

Q3 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 September 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:

	Nine months ended September 30,		
	2017	2016	Change
Average exchange rate (Cdn. dollars to one euro)	1.454	1.476	(1.5) %
Exchange rate at period-end (Cdn. dollars to one euro)	1.474	1.474	0 %

The exchange rate increased from \$1.417:€1 as at December 31, 2016 to \$1.474:€1 as at September 30, 2017.

Overview of key EPRA figures – in Euros (€)

In EUR k	Period ended		Change	Change in %
	September 30, 2017	September 30, 2016		
EPRA Earnings	66,057	44,145	21,912	49.6
EPRA Earnings per unit	0.46	0.38	0.08	21.1
Company specific Adjusted EPS	0.49	0.41	0.08	19.5
EPRA Cost Ratio (incl. direct vacancy costs)	21.1%	22.0%	(0.9%)	(4.1)
EPRA Cost Ratio (excl. direct vacancy costs)	16.9%	16.3%	0.6%	3.7

In EUR k	Period ended		Change	Change in %
	September 30, 2017	December 31, 2016		
EPRA NAV	1,409,131	981,246	427,885	43.6
EPRA NAV per unit	8.01	7.82	0.19	2.4
EPRA NNNNAV	1,333,845	925,660	408,185	44.1
EPRA NNNNAV per unit	7.58	7.38	0.20	2.7
EPRA Net Initial Yield	5.9%	5.3%	0.6%	13.1
EPRA “topped-up” Net Initial Yield	5.9%	5.4%	0.5%	9.3
EPRA Vacancy Rate	11.4%	7.7%	3.7%	48.1

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

In CAD k	Period ended		Change	Change in %
	September 30, 2017	September 30, 2016		
EPRA Earnings	96,047	65,149	30,898	47.4
EPRA Earnings per unit	0.67	0.56	0.11	19.6
Company specific Adjusted EPS	0.71	0.60	0.11	18.3

In CAD k	Period ended		Change	Change in %
	September 30, 2017	December 31, 2016		
EPRA NAV	2,077,059	1,390,328	686,731	49.4
EPRA NAV per unit	11.81	11.08	0.73	6.6
EPPRA NNNAV	1,966,088	1,311,567	654,521	49.9
EPRA NNNAV per unit	11.18	10.45	0.73	7.0

(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 does 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 nine months ended September 30, 2017 was €66.1 million, an increase of €21.9 million over the last comparative period. The increase primarily reflects the Dutch Properties, property acquisitions completed in 2017, strong leasing and lower effective interest costs from financing activities in late 2016. EPRA earnings per unit had a €0.08 increase to €0.46 per unit as at September 30, 2017.

EPRA Earnings – in Euros (€)

In EUR k	Period ended		Change	Change in %
	September 30, 2017	September 30, 2016		
Net Income	121,209	74,955	46,254	61.7
Fair value adjustments to investment properties	(58,809)	(40,368)	(18,441)	45.7
Loss on sale of investment properties	2,499	1,989	510	25.6
Fair value adjustments on financial instruments ⁽¹⁾	13,390	(2,580)	15,970	(619.0)
Debt settlement costs, net	2,007	13,580	(11,573)	(85.2)
Deferred income tax expense	15,747	8,506	7,241	85.1
EPRA adjustments in respect of Joint Ventures	(13,153)	(11,513)	(1,640)	14.2
Acquisition related gain, net	(16,372)	-	(16,372)	100.0
Net Income attributable to non-controlling interests	(1,107)	(512)	(595)	116.2
Net EPRA impact attributable to non-controlling interests	646	88	558	634.1
EPRA Earnings	66,057	44,145	21,912	49.6
Weighted average number of units outstanding (in thousands)	143,983	116,090		
EPRA Earnings per unit (in EUR)	0.46	0.38	0.08	21.1
Company specific adjustments				
(a) Amortization of leasing incentives	2,019	1,532	487	31.8
(b) Internal direct leasing costs	1,977	1,670	307	18.4
Company specific Adjusted Earnings	70,053	47,347		
Company specific Adjusted EPS	0.49	0.41	0.08	19.5

