



## DREAM GLOBAL REIT DELIVERS STRONG Q1 RESULTS AND REPORTS DOUBLE-DIGIT FFO AND AFFO PER UNIT GROWTH

TORONTO, MAY 3, 2017 DREAM GLOBAL REIT (TSX:DRG.UN, FRA:DRG) today reported its financial results for the quarter ended March 31, 2017. 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 One King West Hotel, King Gallery, 3<sup>rd</sup> Floor, 1 King Street West in Toronto, Ontario.

### HIGHLIGHTS

- ***Continued strong leasing performance supported by robust German fundamentals***
  - **Occupancy reaches 90.1%** in Q1 2017, the ninth consecutive quarter of occupancy growth and the highest occupancy level in the Trust's history;
  - **Year-over-year rental rate growth of 7.2%** across the entire portfolio to €10.36 per square foot in Q1 2017, reflecting the Trust's leasing and asset management program;
  - **New record-low in Germany's office vacancy rate** with vacancy rates in the seven largest office markets declining by 100 basis points year-over-year to 5.3% at the end of Q1 2017;
  - **Low unemployment of 4.0%** in a continuously strengthening economy with Germany's Ifo business climate index reaching a 10-year high;
  - **Continuing yield compression in Germany's largest office markets**, fuelled by strong investor demand, low vacancy rates and moderate new supply of office space.
- ***Delivered strong operating results with improved funds from operations***
  - **Basic Funds from Operations ("FFO") increased to 23 cents per unit** in Q1 2017, up 15% year-over-year, reflecting the Trust's key initiatives put in place over the last year, including its refinancing, leasing and capital recycling;
  - **Basic Adjusted Funds from Operations ("AFFO") increased to 22 cents per unit** in Q1 2017, up 10% year-over-year from 20 cents in Q1 2016;
- ***Improved capital structure***
  - **Closed \$115 million equity issue** on March 21, 2017, including the full exercise of an over-allotment option;
  - **Lowered weighted average face interest rate of Trust's overall debt to 1.76%** at the end of Q1 2017 from 1.85% at the end of Q4 2016 and 2.48% at the end of Q1 2016;
  - **Increased interest coverage ratio to 4.02 times** at the end of Q1 2017 from 2.78 times at the end of Q1 2016;
  - **Reduced level of debt to 48%** at the end of Q1 2017 from 52% at the end of Q4 2016 and 55% at the end of Q1 2016 as a result of the Trust's financing initiatives over the last 12 months;

"Our first quarter results reflect the impact of our 2016 key initiatives, supported by the best market conditions we have seen in Germany since our IPO," said Jane Gavan, CEO of Dream Global REIT. "We have taken advantage of refinancing opportunities in our debt pool, our operating metrics are in very good shape and we are well positioned to deliver strong results for the balance of 2017 and beyond."

## KEY PERFORMANCE INDICATORS

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

	March 31, 2017	December 31, 2016	March 31, 2016
<b>Portfolio</b>			
Number of properties <sup>(1)</sup>	169	173	203
Gross leasable area ("GLA") (in square feet) <sup>(1)</sup>	12,918,089	13,025,346	13,454,248
Occupancy rate – including committed (period-end) <sup>(1)</sup>	90.1%	90.0%	88.0%
Occupancy rate – in-place (period-end) <sup>(1)</sup>	89.5%	88.6%	86.5%
Average in-place net rent per square foot (period-end) <sup>(1)</sup>	€ 10.36	€ 10.29	€ 9.66
Market rents above in-place net rents <sup>(1)</sup>	3.2%	3.3%	6.6%
Total annualized Deutsche Post gross rental income ("GRI") as % of total GRI	18.6%	18.9%	22.0%
<b>Operating results – in € <sup>(2)</sup></b>			
Net operating income ("NOI") <sup>(3)</sup>	€ 29,064	€ 26,925	€ 27,388
<b>Operating results – in \$ <sup>(2)</sup></b>			
Net operating income ("NOI") <sup>(3)</sup>	\$ 40,970	\$ 38,769	\$ 41,538
Funds from operations ("FFO") <sup>(3)</sup>	\$ 29,055	25,463	22,667
Adjusted funds from operations ("AFFO") <sup>(3)</sup>	\$ 27,448	22,820	22,131
Average exchange rate (Canadian dollars to one euro)	1.410	1.438	1.516
<b>Distributions</b>			
Declared distributions	\$ 25,962	\$ 25,068	\$ 22,666
DRIP participation ratio (for the period)	16%	13%	13%
<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	0.23	0.20	0.20
Basic AFFO	0.22	0.18	0.20
Diluted FFO	0.22	0.20	0.20
<b>Financing</b>			
Weighted average face rate of interest on debt (period-end) <sup>(2)</sup>	1.76%	1.85%	2.48%
Interest coverage ratio <sup>(2)(3)</sup>	4.02 times	2.95 times	2.78 times
Level of debt (net debt-to-gross book value, net of cash) <sup>(2)(3)</sup>	48%	52%	55%
Average level of debt (net debt-to-gross book value, net of cash) <sup>(2)(3)</sup>	50%	53%	54%
Debt – average term to maturity (years) <sup>(2)(3)(5)</sup>	5.8	5.7	4.7

