



## DREAM GLOBAL REIT REPORTS ON ANOTHER SOLID QUARTER, STRONG LEASING METRICS AND AN UPDATE ON KEY STRATEGIC INITIATIVES

TORONTO, AUGUST 11, 2016 DREAM GLOBAL REIT (DRG.UN-TSX) today reported its financial results for the quarter ended June 30, 2016. Dream Global REIT's management team will be holding a conference call tomorrow, August 12, 2016 at 9:00 a.m. (ET).

### HIGHLIGHTS

- **Strong operating metrics**
  - **Strong leasing performance** with the completion of approximately 362,000 square feet of new leases and renewals in Q2 2016; the Trust's European asset management team continues to drive the leasing momentum supported by solid office market fundamentals in the Trust's key office markets;
  - **High tenant retention ratio** of 86% in Q2 2016;
  - **Increased occupancy** reflecting the Trust's active leasing and asset management program; in-place and committed occupancy of the overall portfolio increased by 220 basis points to 88.3% year-over-year, marking the Trust's 6<sup>th</sup> consecutive quarter of occupancy rate growth; and
  - **Rental rate growth of 3.0% across the entire portfolio** in Q2 2016, including a 4.3% increase in Deutsche Post leases due to a CPI rental rate adjustment; year-over-year rental rate increase of 6%.
- **Improved capital structure**
  - **Refinancing program well underway** with the Trust securing commitments from existing lenders to refinance or increase a number of its existing mortgages for gross additional proceeds of €58.0 million (\$84.3 million). The Trust expects to achieve interest expense savings on these existing mortgages of approximately €1.4 million (\$2.1 million) annually and to extend the average term to maturity from 3.8 years to 8.3 years. The additional proceeds will be used to redeem a portion of the Trust's 5.5% convertible debentures, which is expected to lead to further interest savings of approximately \$3.3 million annually.
  - **Redemption of \$161.0 million, 5.5% convertible debentures** on September 15, 2016, further enhancing the Trust's capital structure and reducing the cost of borrowing; the redemption of the debentures will be funded with the excess proceeds from the refinancing initiative as well as net proceeds from the Trust's recent equity offering.
- **Strong German real estate fundamentals**
  - **Low unemployment of 4.2%** continues to be among the strongest in Europe as at June 2016;
  - **Record-low vacancy** in Germany's seven largest office markets with vacancy rates declining by 110 bps year-over-year to 6.1% at the end of Q2 2016; and
  - **Continuing yield compression** in Germany's seven largest office markets, fuelled by strong investor demand, low vacancy rates and moderate new supply of office space.

"On August 3, 2016, we celebrated Dream Global's 5<sup>th</sup> anniversary. Over the last five years, we have built an outstanding platform that includes institutional quality assets in the best markets in Germany and Austria," said Jane Gavan, CEO of Dream Global REIT. "Through the scale and expertise of a team of over 60 people in Europe, in addition to our team in Canada, we have established ourselves as a market leader and preferred partner in some of the most desirable markets in Europe."