⁽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 %
	September 30, 2017	September 30, 2016		
Net Income	176,238	110,619	65,619	59.3
Fair value adjustments to investment properties	(85,509)	(59,575)	(25,934)	43.5
Loss on sale of investment properties	3,634	2,935	699	23.8
Fair value adjustments on financial instruments ⁽¹⁾	19,470	(3,808)	23,278	(611.3)
Debt settlement costs, net	2,918	20,042	(17,124)	(85.4)
Deferred income tax expense	22,896	12,553	10,343	82.4
EPRA adjustments in respect of Joint Ventures	(19,125)	(16,991)	(2,134)	12.6
Acquisition related gain, net	(23,805)	-	(23,805)	100.0
Net Income attributable to non-controlling interests	(1,610)	(756)	(854)	113.0
Net EPRA impact due to non-controlling interests	940	130	810	623.1
EPRA Earnings	96,047	65,149	30,898	47.4
Weighted average number of units outstanding (in thousands)	143,983	116,090		
EPRA Earnings per unit (in CAD)	0.67	0.56	0.11	19.6
Company specific adjustments				
(a) Amortization of leasing incentives	2,936	2,261	675	29.9
(b) Internal direct leasing costs	2,874	2,465	409	16.6
Company specific Adjusted Earnings	101,857	69,875		
Company specific Adjusted EPS	0.71	0.60	0.11	18.3

⁽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 €427.9 million to €1.41 billion as at September 30, 2017 from December 31, 2016. On a per unit basis, EPRA NAV was €8.01 as at September 30, 2017, an increase of €0.19 from December 31, 2016, and an increase of €0.22 from June 31, 2017. The increase in EPRA NAV was a result of the Dutch Properties, and fair value increases on the Acquisition and Initial Properties.

EPRA Net Asset Value— in Euros (€)

In EUR k	September 30, 2017	December 31, 2016	Change	Change in %
Equity ⁽¹⁾	1,351,456	950,984	400,472	42.1
Fair value of financial instruments ⁽²⁾	(643)	(9,038)	8,395	(92.9)
Deferred tax liabilities, net ⁽³⁾	47,260	31,637	15,623	49.4
Adjustments in respect of Joint Ventures ⁽²⁾	11,058	7,663	3,395	44.3
EPRA Net Asset Value	1,409,131	981,246	427,885	43.6
Number of units outstanding (in thousands)	175,917	125,456		
EPRA NAV per unit (in EUR)	8.01	7.82	0.19	2.4

EPRA Net Asset Value – in CAD (\$)

In CAD k	September 30, 2017	December 31, 2016	Change	Change in %
Equity ⁽¹⁾	1,992,046	1,347,449	644,597	47.8
Fair value of financial instruments ⁽²⁾	(948)	(12,806)	11,858	(92.6)
Deferred tax liabilities, net ⁽³⁾	69,661	44,827	24,834	55.4
Adjustments in respect of Joint Ventures ⁽²⁾	16,300	10,858	5,442	50.1
EPRA Net Asset Value	2,077,059	1,390,328	686,731	49.4
Number of units outstanding (in thousands)	175,917	125,456		
EPRA NAV per unit (in CAD)	11.81	11.08	0.73	6.6

⁽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 September 30, 2017, the EPRA Triple Net Asset Value was €1.3 billion. The per Unit NNNAV of €7.58 increased from €7.38 on December 31, 2016, due to similar factors discussed above, as well as decrease in fair value adjustment of liabilities to financial institutions, partially offset by an increase in deferred tax liabilities for the period.

EPRA Triple Net Asset Value – in Euros (€)

In EUR k	September 30, 2017	December 31, 2016	Change	Change in %
EPRA Net Asset Value (EPRA NAV)	1,409,131	981,246	427,885	43.6
Fair value of financial instruments	643	9,038	(8,395)	(92.9)
Fair value adjustment of liabilities to financial institutions ⁽¹⁾	(17,611)	(25,324)	7,713	(30.5)
Deferred tax liabilities, net ⁽²⁾	(47,260)	(31,637)	(15,622)	49.4
Adjustments in respect to joint venture interests	(11,058)	(7,663)	(3,395)	44.3
EPRA Triple Net Asset Value (EPRA NNNAV)	1,333,845	925,660	408,185	44.1
Number of units outstanding (in thousands)	175,917	125,456		
EPRA NNNAV per unit (in EUR)	7.58	7.38	0.20	2.7

