



## DREAM GLOBAL REIT REPORTS STRONG OPERATING RESULTS AND 15% YEAR-OVER-YEAR PER UNIT GROWTH IN BOOK EQUITY

TORONTO, NOVEMBER 11, 2015 DREAM GLOBAL REIT (DRG.UN-TSX) today reported its financial results for the quarter ended September 30, 2015.

### HIGHLIGHTS

#### *Strong operating metrics*

- **Strong leasing performance** with the completion of approximately 246,000 square feet of new leases and renewals;
- **New 20-year lease with government tenant** near completion for the entire building located at Hammer Strasse 30-34 in Hamburg for 172,000 sq. ft. The space was formerly leased to Imtech, who filed for insolvency in August 2015;
- **Solid retention ratio** of 83% in Q3 2015;
- **Occupancy rate improvement** as a result of the Trust's active leasing and asset management program; in-place and committed occupancy of the portfolio overall increased by 70 basis points to 86.8% quarter-over-quarter.

#### *15% year-over-year growth in IFRS book equity per unit*

- **Addition of high quality assets** to the Trust's portfolio with approximately 80% of the cash flow generated by the Acquisition Properties;
- **Investor demand** for high quality real estate in Germany remains robust, translating into cap rate compression in all major office markets;
- **5.6% currency appreciation** of the euro against the Canadian dollar from Q3 2014, translating into an increase of \$0.88 per unit of book equity.

#### *Strong German real estate fundamentals*

- **Record-low vacancy** in the seven largest office markets in Germany with vacancy rates declining by 100 basis points year-over-year to 6.9% at the end of Q3 2015;
- **Low unemployment** as Germany's registered unemployment rate remains near all-time lows of 4.3% at the end of Q3 2015;
- **Moderate new supply** in the seven largest office markets with available space under development accounting for less than 2% of the existing office stock;
- **All-in mortgage rates remain among the lowest in the Trust's history** with most recent financing for the acquisition of Zimmer 56 in Berlin completed at a variable interest rate of 0.95% and capped at a rate of 1.95% for a 7-year term.

#### *Investment highlights*

- **Acquisition** of Anger Entrée, a 131,000 square foot office building in Erfurt, Germany for \$27.5 million on September 4, 2015 at a 7.1% cap rate and Zimmer 56, a 170,000 square foot multi-tenant office building located in Berlin, Germany, for \$64.7 million on October 27, 2015.
- **Continued capital recycling program during Q3** with the sale of 14 properties from the Trust's Initial Portfolio for gross proceeds of \$24.6 million. Including the properties which were under contract for sale at the end of Q3, the 2015 year-to-date dispositions total approximately \$123.4 million.

"We have been pleased with the transformation of Dream Global over the past four years," said Jane Gavan, Chief Executive Officer of Dream Global REIT. "Our proactive leasing and asset management strategies, combined with the successful execution of our capital recycling program, have created a portfolio of assets that is highly appreciated and sought after by many institutional investors."

## KEY PERFORMANCE INDICATORS

Year-over-year, the business of the Trust has significantly transformed with the sale of a 50% interest in eight of the Trust's Acquisition Properties to a joint venture partner as well as the sale of 54 Initial Properties, reducing the Trust's overall GLA by over 2.6 million square feet. Some of the operating metrics, including net operating income, are therefore not comparable year-over-year.

	September 30, 2015	June 30, 2015	September 30, 2014
<b>Portfolio<sup>(1)</sup></b>			
Number of properties	214	221	279
Gross leasable area ("GLA") (in square feet)	13,221,425	13,393,180	15,839,035
Occupancy rate – including committed (period-end)	86.8%	86.1%	87.1%
Occupancy rate – in-place (period-end)	86.2%	85.8%	85.9%
Average in-place net rent per square foot (period-end)	€ 9.46	€ 9.39	€ 8.90
Market rents above in-place net rents	3.7%	3.7%	2.0%
Total annualized Deutsche Post gross rental income ("GRI") as % of total GRI	24.7%	25.3%	29.8%
<b>Operating results – in \$<sup>(2)</sup></b>			
Net operating income ("NOI")	\$ 38,116	\$ 38,748	\$ 43,516
Funds from operations ("FFO") <sup>(3)</sup>	21,999	22,079	23,233
Adjusted funds from operations ("AFFO") <sup>(3)</sup>	20,717	20,397	21,686
<b>Distributions</b>			
Declared distributions	\$ 22,500	\$ 22,426	\$ 22,180
DRIP participation ratio (for the period)	15%	14%	16%
<b>Per unit amounts<sup>(4)</sup></b>			
Distribution	\$ 0.20	\$ 0.20	\$ 0.20
<b>Basic:</b>			
FFO	0.20	0.20	0.21
AFFO	0.18	0.18	0.20
<b>Diluted:</b>			
FFO	0.20	0.20	0.21
<b>Financing</b>			
Weighted average face rate of interest on debt (period-end) <sup>(1)(6)</sup>	3.00%	3.06%	3.28%
Interest coverage ratio <sup>(1)(3)</sup>	3.09 times	3.06 times	3.30 times
Level of debt (net debt-to-gross book value, net of cash) <sup>1)(3)</sup>	51%	51%	56%
Debt – average term to maturity (years) <sup>(1)(3)(5)</sup>	4.3	4.4	4.1