## 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.

	June 30, 2016	March 31, 2016	June 30, 2015
<b>Portfolio</b>			
Number of properties <sup>(1)</sup>	197	203	221
Gross leasable area ("GLA") (in square feet) <sup>(1)</sup>	13,239,808	13,454,248	13,393,180
Occupancy rate – including committed (period-end) <sup>(1)</sup>	88.3%	88.0%	86.1%
Occupancy rate – in-place (period-end) <sup>(1)</sup>	86.0%	86.5%	85.8%
Average in-place net rent per square foot (period-end) <sup>(1)</sup>	€ 9.95	€ 9.66	€ 9.39
Market rents above in-place net rents <sup>(1)</sup>	4.4%	6.6%	3.7%
Total annualized Deutsche Post gross rental income ("GRI") as % of total GRI	22.2%	22.0%	25.3%
<b>Operating results – in € <sup>(2)(7)</sup></b>			
Net operating income ("NOI") <sup>(3)</sup>	€ 27,480	€ 27,388	€ 28,469
<b>Operating results – in \$ <sup>(2)(7)</sup></b>			
Net operating income ("NOI") <sup>(3)</sup>	\$ 39,991	\$ 41,538	\$ 38,748
Funds from operations ("FFO") <sup>(3)</sup>	\$ 23,003	22,667	22,079
Adjusted funds from operations ("AFFO") <sup>(3)</sup>	\$ 22,675	22,131	20,397
Average exchange rate (Canadian dollars to one euro)	1.455	1.516	1.360
<b>Distributions</b>			
Declared distributions <sup>(7)</sup>	\$ 22,744	\$ 22,666	\$ 22,426
DRIP participation ratio (for the period)	14%	13%	14%
<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
Basic FFO	0.20	0.20	0.20
Basic AFFO	0.20	0.20	0.18
Diluted FFO	0.20	0.20	0.20
<b>Financing</b>			
Weighted average face rate of interest on debt (period-end) <sup>(1)(6)</sup>	2.49%	2.48%	3.06%
Interest coverage ratio <sup>(1)(3)</sup>	2.74 times	2.78 times	3.06 times
Level of debt (net debt-to-gross book value, net of cash) <sup>(1)(3)</sup>	53%	55%	51%
Average level of debt (net debt-to-gross book value, net of cash) <sup>1)(3)</sup>	54%	54%	52%
Debt – average term to maturity (years) <sup>(1)(3)(5)</sup>	4.5	4.7	4.4

(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 June 30, 2016, March 31, 2016 and June 30, 2015 were converted at \$1.455:€1, \$1.516:€1 and \$1.360:€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.

## Q2 2016 OPERATING HIGHLIGHTS

### LEASING INITIATIVES

**Leasing** — In Q2 2016, the Trust completed over 362,000 square feet of new leases and renewals and continued selling non-core assets with generally lower occupancy rates. Including tenant expansions and lease takeovers, the Trust renewed over 300,000 square feet of expiring space during the quarter, resulting in a high tenant retention rate of 86%.

**Deutsche Post rent adjustment** — After an extended period of low inflation, the Trust met the threshold for an upward adjustment, which increased Deutsche Post's rental rate by 4.3%. The adjustment became effective retroactively as of March 2016, and will result in additional NOI of over €1 million annually based on the Trust's current leases with Deutsche Post. 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 88.3% at the end of Q2 2016, up from 87.5% at the end of Q4 2015 and 86.1% at June 30, 2015.

**In-place rents** — In Q2 2016, in-place rents increased to €9.95 from €9.61 at the end of 2015, largely due to strong market conditions and the CPI rent adjustment in the Trust's Deutsche Post portfolio. Year-over-year, in-place rents increased by 6%.

### GROWTH INITIATIVES

**Acquisitions** — The Trust is currently in exclusive or advanced negotiations on the acquisition of two properties located in Dream Global's target markets in Germany. These two well-located properties together comprise approximately 955,800 square feet of gross leasable area and benefit from good transport connections. The two properties have a weighted average occupancy of approximately 99%, with strong covenants, and an average term of approximately 7.8 years. The combined purchase price of the two properties is anticipated to be approximately €105.6 million.

**Capital recycling** — Seven properties were disposed of during Q2 2016 as part of the Trust's continuing capital recycling program for an aggregate sales price of \$15.5 million, bringing sales completed during the first six months of 2016 to \$25.5 million. In addition, as at June 30, 2016, 12 properties were held for sale for an aggregate sales price of \$30.8 million, which upon completion, will increase the total dispositions of Initial Properties completed in 2016 to approximately \$56.3 million.

### FINANCIAL HIGHLIGHTS

**Funds from operations** — FFO for the three months ended June 30, 2016 was \$23.0 million compared to \$22.1 million for the three months ended June 30, 2015. On a per unit basis, basic FFO for the quarter ended June 30, 2016 was \$0.20/unit, unchanged from the quarter ended June 30, 2015.

