

Q1 2017

EPRA KEY METRICS



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The European Public Real Estate Association (EPRA) is a not-for-profit association based in Brussels that represents the interests of both listed real estate companies in Europe as well as investors. EPRA is committed to the transparency, comparability, consistency and relevance of published results for European listed companies.

Dream Global REIT became a member of EPRA in September 2016, and is publishing selected key figures in line with the Best Practices Recommendations of EPRA⁽¹⁾ concurrently with its financial information for the period ended March 31, 2017. The following non-GAAP measures are not defined by IFRS, do not have a standardized meaning under IFRS, and may not be comparable with similar measures presented by other income trusts.

Where applicable, we provide information in this document in both Canadian dollars and Euros. The table below summarizes the average and period-end exchange rates used for the:

	period ended March 31,		
	2017	2016	Change in %
Average exchange rate (CAD dollars to one Euro)	1.410	1.516	(0.11)
Exchange rate at period-end (CAD dollars to one Euro)	1.425	1.417	0.01

Overview of key EPRA figures – in Euros (€)

In EUR k	Period ended		Change	Change in %
	March 31, 2017	March 31, 2016		
EPRA Earnings	19,309	13,919	5,390	38.7
EPRA Earnings per unit	0.15	0.13	0.02	15.4
Company specific Adjusted EPS	0.16	0.13	0.03	23.1
EPRA Cost Ratio (incl. direct vacancy costs)	20.6%	20.4%	0.2%	1.0
EPRA Cost Ratio (excl. direct vacancy costs)	16.8%	15.1%	1.7%	11.3

In EUR k	March 31, 2017	December 31, 2016	Change	Change in %
	EPRA NAV	1,065,370		
EPRA NAV per unit	7.72	7.82	(0.10)	(1.3)
EPRA NNNAV	1,018,184	925,660	92,524	10.0
EPRA NNNAV per unit	7.38	7.38	-	-
EPRA Net Initial Yield	5.3%	5.3%	-	-
EPRA “topped-up” Net Initial Yield	5.4%	5.4%	-	-
EPRA Vacancy Rate	7.7%	7.7%	-	-

Overview of key EPRA figures – in CAD (\$)

In CAD k	Period ended		Change	Change in %
	March 31, 2017	March 31, 2016		
EPRA Earnings	27,227	21,101	6,126	29.0
EPRA Earnings per unit	0.21	0.19	0.02	12.5
Company specific Adjusted EPS	0.23	0.20	0.03	14.0

In CAD k	Period ended		Change	Change in %
	March 31, 2017	December 31, 2016		
EPRA NAV	1,471,168	1,347,449	123,719	9.2
EPRA NAV per unit	11.00	11.08	(0.08)	(0.7)
EPPRA NNNAV	1,450,912	1,311,567	139,345	10.6
EPRA NNNAV per unit	10.51	10.45	0.06	0.5

(1) For further details on EPRA Best Practices Recommendations please refer to
http://www.epra.com/media/EPRA_Best_Practices_Recommendations_BPR_-_Dec2014_1436191395537.pdf

EPRA EARNINGS

EPRA Earnings is a key measure of a company's underlying operating results and serves as an indication of the extent to which its distributions are supported by its earnings. EPRA earnings is an indicator of sustainable performance of a real estate platform and in management's view, is fundamentally comparable to its funds from operations or "FFO" calculation. Similar to FFO, EPRA Earnings do not factor in income components that have no impact on the long-term performance of a real estate platform. This includes, for example, revaluation of investment properties and results from property dispositions.

Unlike the FFO calculation presented by Dream Global REIT, EPRA Earnings are not adjusted for internal direct leasing costs or amortization of lease incentives.

EPRA Earnings for the three months ended March 31, 2017 was €19.3 million, an increase of €5.4 million over the last comparative period. The increase primarily reflects the impact of acquisitions, strong leasing and lower effective interest costs from financing activities. EPRA earnings per unit had a €0.02 increase from the comparative period March 31, 2016 to €0.15 per unit as at March 31, 2017.