(1) Includes the REIT's owned share of joint ventures, but excludes properties classified as assets held for sale.

(2) Includes the REIT's owned share of joint ventures.

(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.

## LEASING INITIATIVES

**Leasing** — In Q1 2017, the Trust completed approximately 200,000 square feet of new leases and renewals. The Trust renewed approximately 126,000 square feet of expiring space during the quarter, resulting in a tenant retention rate of 73%.

**Occupancy** — As a result of the Trust's active leasing and asset management program, overall in-place and committed occupancy of the portfolio reached 90.1% at the end of Q1 2017, an increase of 210 basis points from 88.0% at the end of Q1 2016 and 10 basis points quarter-over-quarter compared to Q4 2016. This is the Trust's ninth consecutive occupancy increase, highlighting strong market conditions and committed leasing efforts.

**In-place rents** — In Q1, in-place rents increased to €10.36 per square foot from €10.29 in Q4 2016 and €9.66 in Q1 2016. The year-over-year increase of 7.2% is largely due to strong market conditions and the sale of properties with below average rental rates.

## GROWTH INITIATIVES

**Acquisitions** — The Trust is on track to deploy the proceeds raised in its most recent public offering of units and is in exclusive negotiations on two properties scheduled to close by the end of Q2.

**Acquisition of land parcel** — On January 20, 2017, the Trust exercised an option to acquire an 11.2 acre land parcel adjacent to its recently acquired Siemens Office Complex in Nuremberg for approximately €6.8 million (\$9.4 million). The acquisition of these lands, which will strategically benefit the Trust for the purpose of future development, is expected to close at the end of Q2 2017.

**Capital recycling** — 11 properties were disposed of during Q1 2017 as part of the Trust's continuing capital recycling program, for an aggregate sales price of \$28.3 million, further reducing the number of Initial Properties in the Trust's portfolio to 132 at the end of Q1.

## FINANCIAL HIGHLIGHTS

**Funds from operations** — FFO for the three months ended March 31, 2017 was \$29.1 million, compared to \$22.7 million for the three months ended March 31, 2016, representing an increase of 28%. On a per unit basis, basic FFO for three months ended March 31, 2017 as \$0.23/unit, compared to \$0.20/unit for the three months ended March 31, 2016.

**Adjusted funds from operations** — AFFO was \$27.4 million for the three months ended March 31, 2017, compared to \$22.1 million for the three months ended March 31, 2016. On a per unit basis, basic AFFO for three months ended March 31, 2016 was \$0.22/unit, compared to \$0.20/unit for the three months ended March 31, 2016.

The increase in FFO and AFFO in Q1 2017 compared to Q1 2016 primarily reflects the impact of acquisitions, strong leasing and lower effective interest costs.

"We are pleased with the improvement of the Trust's funds from our operations," said Tamara Lawson, Chief Financial Officer of Dream Global REIT. "Key initiatives our team has put in place over the last twelve months, coupled with continuously improving market conditions in Germany, have supported the double-digit per unit growth of the Trust's funds from operations."

## CAPITAL INITIATIVES

**Public offering of units** — On March 21, 2017, the Trust closed a public offering of units at \$9.60 per unit pursuant to which it issued 11,983,000 units, including the exercise of an overallotment option, for gross proceeds of \$115.0 million.

**Mortgage refinancing** — During the quarter, the Trust refinanced a \$24.7 million mortgage at a joint venture property in Munich, replacing it with a new \$32.4 million mortgage and reducing the face rate of the mortgage from 2.69% to 1.49% and extending the maturity to 8.7 years from 3.3 years.

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 12.9 million square feet of gross leasable area of office, industrial and mixed-use properties across Germany and Austria. For more information, please visit [www.dream.ca/global](http://www.dream.ca/global).

**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, 2017.*

**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. 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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