



## DREAM GLOBAL REIT REPORTS 2015 YEAR-END RESULTS, 13.5% INCREASE IN IFRS EQUITY VALUE PER UNIT TO \$11.41 AND STRONG LEASING MOMENTUM

*This news release contains forward-looking information that is based upon assumptions and is subject to risks and uncertainties as indicated in the cautionary note contained within this press release.*

**TORONTO, FEBRUARY 17, 2016 DREAM GLOBAL REIT (DRG.UN-TSX, “Dream Global” or the “Trust”)** today reported its financial results for the quarter and year ended December 31, 2015. Dream Global REIT’s management team will be holding a conference call tomorrow, February 18, 2016 at 3:30 p.m. (ET).

### HIGHLIGHTS

#### *Improving cash flow from operations and continued high-grading of portfolio*

- **13.5% year-over-year growth in IFRS book equity** per unit through the addition of high quality assets that benefitted from continued cap rate compression in Germany, and a 7% currency appreciation of the Euro against the Canadian dollar since Q4 2014;
- **Continued strong leasing momentum and tenant retention of 79%** resulting in 1.3 million square feet of leasing in 2015, including approximately 479,000 square feet of new leasing and renewals in Q4 2015;
- **Signed a 20-year lease** in December 2015 with the City of Hamburg for the entire 172,000 square feet of space at Hammer Strasse 30-34 in Hamburg to replace vacating tenant, Imtech Deutschland GmbH & Co. KG (“Imtech”);
- **Improved occupancy** reflecting the Trust’s active leasing and asset management program; in-place and committed occupancy of the overall portfolio increased by 70 basis points to 87.5% quarter-over-quarter and by 220 basis points since the end of 2014;
- **Refinanced term loan credit facility** with new \$370 million facility in Q4 2015, resulting in interest savings expected to add incremental AFFO of approximately \$6 million, or \$0.05 per unit, on an annual basis;
- **Completed over \$500 million of high quality office property acquisitions in 2015**, including the Trust’s expansion into Vienna, Austria with the acquisition of Rivergate, a jointly owned asset with an Asian sovereign wealth fund. Subsequent to year end, the Trust completed the acquisition of a multi-tenant office building in Essen, Germany, for \$41.5 million;
- **Continued progress in the execution of the Trust’s Initial Properties disposition strategy** with the sale of 11 properties during Q4 2015 for gross proceeds of \$40.9 million, increasing total sales of the Trust’s Initial Properties in 2015 to 51 properties for gross proceeds of \$110.9 million at an average cap rate of 7.5%. In addition, the Trust held 12 properties for sale at December 31, 2015 for an approximate aggregate sale price of \$32.5 million, increasing the number of Initial Properties sales since 2012 to over \$300 million.

#### *German real estate fundamentals remain favourable*

- **Record-low vacancy** in Germany’s seven largest office markets with vacancy rates declining by 120 bps year-over-year to 6.4% at the end of 2015, representing the lowest vacancy rate since 2002;
- **Low unemployment of 4.5%** among lowest in Europe at the end of 2015;
- **Moderate new supply** in Germany’s seven largest markets with limited availability of new office space coming to market, representing less than 1% of the existing office stock;
- **All-in mortgage rates near historic lows** as evidenced by the Trust’s most recent financing of its acquisition of Europa-Center in Essen, completed at a fixed interest rate of 1.62% for a 10-year term.

“Since our IPO in August 2011, Dream Global’s portfolio was transformed from 292 mixed use and industrial properties to a portfolio that includes very desirable office buildings in Germany’s Big 7 office markets and now Austria,” said Jane Gavan, Chief Executive Officer of Dream Global REIT. “Our portfolio quality today has never been better, with most of the acquired properties being considered institutional quality assets. In addition, our IFRS equity value per unit has increased by 13.5% over the last year to \$11.41, through the execution of our strategy and our properties benefitting from both cap rate compression and foreign currency gains, which is an excellent financial result. We remain focused on value creation for this vehicle.”

## KEY PERFORMANCE INDICATORS

Year-over-year, the business of the Trust has been significantly transformed through expanding its joint venture partnerships and an active capital recycling program, in addition to a strong and active acquisition pipeline. Some of the operating metrics, including net operating income, are therefore not directly comparable year-over-year.