EPRA Earnings – in Euros (€)

In EUR k	Period ended		Change	Change in %
	March 31, 2017	March 31, 2016		
Net Income	20,224	21,229	(1,005)	(4.7)
Fair value adjustments to investment properties	(4,761)	(2,048)	(2,713)	132.5
Loss on sale of investment properties	1,074	412	662	160.7
Fair value adjustments on financial instruments ⁽¹⁾	1,369	(5,625)	6,994	(124.3)
Debt settlement costs, net	1,466	61	1,405	2,303.3
Deferred income tax expense	2,172	659	1,513	229.6
EPRA adjustments in respect of Joint Ventures	(2,084)	(630)	(1,454)	230.8
Net Income attributable to non-controlling interests	(286)	(134)	(152)	113.4
Net EPRA impact attributable to non-controlling interests	135	(5)	140	(2,800.0)
EPRA Earnings	19,309	13,919	5,390	38.7
Weighted average number of units outstanding (in thousands)	127,413	113,402		
EPRA Earnings per unit (in EUR)	0.15	0.13	0.02	15.4
Company specific adjustments				
(a) Amortization of leasing incentives	698	463	235	50.8
(b) Internal direct leasing costs	599	570	29	5.1
Company specific Adjusted Earnings	20,606	14,952		
Company specific Adjusted EPS	0.16	0.13	0.03	23.1

⁽¹⁾ Fair value adjustment to financial instruments is inclusive of the gain/loss on settlement of foreign currency contracts.

EPRA Earnings – in CAD (\$)

In CAD k	Period ended		Change	Change in %
	March 31, 2017	March 31, 2016		
Net Income	28,518	32,183	(3,665)	(11.4)
Fair value adjustments to investment properties	(6,714)	(3,105)	(3,609)	116.2
Loss on sale of investment properties	1,514	624	890	142.6
Fair value adjustments on financial instruments ⁽¹⁾	1,930	(8,527)	10,457	(122.6)
Debt settlement costs, net	2,067	93	1,974	2,122.6
Deferred income tax expense	3,063	999	2,064	206.6
EPRA adjustments in respect of Joint Ventures	(2,939)	(956)	(1,983)	207.4
Net Income attributable to non-controlling interests	(403)	(203)	(200)	98.5
Net EPRA impact due to non-controlling interests	191	(7)	198	(2,828.6)
EPRA Earnings	27,227	21,101	6,126	29.0
Weighted average number of units outstanding (in thousands)	127,413	113,402		
EPRA Earnings per unit (in CAD)	0.21	0.19	0.02	12.5
Company specific adjustments				
(a) Amortization of leasing incentives	984	702	282	40.2
(b) Internal direct leasing costs	844	864	(20)	(2.3)
Company specific Adjusted Earnings	29,055	22,667		
Company specific Adjusted EPS	0.23	0.20	0.03	14.0

⁽¹⁾ Fair value adjustment to financial instruments is inclusive of the gain/loss on settlement of foreign currency contracts.

EPRA NET ASSET VALUE (EPRA NAV)

The EPRA NAV calculation is used to present net asset value on a consistent, comparable basis and to present the fair value of net assets on an ongoing, long-term basis. EPRA NAV makes certain adjustments to IFRS NAV to exclude certain items not expected to crystallize in a long-term investment property business model such as deferred tax asset (liabilities) and mark-to-market adjustments on financial instruments. The EPRA NAV is a key performance indicator for Dream Global REIT.

The EPRA NAV increased by €84.1 million to €1,065.4 million for the three months ended March 31, 2017 compared to the three months ended March 31, 2016. On a per unit basis, EPRA NAV was €7.72 as at March 31, 2017, a decrease of €0.10 over the comparative period. The decrease was a result of delayed deployment of proceeds from the equity offering into new acquisitions, as well as a dilution on EPRA NAV per unit resulting from the increase in number of units outstanding.

