



## DREAM GLOBAL REIT DELIVERS EXCEPTIONAL Q3 RESULTS

**TORONTO, November 8, 2017** DREAM GLOBAL REIT (TSX:DRG.UN, FRA:DRG) today reported its financial results for the quarter ended September 30, 2017. Dream Global REIT's management team will be holding a conference call tomorrow, November 9, 2017 at 3:30 pm (ET).

### HIGHLIGHTS

- ***Exceptional operating results reflect contributions from growth initiatives and increase in comparable property NOI***
  - **Basic Funds from Operations ("FFO") increased to 26 cents per unit** in Q3 2017, an increase of 6 cents, or 30%, compared to Q3 2016, reflecting the contributions from the Dutch Properties and the effect of the Trust's key initiatives put in place over the last year;
  - **Cash generated from operating activities increased to \$27.8 million** in Q3 2017, an increase of \$18.7 million compared to Q3 2016;
  - **Basic Adjusted Funds from Operations ("AFFO") increased to 25 cents per unit** in Q3 2017, up 6 cents year-over-year from 19 cents in Q3 2016;
  - **Comparable property net operating income ("NOI") increased by 3.4%** year-over-year from Q3 2016, reflecting the continuing leasing momentum in the Trust's portfolio;
  - **Net rental income increased by 59%** year-over-year from Q3 2016, reflecting the Trust's growth initiatives and strong leasing markets.
- ***Transformational growth with the expansion into the Netherlands and addition to German core portfolio***
  - **\$963 million portfolio expansion in the Netherlands** closed on July 27, 2017, adding an established and sizeable new real estate platform with a fully integrated management team to the Trust's business;
  - **\$133.8 million acquisition in one of Germany's most sought-after office markets** with the addition of Bollwerk in central Stuttgart during Q3 2017.
- ***Strong market conditions in the Trust's key markets***
  - **Record-low in Germany's office vacancy rate** with rates in the seven largest office markets declining by 110 basis points year-over-year to 4.9% at the end of Q3 2017, supported by moderate new supply of space and a continuously strengthening economy;
  - **Strengthening fundamentals in Dutch office and industrial sector** with declining vacancy rates.
- ***Strong capital structure***
  - **Average level of debt declined to 50%** at the end of Q3 2017 from 53% at the end of Q3 2016.
  - **Lowered weighted average face interest rate of Trust's overall debt to 1.66%** at the end of Q3 2017 from 1.93% at the end of Q3 2016.
  - **Increased interest coverage ratio to 4.34 times** in Q3 2017 from 2.80 times in Q3 2016;

"Our Q3 results reflect our ability to take advantage of opportunities in new markets and execute on our strategy to deliver growth from accretive acquisitions and maintain operational discipline" said Jane Gavan, Chief Executive Officer of Dream Global REIT. "We have been able to deliver strong financial results and significantly improve our payout ratio."

## KEY PERFORMANCE INDICATORS

Year-over-year, the business of the Trust has been transformed through the indirect investment in a property portfolio in the Netherlands ("Dutch Properties") and an active acquisition and capital recycling program. Some of the metrics below are therefore not directly comparable year-over-year.

