is a variable rate using SOFR plus spread.

(8) This swap arrangement is bifurcated into a cash flow and net investment hedge for the purpose of hedge accounting. As at December 31, 2022, the fair value asset of the net investment hedge portion is $7,870 and the fair value asset of the cash flow hedge portion is $13,264. As at December 31, 2021, the fair value asset of the net investment hedge portion was $13,982 and the fair value liability of the cash flow hedge portion was $(6,425).

Hedge accounting applied on select financial instruments

The tables below summarizes the Trust's financial instruments in which hedge accounting was applied for the year ended December 31, 2022 and December 31, 2021:

	As at December 31, 2022				For the year ended December 31, 2022		
Hedge type	**Notional amount of hedging instrument**	**Assets (see Note 7 & 31)**	**Liabilities (see Note 15 & 31)**	**Line item in the consolidated balance sheet**	**Change in fair value gain (loss) recognized in OCI[3]**	**Hedge ineffectiveness recognized in profit or loss**	**Amounts reclassified from OCI to profit or loss**
Cash flow hedge[1]	**$ 338,600**	**$ 13,264**	**$ —**	**Derivatives and other non-current assets**	**$ 12,650**	**$ —**	**$ (12,650)**
Net investment hedge[2]	**€ 1,264,238**	**63,329**	**(1,012)**	**Derivatives and other non-current assets / Derivatives and other non-current liabilities**	**(19,575)**	**—**	**—**

(1) Notional amount in Canadian dollars.

(2) Notional amount in euros.

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

	As at December 31, 2021				For the year ended December 31, 2021		
Hedge type	Notional amount of hedging instrument	Assets (see Note 7 & 31)	Liabilities (see Note 15 & 31)	Line item in the consolidated balance sheet	Change in fair value gain (loss) recognized in OCI[3]	Hedge ineffectiveness recognized in profit or loss	Amounts reclassified from OCI to profit or loss
Cash flow hedge[1]	$ 190,170	$ —	$ (6,425)	Derivatives and other non-current liabilities	$ (810)	$ —	$ 810
Net investment hedge[2]	€ 1,005,874	38,939	—	Derivatives and other non-current assets	52,904	—	—

(1) Notional amount in Canadian dollars.

(2) Notional amount in euros.

(3) Does not include the ($10,096) unrealized loss related to the interest rate portion of both the cash flow hedge and net investment hedge.

Unsecured Term Loan (US$250 million) and U.S. dollar to euro CCIRS arrangement

As at December 31, 2022, the Trust has an Unsecured Term Loan outstanding. The U.S. dollar principal and interest obligations were swapped for euro principal and interest obligations. Economically this is equivalent to holding euro denominated debt.

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

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

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

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

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

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

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

Debentures and Canadian dollar to euro CCIRS arrangement

As at December 31, 2022, the Trust has $1,500,000 of fixed and variable rate debentures outstanding and concurrently has CCIRS that converted the gross proceeds from the Debentures into euros. The Canadian dollar principal and interest obligations were swapped for euro principal and interest obligations. Economically this is equivalent to holding euro denominated debt.

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

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

Interest rate swaps

The following tables summarize the details of the interest rate swaps that are outstanding as at December 31, 2022 and December 31, 2021:

Fair value assets

							As at December 31, 2022
Transaction date		**Mortgage principal amount (notional)**	**Fixed interest rate (%)**	**Maturity date**	**Financial instrument measurement**		**Fair value assets (see Note 7)[2]**
July 30, 2019	**$**	**50,000**	**3.15**	**August 2029**	**Fair value through profit or loss**	**$**	**4,518**
June 24, 2021[1]	**€**	**241,909**	**(0.40)–1.77**	**March 2023–February 2025**	**Fair value through profit or loss**	**$**	**9,769**
						$	**14,287**

(1) Notional amount in euros.

