



## DREAM GLOBAL REIT ANNOUNCES LISTING ON FRANKFURT STOCK EXCHANGE AND INVESTMENT GRADE CREDIT RATING

TORONTO, NOVEMBER 14 2016 DREAM GLOBAL REIT (DRG.UN-TSX) today reported its financial results for the quarter ended September 30, 2016. Dream Global REIT's management team will be holding a conference call today, November 14, 2016 at 3pm (ET).

### HIGHLIGHTS

- **Key strategic initiatives**

- **Obtained listing on the Frankfurt Stock Exchange** with Dream Global REIT's units starting to trade under the ticker symbol DRG on November 15, 2016;
- **Received Moody's investment grade issuer rating of Baa3 stable**, reflecting the quality of Dream Global's assets, track record in Europe, strong German economic fundamentals as well as a solid balance sheet.

"The listing of Dream Global on the Frankfurt Stock Exchange and the credit rating from Moody's are important steps in bridging the valuation gap between our trading price and the valuation of our German peers," said Jane Gavan, CEO of Dream Global REIT. "We believe that both initiatives are significant milestones for the REIT and should make it easier for European investors to gain exposure to Dream Global, improve the Trust's cost of capital and enhance its financial flexibility."

- **Improved capital structure**

- **Refinancing of 11 mortgages** during the quarter resulted in the face rate reduction of the mortgages from 2.44% to 1.28% while extending their average term from 2.8 years to 8.5 years. With the refinancing of these mortgages the Trust secured additional proceeds of €50.5 million (\$74.0 million), which were partially used to redeem its 5.5% convertible debentures;
- **Redemption of \$161.0 million, 5.5% convertible debentures** on September 15, 2016 further enhanced the Trust's capital structure and reduced the cost of borrowing;
- **Interest expense savings of over \$10 million annually** expected from the completed 11 mortgage refinancings, an additional five refinancings that are currently in progress, and the redemption of the 5.5% convertible debentures, which was partially funded through lower cost mortgages.

- **Investment highlights**

- **Acquisition of 580,000 square foot, 36.2 acre Siemens Campus** in Nuremberg, Germany for \$73.1 million on October 31, 2016, at a going-in cap rate of 8.1% with long-term mixed-use intensification potential;
- **Continued capital recycling program during Q3** with the sale of 10 properties from the Trust's Initial Portfolio for gross proceeds of \$20.5 million, increasing the 2016 year-to-date dispositions to \$46.0 million.

- **Continued strong leasing performance supported by robust German fundamentals**

- **Over 450,000 square feet of new leases and renewals** completed during Q3 2016, resulting in a retention ratio of 75% for the quarter;
- **Occupancy continues to improve**, reaching 89.1% as of September 30, 2016, the highest occupancy level in Trust's history;
- **14-year low in Germany's office vacancy rate** with vacancy rates in the seven largest office markets declining by 90 basis points year-over-year to 6.0% at the end of Q3 2016, supported by a record low unemployment rate of 3.8%.

## KEY PERFORMANCE INDICATORS

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

	September 30, 2016	June 30, 2016	September 30, 2015
<b>Portfolio</b>			
Number of properties <sup>(1)</sup>	181	197	214
Gross leasable area ("GLA") (in square feet) <sup>(1)</sup>	12,580,821	13,239,808	13,221,425
Occupancy rate – including committed (period-end) <sup>(1)</sup>	89.1%	88.3%	86.8%
Occupancy rate – in-place (period-end) <sup>(1)</sup>	86.7%	86.0%	86.2%
Average in-place net rent per square foot (period-end) <sup>(1)</sup>	€ 10.26	€ 9.95	€ 9.46
Market rents above in-place net rents <sup>(1)</sup>	3.8%	4.4%	3.7%
Total annualized Deutsche Post gross rental income ("GRI") as % of total GRI	20.5%	22.2%	24.7%
<b>Operating results – in € <sup>(2)(7)</sup></b>			
Net operating income ("NOI") <sup>(3)</sup>	€ 27,240	€ 27,480	€ 26,190
<b>Operating results – in \$ <sup>(2)(7)</sup></b>			
Net operating income ("NOI") <sup>(3)</sup>	\$ 39,649	\$ 39,991	\$ 38,116
Funds from operations ("FFO") <sup>(3)</sup>	\$ 24,205	23,003	21,999
Adjusted funds from operations ("AFFO") <sup>(3)</sup>	\$ 22,969	22,675	20,717
Average exchange rate (Canadian dollars to one euro)	1.456	1.455	1.457
<b>Distributions</b>			
Declared distributions <sup>(7)</sup>	\$ 24,267	\$ 22,744	\$ 22,500
DRIP participation ratio (for the period)	13%	14%	15%
<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	0.19	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>	1.93%	2.49%	3.00%
Interest coverage ratio <sup>(1)(3)</sup>	2.80 times	2.74 times	3.09 times
Level of debt (net debt-to-gross book value, net of cash) <sup>(1)(3)</sup>	50%	53%	51%
Average level of debt (net debt-to-gross book value, net of cash) <sup>1)(3)</sup>	53%	54%	51%
Debt – average term to maturity (years) <sup>(1)(3)(5)</sup>	5.6	4.5	4.3

(1) Reflects owned share of joint venture properties.

(2) Operating results for the three months ended September 30, 2016, June 30, 2016 and September 30, 2015 were converted at \$1.456:€1, \$1.455:€1 and \$1.457:€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.

