

Q2 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 June 30, 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:

	Six months ended June 30,		
	2017	2016	Change
Average exchange rate (Cdn. dollars to one euro)	1.445	1.485	(2.7)%
Exchange rate at period-end (Cdn. dollars to one euro)	1.481	1.435	3.2 %

The exchange rate increased from \$1.417:€1 as at December 31, 2016 to \$1.481:€1 as at June 30, 2017.

Overview of key EPRA figures – in Euros (€)

In EUR k	Period ended		Change	Change in %
	June 30, 2017	June 30, 2016		
EPRA Earnings	38,317	28,687	9,630	33.6
EPRA Earnings per unit	0.29	0.25	0.04	14
Company specific Adjusted EPS	40,935	30,754	10,181	33.1
EPRA Cost Ratio (incl. direct vacancy costs)	20.5%	21.6%	(1.02%)	(4.7)
EPRA Cost Ratio (excl. direct vacancy costs)	17.0%	16.1%	0.92%	5.7

In EUR k			Change	Change in %
	June 30, 2017	December 31, 2016		
EPRA NAV	1,079,940	981,246	98,694	10.1
EPRA NAV per unit	7.79	7.82	(0.03)	0.4
EPRA NNNNAV	1,020,824	925,660	95,164	10.3
EPRA NNNNAV per unit	7.36	7.38	(0.02)	0.3
EPRA Net Initial Yield	5.4%	5.3%	0.1	1.9
EPRA “topped-up” Net Initial Yield	5.4%	5.4%	-	-
EPRA Vacancy Rate	7.4%	7.7%	(0.3)	(3.9)

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

In CAD k	Period ended		Change	Change in %
	June 30, 2017	June 30, 2016		
EPRA Earnings	55,353	42,600	12,753	29.9
EPRA Earnings per unit	0.42	0.37	0.04	10.5
Company specific Adjusted EPS	59,134	45,670	13,464	29.5

In CAD k	Period ended		Change	Change in %
	June 30, 2017	December 31, 2016		
EPRA NAV	1,599,715	1,390,328	209,387	15.1
EPRA NAV per unit	11.53	11.08	0.45	4.1
EPPRA NNNAV	1,512,146	1,311,567	200,579	15.3
EPRA NNNAV per unit	10.90	10.45	0.45	4.3

(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 sixth months ended June 30, 2017 was €38.3 million, an increase of €9.6 million over the last comparative period. The increase primarily reflects the impact of Q2 acquisitions, strong leasing and lower effective interest costs from financing activities in late 2016. EPRA earnings per unit had a €0.04 increase from the comparative period June 30, 2016 to €0.29 per unit as at June 30, 2017.

EPRA Earnings – in Euros (€)

In EUR k	Period ended		Change	Change in %
	June 30, 2017	June 30, 2016		
Net Income	37,842	73,364	(35,523)	(48.4)
Fair value adjustments to investment properties	(17,581)	(37,608)	20,027	(53.3)
Loss on sale of investment properties	1,634	1,290	345	26.7
Fair value adjustments on financial instruments ⁽¹⁾	11,007	(10,752)	21,759	(202.4)
Debt settlement costs, net	1,722	166	1,556	939.2
Deferred income tax expense	5,435	7,382	(1,946)	(26.4)
EPRA adjustments in respect of Joint Ventures	(1,438)	(4,875)	3,436	(70.5)
Net Income attributable to non-controlling interests	(390)	(453)	63	(14.0)
Net EPRA impact attributable to non-controlling interests	87	174	(87)	(49.8)
EPRA Earnings	38,317	28,687	9,630	33.6
Weighted average number of units outstanding (in thousands)	92,127	76,515		
EPRA Earnings per unit (in EUR)	0.29	0.25	0.04	14.0
Company specific adjustments				
(a) Amortization of leasing incentives	1,317	956	361	37.8
(b) Internal direct leasing costs	1,300	1,111	189	17.0
Company specific Adjusted Earnings	40,935	30,754		
Company specific Adjusted EPS	0.31	0.27	0.04	13.6