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

							As at December 31, 2021
Transaction date		Mortgage principal amount (notional)	Fixed interest rate (%)	Maturity date	Financial instrument measurement		Fair value assets (see Note 7)
June 24, 2021[1]	€	58,225	(0.40)–(0.32)	September 2023–February 2025	Fair value through profit or loss	$	509

(1) Notional amount in euros.

Fair value liabilities

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

							As at December 31, 2021
Transaction date		Mortgage principal amount (notional)	Fixed interest rate (%)	Maturity date	Financial instrument measurement		Fair value liability (see Note 15)
July 30, 2019	$	50,000	3.15	August 2029	Fair value through profit or loss	$	(307)
June 24, 2021[1]		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.

Note 32

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, 2022 and December 31, 2021.

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

	Note		Carrying value as at December 31, 2021		Fair value as at December 31, 2021 Level 1		Level 2		Level 3
Recurring fair value measurements									
Non-financial assets									
Investment properties	4	$	5,696,607	$	—	$	—	$	5,696,607

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; and
- market rents – reflecting management's best estimates with reference to recent leasing activity and external market data.

As at December 31, 2022 and December 31, 2021, 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:

		Carrying value as at	Fair value as at December 31, 2022		
	Note	**December 31, 2022**	**Level 1**	**Level 2**	**Level 3**
Financial instruments at amortized cost					
Mortgages	10	**$ 529,600**	**$ —**	**$ —**	**$ 508,144**
Unsecured debentures	10	**1,494,549**	**—**	**1,358,556**	**—**

		Carrying value as at	Fair value as at December 31, 2021		
	Note	December 31, 2021	Level 1	Level 2	Level 3
Financial instruments at amortized cost					
Mortgages	10	$ 561,681	$ —	$ —	$ 567,477
Unsecured debentures	10	1,294,074	—	1,288,679	—

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, 2022	Fair value as at December 31, 2022 Level 1	Level 2	Level 3
Recurring fair value measurements					
Financial assets					
Fair value of CCIRS	7	$ **76,593**	$ —	$ **76,593**	$ —
Fair value of interest rate swaps[(1)]	7	**14,287**	—	**14,287**	—
Financial liabilities					
Fair value of CCIRS	15	$ **1,012**	$ —	$ **1,012**	$ —
Fair value of interest rate swaps	15	—	—	—	—

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

	Note	Carrying value as at December 31, 2021	Fair value as at December 31, 2021 Level 1	Level 2	Level 3
Recurring fair value measurements					
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	15	$ (6,425)	$ —	$ (6,425)	$ —
Fair value of interest rate swaps	15	(2,748)	—	(2,748)	—

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, 2022 and December 31, 2021 is determined by discounting the expected cash flows of each mortgage using market discount rates. For Canadian mortgages, the discount rates are determined using the Government of Canada benchmark bond yield for instruments of similar maturity adjusted for the Trust's specific credit risk. For European mortgages, the discount rates are determined using the EURIBOR for the remaining term of the mortgage, adjusted for the Trust's specific credit risk. In determining the adjustment for credit risk, the Trust considers market conditions, the fair value of the investment properties that the mortgages are secured by and other indicators of the Trust's creditworthiness. As a result, these measurements are classified as Level 3 in the fair value hierarchy.