EPRA Net Asset Value– in Euros (€)

In EUR k	March 31, 2017	December 31, 2016	Change	Change in %
Equity ⁽¹⁾	1,032,399	950,984	81,415	8.6
Fair value of financial instruments ⁽²⁾	(9,249)	(9,038)	(211)	2.3
Deferred tax liabilities, net ⁽³⁾	33,790	31,637	2,153	6.8
Adjustments in respect of Joint Ventures ⁽²⁾	8,430	7,663	767	10.0
EPRA Net Asset Value	1,065,370	981,246	84,124	8.6
Number of units outstanding (in thousands)	138,008	125,456		
EPRA NAV per unit (in EUR)	7.72	7.82	(0.10)	(1.3)

EPRA Net Asset Value – in CAD (\$)

In CAD k	March 31, 2017	December 31, 2016	Change	Change in %
Equity ⁽¹⁾	1,471,168	1,347,449	123,719	9.2
Fair value of financial instruments ⁽²⁾	(13,180)	(12,806)	(374)	2.9
Deferred tax liabilities, net ⁽³⁾	48,151	44,827	3,324	7.4
Adjustments in respect of Joint Ventures ⁽²⁾	12,013	10,858	1,155	10.6
EPRA Net Asset Value	1,518,152	1,390,328	127,824	9.2
Number of units outstanding (in thousands)	138,008	125,456		
EPRA NAV per unit (in CAD)	11.00	11.08	(0.08)	(0.7)

⁽¹⁾ Equity excludes non-controlling interests.

⁽²⁾ Adjustments are calculated using information disclosed within Dream Global REIT's Financial Statements.

⁽³⁾ Includes deferred tax liabilities, net of deferred tax assets.

EPRA TRIPLE NET ASSET VALUE (EPRA NNNAV)

EPRA recommends the calculation of an EPRA Triple Net Asset Value (EPRA NNNAV) which reverses EPRA NAV adjustments for fair value of financial instruments and deferred tax liabilities, and additionally adjusts for fair value of liabilities to financial institutions.

As at March 31, 2017, the EPRA Triple Net Asset Value was €1,018.2 million compared to €925.7 million in the comparative period. The per Unit NNNAV of €7.38 stayed flat period over period, although impacted by the same factors as the increase in net asset value discussed above, this was offset by a decrease in the fair value adjustment of liabilities to financial institutions.

EPRA Triple Net Asset Value – in Euros (€)

In EUR k	March 31, 2017	December 31, 2016	Change	Change in %
EPRA Net Asset Value (EPRA NAV)	1,065,370	981,246	84,124	8.6
Fair value of financial instruments	9,249	9,038	211	2.3
Fair value adjustment of liabilities to financial institutions ⁽¹⁾	(14,215)	(25,324)	11,109	(43.9)
Deferred tax liabilities, net ⁽²⁾	(33,790)	(31,637)	(2,153)	6.8
Adjustments in respect to joint venture interests	(8,430)	(7,663)	(767)	10.0
EPRA Triple Net Asset Value (EPRA NNNAV)	1,018,184	925,660	92,524	10.0
Number of units outstanding (in thousands)	138,008	125,456		
EPRA NNNAV per unit (in CAD)	7.38	7.38	-	-

EPRA Triple Net Asset Value - in CAD (\$)

In CAD	March 31, 2017	December 31, 2016	Change	Change in %
EPRA Net Asset Value (EPRA NAV)	1,518,152	1,390,328	127,824	9.2
Fair value of financial instruments	13,180	12,806	374	2.9
Fair value adjustment of liabilities to financial institutions ⁽¹⁾	(20,256)	(35,882)	15,626	(43.5)
Deferred tax liabilities, net ⁽²⁾	(48,151)	(44,827)	(3,324)	7.4
Adjustments in respect of joint venture interests	(12,013)	(10,858)	(1,155)	10.6
EPRA Triple Net Asset Value (EPRA NNNAV)	1,450,912	1,311,567	139,345	10.6
Number of units outstanding (in thousands)	138,008	125,456		
EPRA NNNAV per unit (in CAD)	10.51	10.45	0.06	0.5

⁽¹⁾ Adjustment is calculated by taking the fair value of mortgages less the carrying amount of mortgages, including the REIT's proportionate share of joint venture debt.

