



DREAM GLOBAL REIT REPORTS Q1 2016 FINANCIAL RESULTS WITH CONTINUED STRONG LEASING MOMENTUM SUPPORTED BY RECORD LOW VACANCY RATES IN GERMANY'S KEY OFFICE MARKETS

TORONTO, MAY 4, 2016 DREAM GLOBAL REIT (DRG.UN-TSX) today reported its financial results for the quarter ended March 31, 2016. Dream Global REIT's management team will discuss the Trust's business at its annual meeting, being held today at 4:00 p.m. (ET) at St. Andrew's Club and Conference Centre, 150 King Street West, 27th floor in Toronto, Ontario.

Q1 2016 HIGHLIGHTS

- ***Strong operating metrics***
 - **Continued strong leasing performance** with the completion of over 400,000 square feet of new leases and renewals in Q1 2016; leasing momentum was driven by solid office market fundamentals in Germany's key office markets;
 - **Increased occupancy** reflecting the Trust's active leasing and asset management program; in-place and committed occupancy of the overall portfolio increased by 200 basis points to 88.0% year-over-year and by 50 basis points since the end of 2015;
 - **Increasing leasing spread** with market rents exceeding in-place rents by 6.6% as at Q1 2016; and
 - **Rental rate growth of 4.3% across Deutsche Post leases** due to a CPI rental rate adjustment effective as of March 2016.
- ***Investment highlights***
 - **Added \$65 million of high quality office property acquisitions in Q1 2016** in Munich and Essen, Germany, with an average cap rate of 7.1%;
 - **All-in mortgage rates near historic lows** as evidenced by the Trust's most recent financing of its acquisition of Werner-Eckert-Str. 14, 16 and 18 in Munich, completed at a fixed interest rate of 1.07% for a 7-year term; and
 - **Continued capital recycling program** with the sale of six properties from the Trust's Initial Portfolio during Q1 2016 for gross proceeds of \$10.0 million, and 13 additional properties currently held for sale for aggregate gross sales proceeds of \$33.4 million.
- ***German real estate fundamentals remain favourable***
 - **Low unemployment of 4.5%** continues to be among the lowest in Europe as at March 2016;
 - **Record-low vacancy** in Germany's seven largest office markets with vacancy rates declining by 120 bps year-over-year to 6.3% at the end of Q1 2016; and
 - **Moderate new supply** in Germany's seven largest markets with limited availability of new office space coming to market, representing less than 1% of existing office stock.

"We are pleased with our progress so far in 2016. Supported by strong fundamentals in the office sector and a robust labour market, we believe that occupancy in our portfolio will continue to grow for the balance of 2016," said Jane Gavan, CEO of Dream Global REIT. "In addition, after an extended period of low inflation, we have met the CPI-threshold for a rent increase in the Deutsche Post leases, which will increase the Trust's net operating income by over €1 million annually."

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.

	March 31, 2016	December 31, 2015	March 31, 2015
Portfolio			
Number of properties ⁽¹⁾	203	208	237
Gross leasable area ("GLA") (in square feet) ⁽¹⁾	13,454,248	13,428,169	13,863,404
Occupancy rate – including committed (period-end) ⁽¹⁾	88.0%	87.5%	86.0%
Occupancy rate – in-place (period-end) ⁽¹⁾	86.5%	86.8%	85.6%
Average in-place net rent per square foot (period-end) ⁽¹⁾	€ 9.66	€ 9.61	€ 9.26
Market rents above in-place net rents ⁽¹⁾	6.6%	6.1%	3.3%
Total annualized Deutsche Post gross rental income ("GRI") as % of total GRI	22.0%	22.4%	26.3%
Operating results – in € ⁽²⁾⁽⁷⁾			
Net operating income ("NOI") ⁽³⁾	€ 27,388	€ 25,780	€ 27,441
Operating results – in \$ ⁽²⁾⁽⁷⁾			
Net operating income ("NOI") ⁽³⁾	\$ 41,538	\$ 37,692	\$ 38,298
Funds from operations ("FFO") ⁽³⁾	\$ 22,667	21,338	21,244
Adjusted funds from operations ("AFFO") ⁽³⁾	\$ 22,131	20,548	19,862
Average exchange rate (Canadian dollars to one euro)	1.516	1.461	1.397
Distributions			
Declared distributions ⁽⁷⁾	\$ 22,666	\$ 22,578	\$ 22,353
DRIP participation ratio (for the period)	13%	14%	15%
Per unit amounts⁽⁴⁾			
Distribution	\$ 0.20	\$ 0.20	\$ 0.20
Cash Distribution (net of DRIP)	0.17	0.17	0.17
Basic FFO	0.20	0.19	0.19
Basic AFFO	0.20	0.18	0.18
Diluted FFO	0.20	0.19	0.19
Financing			
Weighted average face rate of interest on debt (period-end) ⁽¹⁾⁽⁶⁾	2.48%	2.49%	3.10%
Interest coverage ratio ⁽¹⁾⁽³⁾	2.78 times	3.08 times	3.02 times
Level of debt (net debt-to-gross book value, net of cash) ⁽¹⁾⁽³⁾	55%	54%	52%
Average level of debt (net debt-to-gross book value, net of cash) ¹⁾⁽³⁾	54%	52%	52%
Debt – average term to maturity (years) ⁽¹⁾⁽³⁾⁽⁵⁾	4.7	5.0	4.6

- (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 Q1 2015.
- (2) Operating results for the three months ended March 31, 2016, December 31, 2015 and March 31, 2015 were converted at \$1.516:€1, \$1.461:€1 and \$1.397:€1, respectively.
- (3) Net operating income, FFO, AFFO, interest coverage ratio, level of debt (net debt-to-gross book value, net of cash) and average 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.
- (7) Amounts are presented in thousands.