Unsecured revolving credit facility

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

CCIRS arrangements

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

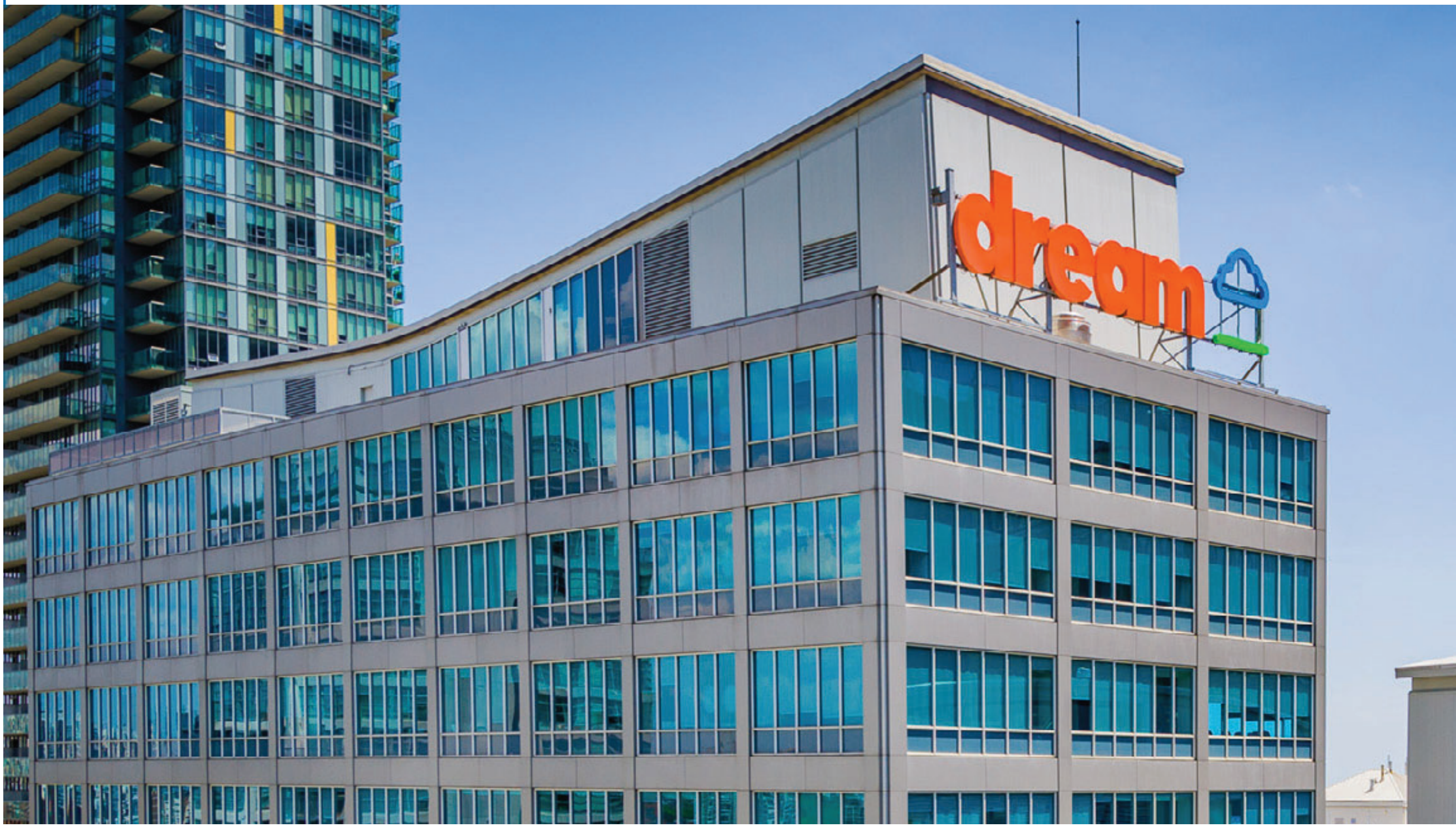
Interest rate swap arrangements

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

Note 33

SUBSEQUENT EVENT

On November 7, 2022, the Trust announced, in partnership with GIC, an agreement with Summit Industrial Income REIT under which a joint venture between the Trust and GIC (the "Purchaser") will acquire Summit Industrial Income REIT (the "Arrangement"). Subsequent to December 31, 2022, regulatory approvals in respect of the Arrangement were received and closing of the Arrangement is expected to occur on or about February 17, 2023, subject to the satisfaction or waiver of all of the remaining customary closing conditions, all of which have been or are expected to be satisfied by or on such date. If all customary closing conditions are met or waived, the Trust will acquire a 10% interest in the joint venture for cash consideration of approximately $473 million, net of debt to be assumed on closing of the Arrangement and including estimated transaction costs.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