**Adjusted funds from operations** — AFFO was \$22.7 million for the three months ended June 30, 2016, compared to \$20.4 million for the three months ended June 30, 2015. On a per unit basis, basic AFFO for three months ended June 30, 2016 was \$0.20/unit, compared to \$0.18/unit for the three months ended June 30, 2015.

The increase in total FFO and AFFO in 2016 compared to 2015 reflects the impact of acquisitions, strong leasing including higher occupancy and higher in-place rental rates, lower interest costs as a result of the Trust's term loan credit facility refinancing, additional fees from joint ventures, as well as a favourable exchange rate.

## CAPITAL INITIATIVES

**Public offering of units** — On August 5, 2016, the Trust closed a public offering of units at \$9.00 per unit pursuant to which it issued 10,867,500 units, including the exercise of an overallotment option of 1,417,500 units, for gross proceeds of \$97.8 million.

**Redemption of 5.5% convertible debentures** — The Trust announced earlier today that it will redeem all of its outstanding 5.5% convertible debentures on September 15, 2016. The aggregate principal amount currently outstanding is \$161.0 million.

**Mortgage refinancing program** — As at August 10, 2016, the Trust secured commitments from several existing lenders to refinance and increase some of its existing mortgages with an outstanding principal balance of €136.4 million (Trust's share) and a term to maturity of 3 years for gross additional proceeds of €41.3 million. Based on the interest rates as of August 10th, 2016, the Trust expects to achieve a weighted average face interest rate on these mortgages of approximately 1.3% compared to the original average interest rate of 2.48%, for an average term of 9 years.

In addition, the Trust secured commitments to increase three mortgages by approximately €16.8 million (Trust's share) for a term of 6.4 years, co-terminous to the original loans, at an expected average interest rate of approximately 1.5%.

Further, the Trust is in negotiations with several lenders to refinance a number of additional mortgages with a total principal balance of approximately €147 million and expects to achieve additional gross proceeds of approximately €40 million.

The Trust intends to use the net proceeds from the refinancing program to fund the redemption of its 5.5% convertible debentures, fund acquisitions, repay its revolving line of credit and for general Trust purposes.

"The lending environment in Germany remains favourable, with historically low interest rates and lending margins. We are pleased that we have been able to take advantage of these conditions by lowering our costs of borrowing and use the excess financing proceeds to partially redeem the convertible debentures, which will further improve our capital structure," said Tamara Lawson, Chief Financial Officer of Dream Global REIT.

## APPOINTMENT

The Board of Trustees is very pleased to announce the appointment of J. Michael Knowlton as an independent trustee of Dream Global REIT.

Mr. Knowlton is a corporate director and has 25 years of experience in real estate. He retired from Dream Asset Management Corporation (formerly Dundee Realty Corporation) ("DAM"), the REIT's asset manager, in 2011 where he held the position of President and Chief Operating Officer of Dream Office REIT (formerly Dundee REIT). He joined DAM in 1998, holding various positions with DAM and Dream Office REIT, before becoming President of Dream Office REIT in 2006. Prior to that, he worked at OMERS Realty Corp. from 1990 until 1998 as Senior Vice President and Chief Financial Officer.

Mr. Knowlton also serves on the boards of Crombie REIT, Tricon Capital Corp. and Dream Industrial REIT and is a former trustee of True North Apartment REIT and Northwest Healthcare Properties REIT. Mr. Knowlton holds a Bachelor of Science degree in Engineering and a Master of Business Administration from Queen's University. Mr. Knowlton is qualified as a Chartered Professional Accountant and holds an ICD.D designation from the Institute of Corporate Directors.

## CONFERENCE CALL DETAILS

Dream Global REIT's management team will be holding a conference call tomorrow, Friday, August 12, 2016 at 9:00 a.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 8220 688#. 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 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 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 and six months ended June 30, 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](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)

Tamara Lawson  
Chief Financial Officer  
(416) 365-6560  
[tlawson@dream.ca](mailto:tlawson@dream.ca)

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