Q1 2016 OPERATING HIGHLIGHTS

LEASING INITIATIVES

Leasing — In Q1 2016, the Trust completed over 400,000 square feet of new leases and renewals and continued selling non-core assets with generally lower occupancy rates. The largest transaction completed in Q1 was a 15.5-year lease with a national chain of a large-scale fitness club for approximately 68,200 square feet at the Trust's repositioning project in Saarbrücken. The lease will commence in September 2016.

Deutsche Post rent adjustment — After an extended period of low inflation, the Trust met the threshold for an upward adjustment, which will increase Deutsche Post's rental rate by 4.3% effective as of March 2016 and is expected to add over €1 million to the Trust's annual NOI. The last such adjustment took place in December 2011.

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 88.0% at the end of Q1 2016, up from 87.5% at the end of Q4 2015.

In-place rents — In Q1 2016, in-place rents increased to €9.66 from €9.61 at the end of 2015, largely due to strong market conditions. Year-over-year, in-place rents increased by more than 4%.

GROWTH INITIATIVES

Acquisitions — On February 3, 2016, the Trust completed the previously announced acquisition of Europa-Center, a 147,000 square foot, multi-tenant office building centrally located in Essen, Germany. The property was acquired for \$41.5 million at a 5-year average cap rate of 7.2% and financed with a 10-year mortgage at a fixed rate of 1.62%.

On February 29, 2016, the Trust acquired Werner-Eckert-Strasse 14, 16 & 18, a multi-tenant office building located immediately adjacent to one of the Trust's existing assets in Munich. The property was built in 2002, is 96% occupied and has a weighted average remaining lease term of 5.6 years. The property was acquired for \$23.2 million at a cap rate of 6.1% and financed with a 7-year mortgage at a fixed rate of 1.07%.



Capital recycling — Six properties were disposed of during Q1 2016 as part of the Trust's continuing capital recycling program for an aggregate sales price of \$10.0 million. In addition, as at March 31, 2016, 13 properties were held for sale for an aggregate sales price of \$33.4 million, increasing its dispositions of Initial Properties since 2012 to almost \$350 million. The Trust continues to identify high-quality acquisition opportunities to reinvest the disposition proceeds.

FINANCIAL HIGHLIGHTS

Funds from operations — FFO for the three months ended March 31, 2016 was \$22.7 million compared to \$21.2 million for the three months ended March 31, 2015. On a per unit basis, basic FFO for three months ended March 31, 2016 was \$0.20/unit, compared to \$0.19/unit for the three months ended March 31, 2015.

Adjusted funds from operations — AFFO was \$22.1 million for the three months ended March 31, 2016, compared to \$19.9 million for the three months ended March 31, 2015. On a per unit basis, basic AFFO for three months ended March 31, 2016 was \$0.20/unit, compared to \$0.18/unit for the three months ended March 31, 2015.

The increase in FFO and AFFO in 2016 compared to 2015 reflects the impact of acquisitions, strong leasing, additional fees from our joint ventures as well as a favourable exchange rate.

CAPITAL INITIATIVES

Financing — In Q1 2016, the Trust completed the financings of a 10-year \$24.9 million mortgage at a fixed interest rate of 1.62% for Europa-Center in Essen and a 7-year mortgage at a fixed interest rate of 1.07% for Werner-Eckert-Strasse 14, 16 and 18 in Munich.

The lending environment in Germany remains favourable, with historically low interest rates and lending margins. Dream Global REIT has been able to take advantage of these conditions, reflected by the decline in the average face interest rate to 2.48% at the end of Q1 2016, from 3.10% a year ago.

DREAM GLOBAL APPOINTS NEW CFO

The Board of Trustees of the REIT is pleased to announce the appointment of Ms. Tamara Lawson as the new Chief Financial Officer of the Trust effective May 16, 2016. Ms. Lawson joins us from Starlight Investments Ltd. where she has been the CFO since 2012 and brings over 25 years of financial management, operational and executive experience to Dream Global REIT. "We are delighted to welcome Tamara to the Dream Global team," commented Jane Gavan, CEO of Dream Global REIT. "Tamara's extensive experience in the real estate industry will help drive our strategic vision for the future."

Mr. Gulliver, who has decided to pursue other career opportunities, will remain with the REIT through the second quarter to ensure a smooth transition. Management of the Trust and its Board of Trustees would like to thank Mr. Gulliver for his contributions over the past three and a half years.

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 and on SEDAR at 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 13.5 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.

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 net operating income, funds from operations, adjusted funds from operations, interest coverage ratio, level of debt (net debt-to-gross book value, net of cash), and average level of debt (net debt-to-gross book value, net of cash) 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 three months ended March 31, 2016.

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 European 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 except as required by law. 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.

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