⁽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 %
	June 30, 2017	June 30, 2016		
Net Income	54,666	108,946	(54,280)	(49.8)
Fair value adjustments to investment properties	(25,398)	(55,848)	30,450	(54.5)
Loss on sale of investment properties	2,361	1,915	446	23.3
Fair value adjustments on financial instruments ⁽¹⁾	15,900	(15,967)	31,867	(199.6)
Debt settlement costs, net	2,487	246	2,241	911.0
Deferred income tax expense	7,852	10,962	(3,110)	(28.4)
EPRA adjustments in respect of Joint Ventures	(2,078)	(7,239)	5,161	(71.3)
Net Income attributable to non-controlling interests	(563)	(673)	110	(16.3)
Net EPRA impact due to non-controlling interests	126	258	(132)	(51.2)
EPRA Earnings	55,353	42,600	12,753	29.9
Weighted average number of units outstanding (in thousands)	133,086	113,625		
EPRA Earnings per unit (in CAD)	0.42	0.37	0.05	13.5
Company specific adjustments				
(a) Amortization of leasing incentives	1,903	1,420	483	34
(b) Internal direct leasing costs	1,878	1,650	228	14
Company specific Adjusted Earnings	59,134	45,670		
Company specific Adjusted EPS	0.44	0.40	0.04	10.5

⁽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 €98.7 million to €1,079.9 million as at June 30, 2017 compared to December 31, 2016. On a per unit basis, EPRA NAV was €7.79 as at June 30, 2017, a decrease of €0.03 from December 31, 2016, and an increase of \$0.07 from March 31, 2017. The decrease in EPRA NAV in the first quarter was a result of delayed deployment of proceeds from the equity offering into new acquisitions. This was partially offset by the acquisition of Airport Plaza in the second quarter. The REIT has subsequently acquired Bollwerk and it is expected to eliminate the dilution impact on EPRA NAV by next quarter.

EPRA Net Asset Value– in Euros (€)

In EUR k	June 30, 2017	December 31, 2016	Change	Change in %
Equity ⁽¹⁾	1,035,152	950,984	84,168	8.9
Fair value of financial instruments ⁽²⁾	(862)	(9,038)	8,176	(90.5)
Deferred tax liabilities, net ⁽³⁾	37,022	31,637	5,384	17.0
Adjustments in respect of Joint Ventures ⁽²⁾	8,628	7,663	965	12.6
EPRA Net Asset Value	1,079,940	981,246	98,694	10.1
Number of units outstanding (in thousands)	138,715	125,456		
EPRA NAV per unit (in EUR)	7.79	7.82	(0.03)	(0.4)

EPRA Net Asset Value – in CAD (\$)

In CAD k	June 30, 2017	December 31, 2016	Change	Change in %
Equity ⁽¹⁾	1,533,371	1,347,449	185,922	13.8
Fair value of financial instruments ⁽²⁾	(1,277)	(12,806)	11,529	(90.0)
Deferred tax liabilities, net ⁽³⁾	54,840	44,827	10,013	22.3
Adjustments in respect of Joint Ventures ⁽²⁾	12,781	10,858	1,923	17.7
EPRA Net Asset Value	1,599,715	1,390,328	209,387	15.1
Number of units outstanding (in thousands)	138,715	125,456		
EPRA NAV per unit (in CAD)	11.53	11.08	0.45	4.1

⁽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 June 30, 2017, the EPRA Triple Net Asset Value was €1,020.8 million compared to €925.7 million on December 31, 2016. The per Unit NNNAV of €7.36 decreased from €7.38 on December 31, 2016, due to the same factors as discussed in net asset value above, as well as increased deferred tax liabilities for the period.

EPRA Triple Net Asset Value – in Euros (€)

In EUR k	June 30, 2017	December 31, 2016	Change	Change in %
EPRA Net Asset Value (EPRA NAV)	1,079,940	981,246	98,694	10.1
Fair value of financial instruments	862	9,038	(8,176)	(90.5)
Fair value adjustment of liabilities to financial institutions ⁽¹⁾	(14,328)	(25,324)	10,996	(43.4)
Deferred tax liabilities, net ⁽²⁾	(37,022)	(31,637)	(5,384)	17.0
Adjustments in respect to joint venture interests	(8,628)	(7,663)	(965)	12.6
EPRA Triple Net Asset Value (EPRA NNNAV)	1,020,824	925,660	95,164	10.3
Number of units outstanding (in thousands)	138,715	125,456		
EPRA NNNAV per unit (in EUR)	7.36	7.38	(0.02)	(0.3)

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

In CAD	June 30, 2017	December 31, 2016	Change	Change in %
EPRA Net Asset Value (EPRA NAV)	1,599,715	1,390,328	209,387	15.1
Fair value of financial instruments	1,277	12,806	(11,529)	(90.0)
Fair value adjustment of liabilities to financial institutions ⁽¹⁾	(21,225)	(35,882)	14,657	(40.8)
Deferred tax liabilities, net ⁽²⁾	(54,840)	(44,827)	(10,013)	22.3
Adjustments in respect of joint venture interests	(12,781)	(10,858)	(1,923)	17.7
EPRA Triple Net Asset Value (EPRA NNNAV)	1,512,146	1,311,567	200,579	15.3
Number of units outstanding (in thousands)	138,715	125,456		
EPRA NNNAV per unit (in CAD)	10.90	10.45	(0.45)	4.3