	December 31, 2015		September 30, 2015		December 31, 2014	
<b>Portfolio</b>						
Number of properties <sup>(1)</sup>	208		214		266	
Gross leasable area ("GLA") (in square feet) <sup>(1)</sup>	13,428,169		13,221,425		14,839,661	
Occupancy rate – including committed (period-end) <sup>(1)</sup>	87.5%		86.8%		85.3%	
Occupancy rate – in-place (period-end) <sup>(1)</sup>	86.8%		86.2%		84.7%	
Average in-place net rent per square foot (period-end) <sup>(1)</sup>	€	9.61	€	9.46	€	8.86
Market rents above in-place net rents <sup>(1)</sup>	6.1%		3.7%		2.9%	
Total annualized Deutsche Post gross rental income ("GRI") as % of total GRI	22.4%		24.7%		29.5%	
<b>Operating results – in € <sup>(2)</sup></b>						
Net operating income ("NOI") <sup>(3)</sup>	€	25,780	€	26,190	€	30,356
<b>Operating results – in \$ <sup>(2)</sup></b>						
Net operating income ("NOI") <sup>(3)</sup>	\$	37,692	\$	38,116	\$	43,069
Funds from operations ("FFO") <sup>(3)</sup>	\$	21,338		21,999		23,428
Adjusted funds from operations ("AFFO") <sup>(3)</sup>	\$	20,548		20,717		22,401
Average exchange rate (Canadian dollars to one euro)	1.461		1.457		1.419	
<b>Distributions</b>						
Declared distributions	\$	22,578	\$	22,500	\$	22,263
DRIP participation ratio (for the period)	14%		15%		16%	
<b>Per unit amounts<sup>(4)</sup></b>						
Distribution	\$	0.20	\$	0.20	\$	0.20
Cash Distribution (net of DRIP)		0.17		0.17		0.17
<b>Basic:</b>						
FFO		0.19		0.20		0.21
AFFO		0.18		0.18		0.20
<b>Diluted:</b>						
FFO		0.19		0.20		0.21
<b>Total equity (per consolidated balance sheets)</b>	\$	1,289,158	\$	1,260,175	\$	1,120,220
Total equity per unit		11.41		11.19		10.05
<b>Financing</b>						
Weighted average face rate of interest on debt (period-end) <sup>(1)(6)</sup>	2.49%		3.00%		3.23%	
Interest coverage ratio <sup>(1)(3)</sup>	3.08 times		3.09 times		3.26 times	
Level of debt (net debt-to-gross book value, net of cash) <sup>1)(3)</sup>	54%		51%		51%	
Average level of debt (net debt-to-gross book value, net of cash) <sup>1)(3)</sup>	52%		52%		55%	
Debt – average term to maturity (years) <sup>(1)(3)(5)</sup>	5.0		4.3		4.3	

(1) Reflects owned share of joint venture properties. Number of properties includes the joint venture properties and excludes properties classified as assets held for sale starting in Q3 2015.

(2) Operating results for the three months ended December 31, 2015, September 30, 2015 and December 31, 2014 were converted at \$1.461:€1, \$1.457:€1 and \$1.419:€1, respectively.

(3) Net operating income, FFO, AFFO, interest coverage ratio and level of debt (net debt-to-gross book value, net of cash) are non-GAAP measures used by Management in evaluating operating performance. Please refer to the cautionary statements under the heading "Non-GAAP Measures" in this press release.

(4) A description of the determination of basic and diluted amounts per unit can be found in section "Non-GAAP measure and other disclosures" under the heading "Weighted average number of Units" of the MD&A.

(5) This metric excludes amounts outstanding under the revolving credit facility.

(6) Weighted average face rate of all interest bearing debt.

## PORTFOLIO TRANSFORMATION

**Improved quality and stability of cash flows** – In 2015, over 80% of the Trust's AFFO was generated from the Acquisition Properties, comprised largely of newer, institutional quality, multi-tenant properties located in Germany's Big 7 office markets and in Austria. Through the Trust's active capital recycling program, annualized GRI from Deutsche Post has been materially reduced to 22% of the Trust's total GRI, compared to nearly 30% in 2014 and more than 85% in 2011.

**Acquisitions completed during the quarter** – On October 27, 2015, the Trust completed the acquisition of Zimmer 56, a 170,000 square foot multi-tenant office building located in Berlin for \$64.7 million at a going in cap-rate of 4.8%, with anticipated growth to approximately 6% over the next 4 years, as the current average in-place rents are approximately 20% below market rents. On December 17, 2015, the Trust acquired Rivergate, a 574,000 square foot LEED Platinum office property located in Vienna, Austria in a 50/50 joint venture with an Asian sovereign wealth fund. Dream Global will earn asset management fees from the joint venture. For the year, acquisitions totaled \$510.9 million (\$368.2 million at Trust's share).