"We are pleased with the performance of our portfolio. Our in-place occupancy increased year over year, our average rental rate continues to rise each quarter as a result of our higher quality asset mix and Deutsche Post's contribution to Dream Global's overall gross rental income was further reduced by more than 5% to 24.7% compared to 29.8% a year ago, all while lowering Dream Global's leverage from 56% to 51%" said Alexander Sannikov, Vice President, Portfolio Management at Dream Global REIT.

## PORTFOLIO TRANSFORMATION

**Acquisitions subsequent to quarter end** – On October 27, 2015, the Trust completed the acquisition of Zimmer 56, a 170,000 square foot, multi-tenant office building, centrally located in Berlin’s Mitte district, in close proximity to the Trust’s Löwenkontor property. Zimmer 56 was developed in 1995 and is 99% occupied with an average lease term of 3.3 years. The Trust acquired the asset for \$64.7 million at a going-in cap rate of 4.8%, with anticipated growth to approximately 6%, as the current average in-place rents are approximately 20% below market rents, offering potential for significant income appreciation.

The Trust continues its capital recycling program with a strong acquisition pipeline of over \$50 million of assets under exclusivity at an average cap rate of approximately 6.5%.



**Asset repositioning** – The Trust continues to make progress on repositioning of the property in Saarbrücken, a building largely vacated by Deutsche Post in Q4 2014. The Trust is repositioning this centrally located property immediately adjacent to the main train station and has rebranded it as SaarForum ([www.saarforum.de](http://www.saarforum.de)).

The Trust’s leasing team is now actively working with a number of retail and office prospects with a combined requirement of approximately 300,000 square feet, with target lease commencements in stages throughout 2016.



**Dispositions** – 14 properties were disposed of during Q3 2015 as part of the Trust’s continuing capital recycling program for an aggregate sales price of \$24.6 million. During the nine months ended September 30, 2015, the Trust disposed of 40

properties for an aggregate sales price of \$70.0 million. Including 14 assets that were held for sale as at September 30, 2015, year-to-date dispositions in 2015 total approximately \$123.4 million.

## LEASING INITIATIVES

**Leasing** – In Q3 2015, the Trust completed approximately 246,000 square feet of new leases and renewals at the Trust's share (a total of 330,000 square feet taking into account 100% of the assets included in the POBA joint venture). The Trust's tenant retention reached 83% in Q3 2015, highlighting market fundamentals as well as the Trust's strong operational abilities.

**Major re-leasing initiatives** – The Trust is in the final stages of negotiating a 172,000 square foot, 20-year lease for the entire property at Hammer Strasse 30-34 in Hamburg. The prospective high-quality government tenant will replace Imtech, who filed for insolvency just three months ago. The Trust negotiated a termination agreement with the insolvency administrator for Imtech to remain in occupancy, paying reduced rent until April 30, 2016, and allowing the Trust to fit out the space for the lease commencement of the new tenant in Q4 2016.

Google, the anchor tenant in ABC Bogen in Hamburg's city centre has renewed its 118,000 square foot lease (REIT's owned share – 59,000 square feet) for a term of five years in addition to committing to an expansion in the building for an additional 20,300 square feet of space (REIT's owned share – 10,150 square feet), which is expiring in 2016. This agreement will extend the property's weighted average lease term to 5.8 years.

**Occupancy** – As a result of the Trust's active leasing and asset management program, overall in-place and committed occupancy of the portfolio overall increased to 86.8% at the end of Q3 2015 from 86.1% at the end of Q2 2015, with in-place occupancy increasing to 86.2% at the end of Q3 from 85.8% at the end of Q2.

**In-place rents** – Largely due to market conditions and an overall improvement in the quality of the Trust's portfolio, in-place rents further increased to €9.46 from €9.39 at the end of Q2 2015 and €8.86 at the end of 2014. Year-over-year, in-place rents have increased by more than 6% since Q3 2014, highlighting the improved quality of the Trust's asset base and achieving rental rate growth across the portfolio.