## KEY STRATEGIC INITIATIVES

**Listing on Frankfurt Stock Exchange** — Dream Global REIT's units will be included for trading in the General Standard segment of the EU regulated market on the Frankfurt Stock Exchange starting on November 15, 2016 under the ticker symbol DRG.

Starting with Q3 2016, the REIT will publish additional metrics consistent with the reporting standards of the European Public Real Estate Association (EPRA) to make its reporting comparable with its German peers. This information is available on Dream Global REIT's website under [www.dream.ca/global/investors](http://www.dream.ca/global/investors).

In conjunction with the listing of the REIT's units on the Frankfurt Stock Exchange, the REIT intends to make available a currency conversion option to its registered unitholders, allowing them to receive their monthly distributions in Euro starting in January 2017. Additional information regarding this initiative will be provided during Q4 2016.

**Credit rating** — Dream Global has received Moody's investment grade issuer rating of Baa3 stable, reflecting the quality of the Trust's assets, Dream Global's track record in Europe, strong German economic fundamentals as well as a solid balance sheet. This rating enables Dream Global to access the unsecured debenture market and will provide the REIT with greater financial flexibility, including the ability to source unsecured debt capital in Europe at attractive rates.

## LEASING INITIATIVES

**Leasing** — In Q3 2016, the Trust completed 450,000 square feet of new leases and renewals and continued selling non-core assets with generally lower occupancy rates. The Trust renewed approximately 289,000 square feet of expiring space during the quarter, resulting in a tenant retention rate of 75%.

One of the Trust's key leasing initiatives during the quarter was the completion of releasing 69,000 square feet of space vacated at the beginning of 2016 by a former top 10 tenant at its Humboldt Haus property in Hamburg.

**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 89.1% at the end of Q3 2016, up from 87.5% at the end of 2015 and 86.8% at September 30, 2015. This is the seventh consecutive occupancy increase, resulting in the highest occupancy rate in the Trust's five-year history.

**In-place rents** — In Q3 2016, in-place rents increased to €10.26 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 over 8%.

## GROWTH INITIATIVES

**Acquisitions** — On October 31, 2016, the Trust completed the acquisition of the Siemens Campus, a 580,000 square foot, 36.2 acre office campus, in Nuremberg, Germany. The asset is located in a predominantly residential area south of the city center, and is well connected to a major highway and the subway. The Trust believes that the site offers considerable long-term mixed-use intensification opportunities.

The transaction, a sale and lease-back to Siemens with a ten-year initial term with no break options, was completed for \$73.1 million at a going-in cap rate (including committed capital expenditures) of 8.1%. The purchase was partially financed with a new eight-year mortgage for \$51.2 million at a fixed interest rate of 1.2%. The property was built between 1985 and 1989 and has undergone significant updates over the past number of years. It consists of five multistory office buildings, a restaurant, training and conference facilities, parking and several outbuildings. Siemens, which is headquartered in Germany, is one of the world's largest engineering and technology companies.



The Trust is currently also in exclusive negotiations for the acquisition of a 355,000 square foot office property located in one of Germany's top ten markets for a purchase price of \$82.5 million at a going-in cap rate of 6.3%. Subject to completion of our due diligence, which is well-advanced, and the finalization of documentation, this deal is expected to close by year end.

**Capital recycling** — 10 properties were disposed of during Q3 2016 as part of the Trust's continuing capital recycling program for an aggregate sales price of \$20.5 million, increasing sales completed during the first nine months of 2016 to \$46.0 million. In addition, as at September 30, 2016, 17 properties were held for sale for an aggregate sales price of \$66.3 million, representing the assets' approximate fair value.

## 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 redeemed its entire outstanding 5.5% convertible debentures with an aggregate principal amount of \$161.0 million on September 15, 2016.

**Mortgage refinancing program** — During the quarter, the Trust completed the refinancing of 11 of its existing mortgages with an outstanding principal balance of €181.1 million (Trust's share) and a term to maturity of 2.8 years for gross additional proceeds of €50.5 million. The Trust achieved a weighted average face interest rate on these mortgages of 1.28% compared to the original average interest rate of 2.44%, for an average term of 8.5 years.

In addition, during the quarter, the Trust entered into agreements 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 average interest rate of 1.52%.

Subsequent to quarter end, the Trust entered into non-binding term sheets on five mortgages with an outstanding principal balance of €88.7 million (Trust's share) and a current term to maturity of 2.2 years for gross additional proceeds of €37.5 million. Based on the market interest rates as of November 10, 2016, the Trust expects to achieve a weighted average face interest rate on these mortgage of approximately 1.3% compared to the original average interest rate of 2.47% and increase the average term to maturity to 7.7 years.

Proceeds raised in the public offering of units and the mortgage refinancings were used for the redemption of the Trust's convertible debenture, funding of acquisitions, the repayment of its credit facility as well as general Trust purposes.

“Our recent refinancing initiatives at historically low interest rates, coupled with the redemption of our convertible debenture significantly reduced the REIT’s weighted average interest rate to an all-time low of 1.93% and improved our capital structure,” said Tamara Lawson, Chief Financial Officer of Dream Global REIT.

## CONFERENCE CALL DETAILS

Dream Global REIT’s management team will be holding a conference call today, November 14, 2016 at 3:00 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 7302 487#. 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 12.6 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 nine months ended September 30, 2016.*

### **Forward-looking information**

*This press release may contain forward-looking information within the meaning of applicable securities legislation, including statements regarding expected interest expense savings and our proposed currency conversion option. 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)