⁽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	June 30, 2017	December 31, 2016	Change	Change in %
Investment property- wholly owned	1,834,466	1,751,419	83,047	0.05
Investment property- share of JVs	363,249	360,167	3,082	0.01
Properties classified as held for sale	41,529	32,085	9,444	(0.29)
Property portfolio (net)	2,239,245	2,143,671	95,573	(0.04)
Estimated transaction costs ⁽¹⁾	145,551	139,339	6,212	(0.04)
Property portfolio (gross)	2,384,795	2,283,010	197,359	(0.09)
Annualized cash passing rental income ⁽²⁾	133,349	127,764	5,585	(0.04)
Property outgoings ⁽³⁾	(4,712)	(5,750)	1,038	(0.18)
Annualized net rents	128,637	122,014	6,623	0.05
Notional rent for ongoing rent-free periods ⁽⁴⁾	777	1,296	(519)	(0.40)
Annualized “topped-up” net rent	129,414	123,310	6,104	0.05
EPRA Net Initial Yield	5.4%	5.3%	0.1	1.9
EPRA “topped-up” Net Initial Yield	5.4%	5.4%	-	-

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

In CAD k	June 30, 2017	December 31, 2016	Change	Change in %
Investment property- wholly owned	2,717,395	2,481,586	235,809	9.5
Investment property- share of JVs	538,081	510,321	27,760	5.4
Properties classified as held for sale	61,517	45,461	16,056	35.3
Property portfolio (net)	3,316,993	3,037,368	279,625	9.2
Estimated transaction costs ⁽¹⁾	215,605	197,429	18,176	9.2
Property portfolio (gross)	3,532,598	3,234,797	297,801	9.2
Annualized cash passing rental income ⁽²⁾	197,530	181,029	16,501	9.1
Property outgoings ⁽³⁾	(6,980)	(8,147)	1,168	(14.3)
Annualized net rents	190,550	172,881	17,669	10.2
Notional rent for ongoing rent-free periods ⁽⁴⁾	1,151	1,836	(685)	(37.3)
Annualized “topped-up” net rent	191,701	174,718	16,984	9.7
EPRA Net Initial Yield	5.4%	5.3%	0.1	1.9
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 June 30, 2017 the EPRA Vacancy Rate decreased by 0.3% from December 31, 2016 at 7.7%, and 1.6% from June 30, 2016.

EPRA Vacancy Rate – in Euros (€)⁽¹⁾

In EUR k	Period ended		
	June 30, 2017	March 31, 2017	June 30, 2016
Market rent for vacant properties	840	865	1,036
Total market rent	11,359	11,234	11,159
EPRA Vacancy Rate (%)	7.4%	7.7%	9.3%

⁽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 %
	June 30, 2017	June 30, 2016		
Net property operating expenses ⁽¹⁾	2,538	2,514	24	1.0
Portfolio management	2,078	2,140	(62)	(2.9)
Depreciation	24	44	(20)	(45.5)
General and administrative	8,181	7,915	266	3.4
EPRA costs (including direct vacancy costs)	12,822	12,614	208	1.6
Direct vacancy costs ⁽²⁾	2,198	3,197	(1,000)	(31.3)
EPRA costs (excluding direct vacancy costs)	10,624	9,417	1,207	12.8
Rental income ⁽³⁾	62,429	58,507	3,922	6.7
EPRA Cost Ratio (including direct vacancy costs)	20.5%	21.6%	(1.02)%	(4.7)
EPRA Cost Ratio (excluding direct vacancy costs)	17.0%	16.1%	0.92%	5.7

⁽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 June 30, 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 %
	June 30, 2017	June 30, 2016		
Net property operating expenses ⁽¹⁾	3,667	3,734	(67)	(1.8)
Portfolio management	3,002	3,178	(176)	(5.5)
Depreciation	35	66	(31)	(47.0)
General and administrative	11,818	11,754	64	0.5
EPRA costs (including direct vacancy costs)	18,522	18,732	(210)	(1.1)
Direct vacancy costs ⁽²⁾	3,175	4,748	(1,573)	(33.1)
EPRA costs (excluding direct vacancy costs)	15,347	13,984	1,364	9.8
Rental income ⁽³⁾	90,185	86,883	3,302	3.8
EPRA Cost Ratio (including direct vacancy costs)	20.5%	21.6%	(1.02)%	(4.7)
EPRA Cost Ratio (excluding direct vacancy costs)	17.0%	16.1%	0.92%	5.7

⁽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 June 30, 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.