	September 30, 2017	June 30, 2017	September 30, 2016
<b>Portfolio</b>			
Number of properties <sup>(1)</sup>	<b>282</b>	151	181
Gross leasable area ("GLA") (in square feet) <sup>(1)</sup>	<b>20,369,253</b>	12,513,163	12,580,821
Occupancy rate – including committed (period-end) <sup>(1)</sup>	<b>87.5%</b>	90.7%	89.1%
Occupancy rate – in-place (period-end) <sup>(1)</sup>	<b>87.1%</b>	89.9%	86.7%
Average in-place net rent per square foot (period-end) <sup>(1)</sup>	€ <b>10.71</b>	€ 10.87	€ 10.26
Market rents above in-place net rents <sup>(1)</sup>	<b>2.3%</b>	2.3%	3.8%
Total annualized Deutsche Post gross rental income ("GRI") as % of total GRI	<b>9.2%</b>	14.4%	20.5%
<b>Operating results – in € <sup>(2)</sup></b>			
Net operating income ("NOI") <sup>(3)</sup>	€ <b>40,257</b>	€ 29,708	€ 27,240
<b>Operating results – in \$ <sup>(2)</sup></b>			
Net operating income ("NOI") <sup>(3)</sup>	\$ <b>59,288</b>	\$ 43,985	\$ 39,649
Net rental income	\$ <b>53,040</b>	\$ 37,628	\$ 33,301
Funds from operations ("FFO") <sup>(3)</sup>	\$ <b>42,722</b>	\$ 30,080	\$ 24,205
Cash generated from operating activities	\$ <b>27,795</b>	\$ 18,274	\$ 9,058
Adjusted funds from operations ("AFFO") <sup>(3)</sup>	\$ <b>40,785</b>	\$ 28,914	\$ 22,969
Average exchange rate (Canadian dollars to one euro)	<b>1.472</b>	1.479	1.456
<b>Distributions</b>			
Declared distributions	\$ <b>35,123</b>	\$ 27,713	\$ 24,267
DRIP participation ratio (for the period)	<b>16%</b>	17%	13%
<b>Per unit amounts<sup>(4)</sup></b>			
Distribution	\$ <b>0.20</b>	0.20	\$ 0.20
Cash Distribution (net of DRIP)	<b>0.17</b>	0.17	0.17
Basic FFO	<b>0.26</b>	0.22	0.20
Basic AFFO	<b>0.25</b>	0.21	0.19
Diluted FFO	<b>0.25</b>	0.21	0.20
<b>Financing</b>			
Weighted average face rate of interest on debt (period-end) <sup>(2)</sup>	<b>1.66%</b>	1.74%	1.93%
Interest coverage ratio <sup>(2)(3)</sup>	<b>4.34 times</b>	4.11 times	2.08 times
Level of debt (net debt-to-gross book value, net of cash) <sup>(2)(3)</sup>	<b>51%</b>	50%	50%
Average level of debt (net debt-to-gross book value, net of cash) <sup>(2)(3)</sup>	<b>50%</b>	50%	53%
Debt – average term to maturity (years) <sup>(2)(3)(5)</sup>	<b>5.8</b>	5.7	5.6

(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.

## GROWTH INITIATIVES

On July 17, 2017, the Trust acquired Bollwerk, a fully occupied multi-tenant office property located in central Stuttgart with excellent transportation access, for approximately \$133.8 million, representing a going in capitalization rate of 5.3%.

“We are very pleased to have added Bollwerk to our portfolio and grow our asset base in one of the best office markets in Europe with the lowest vacancy rate among all major German office markets,” said Alexander Sannikov, Senior Vice President, Commercial Properties of Dream Global REIT. “The transaction was sourced off-market and translated into attractive pricing with rental upside.”

On July 27, 2017, the Trust closed the Dutch Properties transaction, consisting of a portfolio of 135 office and industrial assets in the Netherlands, with a fair value of approximately \$963 million. With this expansion, Dream Global established a sizeable new real estate platform in the most densely populated country in Europe and gained strategic exposure to the Netherlands office market in addition to achieving immediate scale in its industrial market. As part of this transaction, a fully integrated management team located in five offices across the Netherlands has joined Dream Global REIT.

**Capital recycling** — 17 properties, including 15 Initial Properties and two Dutch Properties, were sold for an aggregate sales price of \$51.0 million in Q3 2017 as part of the Trust’s continuing capital recycling program. During the first nine months of 2017, the Trust sold \$107.0 million of assets at their approximate fair value.

## OPERATING HIGHLIGHTS & INITIATIVES

**Occupancy** — Overall in-place and committed occupancy of the portfolio was 87.5% at the end of Q3 2017. With an average occupancy rate of 82%, the recently added Dutch Properties represent a leasing opportunity. Excluding the Dutch Properties, in-place and committed occupancy in the Trust’s portfolio increased by 170 basis points year-over-year to 90.8%.

**In-place rents** — In Q3 2017, in-place rents increased to €10.71, a 4.4% increase year-over-year from €10.26 at the end of Q3 2016, reflecting strong market conditions, the Trust’s ongoing capital recycling program and acquisitions of high quality properties, offset by rents below the Trust’s average in the Dutch Properties portfolio.

**Tenant diversification** — In Q3 2017, the Trust’s exposure to Deutsche Post decreased to 9.2%, down 51% since the beginning of the year, reflecting the Trust’s ongoing capital recycling program, high quality acquisitions and diversified Dutch Properties.