⁽²⁾ Includes deferred tax liabilities, net of deferred tax assets.

EPRA NET INITIAL YIELD (EPRA NIY) AND EPRA “TOPPED-UP” NIY

The EPRA Net Initial Yield reflects the yield associated with the real estate portfolio. It is calculated based on annualized cash rents as at the balance sheet date, less property outgoings, divided by the gross market value of the real estate portfolio. Rent-free periods or other unexpired lease incentives such as discounted rent periods are adjusted in the rent calculation for the EPRA “topped-up” NIY.

EPRA Net Initial Yield and EPRA “topped-up” NIY – in Euros (€)

In EUR k	March 31, 2017	December 31, 2016	Change	Change in %
Investment property- wholly owned	1,757,030	1,751,419	5,611	0.3
Investment property- share of JVs	363,275	360,167	3,108	0.9
Properties classified as held for sale	16,347	32,269	(15,922)	(49.3)
Property portfolio (net)	2,136,652	2,143,855	(7,203)	(0.3)
Estimated transaction costs ⁽¹⁾	138,882	139,351	(469)	(0.3)
Property portfolio (gross)	2,275,534	2,283,206	(7,672)	(0.3)
Annualized cash passing rental income ⁽²⁾	126,895	127,764	(869)	(0.7)
Property outgoings ⁽³⁾	(5,618)	(5,750)	132	(2.3)
Annualized net rents	121,277	122,014	(737)	(0.6)
Notional rent for ongoing rent-free periods ⁽⁴⁾	1,404	1,296	108	8.3
Annualized “topped-up” net rent	122,681	123,310	(629)	(0.5)
EPRA Net Initial Yield	5.3%	5.3%	-	-
EPRA “topped-up” Net Initial Yield	5.4%	5.4%	-	-

EPRA Net Initial Yield and EPRA “topped-up” NIY – in CAD (\$)

In CAD k	March 31, 2017	December 31, 2016	Change	Change in %
Investment property- wholly owned	2,503,768	2,481,586	22,182	0.9
Investment property- share of JVs	517,667	510,321	7,346	1.4
Properties classified as held for sale	23,295	45,722	(22,427)	(49.1)
Property portfolio (net)	3,044,730	3,037,629	7,101	0.2
Estimated transaction costs ⁽¹⁾	197,907	197,446	461	0.2
Property portfolio (gross)	3,242,637	3,235,075	7,562	0.2
Annualized cash passing rental income ⁽²⁾	180,825	181,029	(204)	(0.1)
Property outgoings ⁽³⁾	(8,006)	(8,147)	141	(1.7)
Annualized net rents	172,819	172,882	(63)	-
Notional rent for ongoing rent-free periods ⁽⁴⁾	2,001	1,836	165	9.0
Annualized “topped-up” net rent	174,820	174,718	102	0.1
EPRA Net Initial Yield	5.3%	5.3%	-	-
EPRA “topped-up” Net Initial Yield	5.4%	5.4%	-	-

⁽¹⁾ Transaction costs have been estimated at 6.5% of total property portfolio value (net).

⁽²⁾ Annualized in-place and committed gross rental income as defined in the Trust’s Management Discussion & Analysis, including assets held for sale, adjusted for notional rent for ongoing rent-free periods.

⁽³⁾ Property outgoings is defined as expenses non-recoverable from tenants and direct vacancy costs, annualized.

⁽⁴⁾ Amount is defined as the contractual rental income which would be received if the respective tenants were not subject to a rent-free period.

EPRA VACANCY RATE

The EPRA Vacancy Rate represents the ratio between estimated market rent for vacant properties and the estimated market rent for the overall portfolio as at the balance sheet date. This metric is recommended by EPRA, to provide greater comparability and consistency in vacancy rates across various real estate companies. The market rents used in this calculation represent management's best estimate of the net rental rate that would be achieved in a new arm's length lease in the event a unit becomes vacant after a reasonable marketing period with an inducement and lease term appropriate for the particular space.