## CAPITAL INITIATIVES

**Mortgage financing** – During the quarter, the Trust refinanced a \$44.8 million (REIT's share - \$22.4 million) mortgage for doubleU in Dusseldorf, lowering its borrowing rate from 2.09% to 1.41% and extending the term by 4.5 years to December 2021. The Trust also locked in its interest-only \$15.4 million mortgage for the acquisition of Anger Entrée in Erfurt at a fixed rate of 1.42% for a seven-year term.

Subsequent to quarter end, the Trust secured a seven-year \$38.8 mortgage at a loan-to-value of 60% and a variable interest rate of 0.95% for Zimmer 56 in Berlin with the maximum interest rate capped at 1.95%. The Trust also refinanced a \$38.6 million mortgage (REIT's share - \$19.3 million) for Lowenkantor in Berlin, lowering the borrowing rate from 2.37% to 1.59% and extending the term by 4.5 years to September 2022.

**Operating line** – On November 10, 2015, the Trust obtained lender approval to increase the principal amount of its revolving credit facility from €75 million to €100 million, with no change in the covenants or interest rate spreads and extended the term by one year to September 25, 2017.

**Term loan credit facility** – The Trust continues to make good progress on refinancing the term loan credit facility for the Initial Portfolio and has entered into a non-binding term sheet. The refinancing is subject to lender due diligence and the finalization of the credit agreement.

## APPOINTMENTS

The Board of Trustees of Dream Global REIT is very pleased to announce the appointment of Dr. R. Sacha Bhatia as an independent trustee of Dream Global REIT.

Dr. Bhatia is the Director of the Institute for Health System Solutions and Virtual Care (WIHV) at Women's College Hospital, a newly launched innovation laboratory that develops and tests new ideas, new programs and new policy approaches in the world of ambulatory care, and then helps to scale them up across Ontario and beyond. Dr. Bhatia is also a staff cardiologist at Women's College Hospital and at University Health Network.

In addition, Dr. Bhatia serves as Assistant Professor in the Department of Medicine at the University of Toronto and at the Institute for Health Policy Management and Evaluation and is an adjunct scientist at the Institute for Clinical Evaluative Sciences.

## **CONFERENCE CALL DETAILS**

Dream Global REIT's management team will be holding a conference call tomorrow, Thursday, November 12, 2015 at 3:30 p.m. (ET). To access the conference call, please dial 1-888-465-5079 in Canada and the United States or 416-216-4169 elsewhere and use passcode 8694 191#. A taped replay of the call will be available for ninety days. For access details, please go to Dream Global REIT's website at [www.dreamglobalreit.ca](http://www.dreamglobalreit.ca) and click on the News & Events link, then click on Calendar of Events.

Information appearing in this news release is a select summary of results. The financial statements and management's discussion and analysis for the Trust are available at [www.dreamglobalreit.ca](http://www.dreamglobalreit.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com).

Dream Global REIT is an unincorporated, open-ended real estate investment trust that provides investors with the opportunity to invest in commercial real estate exclusively outside of Canada. Dream Global REIT's portfolio currently consists of approximately 13.2 million square feet of gross leasable area of office, industrial and mixed use properties across Germany. For more information, please visit [www.dreamglobalreit.ca](http://www.dreamglobalreit.ca).

### ***Forward-looking information***

*This press release may contain forward-looking information within the meaning of applicable securities legislation. 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 Dream Global REIT's control that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, global and local economic and business conditions; the financial condition of tenants; our ability to refinance maturing debt; leasing risks, including those associated with the ability to lease vacant space; and interest and currency rate functions. Our objectives and forward-looking statements are based on certain assumptions, including that the Canadian and German economies remain stable, interest rates remain stable, conditions within the real estate market remain consistent, competition for acquisitions remains consistent with the current climate and that the capital markets continue to provide ready access to equity and/or debt. All forward-looking information in this press release speaks as of the date of this press release. Dream Global REIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise. Additional information about these assumptions and risks and uncertainties is contained in Dream Global REIT's filings with securities regulators, including its latest annual information form and MD&A. These filings are also available at Dream Global REIT's website at [www.dreamglobalreit.ca](http://www.dreamglobalreit.ca).*

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For further information, please contact:

P. Jane Gavan  
President and Chief Executive Officer  
(416) 365-6572  
[jgavan@dream.ca](mailto:jgavan@dream.ca)

Rene D. Gulliver  
Chief Financial Officer  
(416) 365-5447  
[rgulliver@dream.ca](mailto:rgulliver@dream.ca)

Alexander Sannikov  
Vice President, Portfolio Management  
(416) 365-4106  
[asannikov@dream.ca](mailto:asannikov@dream.ca)