**Consolidation of property management services** — Starting in January 2018, the property management of the Trust’s assets located in Germany, which is currently provided by six individual property management companies, will be carried out between Dream Global and an established German property management company. This initiative is expected to be cost-neutral for the Trust and its tenants.

“Providing property management services to our German portfolio under our own platform is expected to result in more standardized, high quality reporting and will create a higher level of service and commitment to the Trust’s tenants,” said Tamara Lawson, Chief Financial Officer of Dream Global REIT.

## FINANCIAL HIGHLIGHTS

**Funds from operations** — FFO for the three months ended September 30, 2017 was \$42.7 million compared to \$24.2 million for the three months ended September 30, 2016. On a per unit basis, basic FFO for the quarter ended September 30, 2017 was \$0.26/unit, an increase of 6 cents compared to \$0.20/unit for the quarter ended September 30, 2016.

**Adjusted funds from operations** — AFFO was \$40.8 million for the three months ended September 30, 2017, compared to \$23.0 million for the three months ended September 30, 2016. On a per unit basis, basic AFFO for three months ended September 30, 2017 was \$0.25/unit, compared to \$0.19/unit for the three months ended September 30, 2016.

**Cash generated from operating activities** — Cash generated from operating activities was \$27.8 million for the three months ended September 30, 2017, compared to \$9.1 million for the three months ended September 30, 2016.

The increase in FFO, AFFO and cash flow from operations in 2017 compared to 2016 reflects contributions from the Dutch Properties in addition to property acquisitions completed since Q3 2016, a strong leasing market and lower interest costs.

**Comparative properties NOI** — For the three months ended September 30, 2017, NOI from the Trust's comparative properties increased by 3.4% compared to Q3 2016, including 8.3% in the Initial Properties and by 2.3% in the Acquisition Properties. The year-over-year increase was a result of strong leasing activity, higher rents and better recovery rates.

**Net rental income** — For the three months ended September 30, 2017, net rental income increased by 59% to \$53.0 million compared to Q3 2016, reflecting the Trust's growth initiatives and strong leasing markets.

## **CAPITAL INITIATIVES**

**Financing of the portfolio in the Netherlands** — Financing of the Dutch Properties was finalized on July 27, 2017 and was satisfied in cash and in units of the REIT, including

- **\$300.0 million bought deal public offering** of units in Canada at a price of \$10.50;
- **\$548.3 million (€375 million) debt financing** through an inaugural offering of senior unsecured notes in Europe bearing a coupon rate of 1.375% per annum and maturing in December 2021; and
- **\$87.2 million (€60 million) of units issued** based on the July 17, 2017 closing price of \$10.99 per unit to the vendors of the portfolio on a private placement basis.

**Mortgage financings** — During Q3, the Trust completed the financings of a seven-year \$79.5 million (€54.0 million) mortgage at a fixed interest rate of 1.86% for Airport Plaza in Brussels and a 10-year \$80.5 million (€55.4 million) mortgage at a fixed interest rate of 1.83% for Bollwerk in Stuttgart. The weighted average loan-to-value for these financings was approximately 58%.

**Equity** — On October 31, 2017, the Trust had 176,114,929 units outstanding. At the November 7, 2017 closing price of \$11.29 per unit, the Trust's market capitalization is \$2.0 billion.

## **ANNOUNCEMENT OF CHANGE TO THE BOARD OF TRUSTEES**

Johann Koss, who joined Dream Global REIT's Board of Trustees in 2014, has resigned in order to focus on other business activities. The Board of Trustees sincerely thanks Mr. Koss for his contribution and wishes him success in his future endeavors. "I would like to personally thank Johann for his insights and counsel during his tenure," said Detlef Bierbaum, Chair of Dream Global REIT.

## **CONFERENCE CALL DETAILS**

Dream Global REIT's management team will be holding a conference call tomorrow, November 9, 2017 at 3:30 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 9227 230#. 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 20.4 million square feet of gross leasable area of office, industrial and mixed-use properties across Germany, the Netherlands, Austria and Belgium. 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, 2017.

**Forward-looking information**

This press release may contain forward-looking information within the meaning of applicable securities legislation, including statements regarding the effect of the Dutch Properties on our balance sheet and 2018 FFO and AFFO. 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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