**Acquisition subsequent to year-end** – On February 3, 2016, the Trust completed the acquisition of Europa-Center, a 147,000 square foot, multi-tenant office building centrally located in Essen, Germany. Built in 2004, the property is 96% occupied with an average lease term of 4.2 years, and is well located near Essen's main train station and within a short walk to a subway station. The property was acquired for approximately \$41.5 million at a 5-year average cap rate of 7.2%. Essen is located in in the Rhine-Ruhr metropolitan region, which includes cities like Dusseldorf and Cologne, and has a population of over 11 million people.



**Active acquisition pipeline** – The Trust has signed a purchase and sale agreement for an asset in Munich, increasing year-to-date acquisitions in 2016 to approximately €42.8 million (\$65.7 million) at an average cap rate of 7.1% and an average interest rate of approximately 1.45% for 8.9 years.

**Dispositions** – Eleven properties were disposed of during Q4 2015 as part of the Trust's continuing capital recycling program for an aggregate sales price of \$40.9 million. For the year ended December 31, 2015, the Trust disposed of 51 properties for an aggregate sales price of \$110.9 million. These sales were completed at values at or slightly above book value. As at December 31, 2015, the Trust held 12 properties for sale for approximately \$32.5 million, increasing its dispositions of Initial Properties since 2012 to over \$300 million.

## LEASING INITIATIVES

**Leasing** — In Q4 2015, the Trust completed approximately 479,000 square feet of new leases and renewals, including eight leases with Postbank in properties that were subject to Deutsche Post's 2016 termination rights. With the signing of these leases, the GRI retention rate pertaining to the 2016 terminations increased to approximately 99% as at December 31, 2015. Total leasing for the year was approximately 1.3 million square feet with a high tenant retention ratio of 79%, highlighting solid market fundamentals as well as the Trust's strong operational abilities.

To date, the Trust has already addressed 61% of its 2016 expiries.

**Major re-leasing initiative** — In December, the Trust signed a 20-year lease with the City of Hamburg for the entire 172,000 square feet of space at Hammer Strasse 30-34 in Hamburg. The space is currently occupied by Imtech, who filed for insolvency in August 2015. The City of Hamburg will commence its lease in November 2016. In the meantime, a termination agreement was negotiated with the insolvency administrator, allowing Imtech to remain in occupancy, paying reduced rent through April 2016.

**Asset repositioning** — The Trust continued to make progress on repositioning its property in Saarbrücken, a building largely vacated by Deutsche Post in Q4 2014. On February 8, 2016, the Trust signed a 15.5-year lease with a national chain of a large-scale fitness club for approximately 68,200 square feet. The lease, which is subject to municipal approvals, is scheduled to commence in September 2016.

**Occupancy** — As a result of the Trust's active leasing and asset management program, overall in-place and committed occupancy of the portfolio increased to 87.5% at the end of Q4 2015 from 86.8% at the end of Q3 2015, with in-place occupancy increasing to 86.8% at the end of Q4 from 86.2% at the end of Q3. Overall in-place and committed occupancy increased by 220 basis points year-over-year since the end of 2014.

**In-place rents** — further increased to €9.61 per square foot at the end of Q4 2015 from €9.46 per square foot at the end of Q3 2015 and €8.86 per square foot at the end of 2014, representing a year-over-year increase of more than 8% since the end of 2014 as a result of strong market conditions and the continued improvement in the quality of the Trust's portfolio.

## CAPITAL INITIATIVES

**Investment properties** — For the quarter and year ended December 31, 2015, the fair value of the investment properties increased by \$25.9 million and \$69.5 million on a net basis, respectively, primarily due to a combination of leasing activities and cap rate compression in Germany. In addition, the fair value of the investment properties reflected in investments in joint ventures increased by \$30.8 million year-over-year since the end of 2014, as a result of cap rate compression and strong leasing.

**Mortgage refinancing** — In Q4, 2015, the Trust completed the refinancing of a mortgage for \$48.6 million (Trust's share - \$24.3 million), resulting in an interest rate reduction from 2.37% to 1.59% and extension of the term by 4.5 years to September 2022.

Subsequent to year-end, the Trust secured a 10-year €16.3 million mortgage at a loan-to-value of 60% and a fixed interest rate of 1.62% for Europa-Center in Essen.