As at March 31, 2017 the EPRA Vacancy Rate stayed flat from December 31, 2016 at 7.7%.

EPRA Vacancy Rate – in Euros (€)⁽¹⁾

In EUR k	March 31, 2017	Period ended December 31, 2016	March 31, 2016
Market rent for vacant properties	865	869	1,042
Total market rent	11,234	11,260	10,954
EPRA Vacancy Rate (%)	7.7%	7.7%	9.5%

⁽¹⁾Metric is computed using market rents, gross leasable area, committed occupancy and vacancy rates disclosed in Dream Global REIT's Management's discussion and analysis.

EPRA COST RATIO

The EPRA Cost Ratio compares total administrative expenses and operating costs to gross rental income. This metric is used to provide greater comparability of expenditures as a percentage of rental income across various real estate companies. The EPRA Cost Ratio includes all expenses resulting from the operations of a real estate portfolio that cannot be recovered or passed through and excludes fair value changes to real estate properties or financial instruments, borrowing costs and tax expenditure. The ratio includes all one-off items and non-recurring costs.

EPRA Cost Ratio – in Euros (€)

In EUR k	Period ended		Change	Change in %
	March 31, 2017	March 31, 2016		
Net property operating expenses ⁽¹⁾	1,706	1,591	115	7.2
Portfolio management	1,043	1,040	3	0.3
Depreciation	13	26	(13)	(50.0)
General and administrative	3,546	3,251	295	9.1
EPRA costs (including direct vacancy costs)	6,308	5,908	400	6.8
Direct vacancy costs ⁽²⁾	1,164	1,544	(380)	(24.6)
EPRA costs (excluding direct vacancy costs)	5,144	4,364	780	17.9
Rental income ⁽³⁾	30,665	28,965	1,700	5.9
EPRA Cost Ratio (including direct vacancy costs)	20.6%	20.4%	0.2%	1.0
EPRA Cost Ratio (excluding direct vacancy costs)	16.8%	15.1%	1.7%	11.3

⁽¹⁾ Net property operating expenses is calculated by taking total operating expenses, inclusive of joint venture proportionate ownership share of operating expenses, less recoveries income and management fees net of actual profit.

⁽²⁾ Direct vacancy costs relate to costs associated with vacant spaces as at March 31, and are calculated by taking recoverable expenses for the Period ended multiplied by in-place vacancy at the reporting date.

⁽³⁾ Rental income excludes income associated with recoveries from tenants.

EPRA Cost Ratio – in CAD (\$)

In CAD k	Period ended		Change	Change in %
	March 31, 2017	March 31, 2016		
Net property operating expenses ⁽¹⁾	2,405	2,411	(6)	(0.2)
Portfolio management	1,470	1,576	(106)	(6.7)
Depreciation	19	40	(21)	(52.5)
General and administrative	5,000	4,928	72	1.5
EPRA costs (including direct vacancy costs)	8,894	8,955	(61)	(0.7)
Direct vacancy costs ⁽²⁾	1,641	2,341	(700)	(29.9)
EPRA costs (excluding direct vacancy costs)	7,253	6,614	639	9.7
Rental income ⁽³⁾	43,238	43,911	(673)	(1.5)
EPRA Cost Ratio (including direct vacancy costs)	20.6%	20.4%	0.2%	1.0
EPRA Cost Ratio (excluding direct vacancy costs)	16.8%	15.1%	1.7%	11.3

⁽¹⁾ Net property operating expenses is calculated by taking total operating expenses, inclusive of joint venture proportionate ownership share of operating expenses, less recoveries income and management fees net of actual profit.

⁽²⁾ Direct vacancy costs relate to costs associated with vacant spaces as at March 31, and are calculated by taking recoverable expenses for the Period ended multiplied by in-place vacancy at the reporting date.

⁽³⁾ Rental income excludes income associated with recoveries from tenants.