**Term loan credit facility** — In December, the Trust successfully refinanced the term loan credit facility for its Initial Properties. The new, interest-only facility totals \$369.5 million, has a five-year term and bears a variable interest rate equal to the aggregate of the three-month EURIBOR (capped at a weighted average rate of 1.03%) and margin of 225 basis points. Interest savings are expected to add incremental AFFO of approximately \$6 million, or \$0.05 per unit, on an annual basis.

**Revolving credit facility** — In November, the Trust increased its revolving credit facility to €100 million from €75 million and extended the term by one year to September 2017.

**Leverage** — Leverage increased to 54% at the end of 2015, from 51% at the end of 2014, largely as a result of the temporary draw-down of the Trust's revolving credit facility to fund acquisitions. The average leverage for 2015 was 52%, a reduction from 55% in 2014, primarily as a result of increased investment property values and 2015 acquisitions that were financed at lower loan to values. The increase in leverage to 54% at the end of 2015 was temporary, as the Trust intends to repay its revolving credit facility, using net proceeds from dispositions. Going forward, the Trust intends to maintain a debt level within its targeted range of 50% - 60%.

## **OUTLOOK AND STRATEGY**

The German economy continues to benefit from a robust labour market and strong domestic demand, fuelled by low inflation and low interest rates. Growth in the German economy is largely driven by private consumption and public sector spending. The unemployment rate remains among the lowest in the European Union and underlying fundamentals in the office sector are strong, with overall net absorption of office space continuing to be positive across the major office markets, along with declining vacancy rates. At the end of 2015, German office vacancy rates reached a low not seen since 2002.

Active asset and capital management has been a focus of Dream Global since inception and in just over four years, the Trust has assembled a sizeable portfolio that is desired by some of the largest real estate investors in the world. Dream Global has built a platform and brand that is recognized in Europe and has quickly established itself as a highly credible and capable joint venture partner. In 2016, the following strategies will help to continue to drive value in the Trust's portfolio and IFRS equity value growth per unit:

- **Capital recycling** — Dream Global remains committed to its capital recycling program, which improves the quality of its portfolio as well as the stability of its cash flows by further lowering its exposure to Deutsche Post.
- **Joint ventures** — The Trust will continue to leverage its operating platform by pursuing new joint venture partnerships as they provide a valuable source of capital, fee income and opportunities for additional business.
- **Financing and refinancing activities** — With the current favourable lending environment in Germany, the Trust intends to take advantage of further opportunities to extend debt maturities and lower the overall cost of borrowing through refinancing mortgages in the Trust's Acquisition Properties.
- **Value-add opportunities** — The Trust will continue to capitalize on opportunities through asset repositioning and redevelopment.

Management will provide further details on the Trust's performance and outlook on its conference call tomorrow.

## **CONFERENCE CALL DETAILS**

Dream Global REIT's management team will be holding a conference call tomorrow, Thursday, February 18, 2016 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 13.4 million square feet of gross leasable area of office, industrial and mixed- use properties across Germany and Austria. For more information, please visit [www.dreamglobalreit.ca](http://www.dreamglobalreit.ca).

**Non-GAAP Measures**

The Trust's condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). In this press release, as a complement to results provided in accordance with IFRS, the Trust discloses and discusses certain non-GAAP financial measures, including investment properties revenue, net operating income, funds from operations ("FFO"), adjusted funds from operations ("AFFO"), interest coverage ratio and level of debt (net debt-to-gross book value, net of cash), debt - average term to maturity as well as other measures discussed elsewhere in this release. These non-GAAP measures are not defined by IFRS, do not have a standardized meaning and may not be comparable with similar measures presented by other issuers. The Trust has presented such non-GAAP measures as Management believes they are relevant measures of the Trust's underlying operating performance and debt management. Non-GAAP measures should not be considered as alternatives to net income, cash generated from (utilized in) operating activities or comparable metrics determined in accordance with IFRS as indicators of the Trust's performance, liquidity, cash flow, and profitability. For a full description of these measures and, where applicable, a reconciliation to the most directly comparable measure calculated in accordance with IFRS, please refer to the "Non-GAAP Measures and Other Disclosures" in Dream Global REIT's Management's Discussion and Analysis for the year ended December 31, 2015.

**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, German and Austrian 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).

For further information, please contact:

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

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

Alexander Sannikov  
Senior Vice President, Commercial Properties  
(416) 365-4106  
asannikov@dream.ca