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

In CAD	September 30, 2017	December 31, 2016	Change	Change in %
EPRA Net Asset Value (EPRA NAV)	2,077,059	1,390,328	686,731	49.4
Fair value of financial instruments	948	12,806	(11,858)	(92.6)
Fair value adjustment of liabilities to financial institutions ⁽¹⁾	(25,958)	(35,882)	9,924	(27.7)
Deferred tax liabilities, net ⁽²⁾	(69,661)	(44,827)	(24,834)	55.4
Adjustments in respect of joint venture interests	(16,300)	(10,858)	(5,442)	50.1
EPRA Triple Net Asset Value (EPRA NNNAV)	1,966,088	1,311,567	654,521	49.9
Number of units outstanding (in thousands)	175,917	125,456		
EPRA NNNAV per unit (in CAD)	11.18	10.45	0.72	6.9

⁽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	September 30, 2017	December 31, 2016	Change	Change in %
Investment property- wholly owned	2,661,073	1,751,419	909,654	51.9
Investment property- share of JVs	383,164	360,167	22,997	6.4
Properties classified as held for sale	19,415	32,085	(12,670)	(39.5)
Property portfolio (net)	3,063,652	2,143,671	919,981	42.9
Estimated transaction costs ⁽¹⁾	199,137	139,339	59,798	42.9
Property portfolio (gross)	3,262,789	2,283,010	979,779	42.9
Annualized cash passing rental income ⁽²⁾	201,177	127,764	73,413	57.5
Property outgoings ⁽³⁾	(9,860)	(5,750)	(4,110)	71.5
Annualized net rents	191,317	122,014	69,303	56.8
Notional rent for ongoing rent-free periods ⁽⁴⁾	60	1,296	(1,236)	(95.4)
Annualized “topped-up” net rent	191,377	123,310	68,067	55.2
EPRA Net Initial Yield	5.9%	5.3%	0.6%	13.1%
EPRA “topped-up” Net Initial Yield	5.9%	5.4%	0.5%	9.3%

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

In CAD k	September 30, 2017	December 31, 2016	Change	Change in %
Investment property- wholly owned	3,869,200	2,481,586	1,387,614	55.9
Investment property- share of JVs	557,121	510,321	46,800	9.2
Properties classified as held for sale	28,229	45,461	(17,232)	(37.9)
Property portfolio (net)	4,454,550	3,037,368	1,417,182	46.7
Estimated transaction costs ⁽¹⁾	289,546	197,429	92,117	46.7
Property portfolio (gross)	4,744,096	3,234,797	1,509,299	46.7
Annualized cash passing rental income ⁽²⁾	292,511	181,029	111,482	61.6
Property outgoings ⁽³⁾	(14,336)	(8,147)	(6,189)	75.9
Annualized net rents	278,175	172,882	105,293	60.9
Notional rent for ongoing rent-free periods ⁽⁴⁾	87	1,836	(1,749)	(95.3)
Annualized “topped-up” net rent	278,262	174,718	103,544	59.5
EPRA Net Initial Yield	5.9%	5.3%	0.6%	13.1%
EPRA “topped-up” Net Initial Yield	5.9%	5.4%	0.5%	9.3%

⁽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 September 30, 2017 the EPRA vacancy rate was 4% higher than June 30, 2017 at 11.4%, primarily due to the Dutch Properties, which have a vacancy rate higher than the Trust's average. Comparative EPRA vacancy rate as at September 30, 2017 is 7.04% a minor decrease of 0.36% from June 30, 2017 and a decrease of 2.26% from September 30, 2016.

EPRA Vacancy Rate – in Euros (€)⁽¹⁾

In EUR k	Period ended		
	September 30, 2017	June 30, 2017	September 30, 2016
Market rent for vacant properties	2,101	840	899
Total market rent	18,358	11,359	10,846
EPRA Vacancy Rate (%)	11.4%	7.4%	8.3%

⁽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 %
	September 30, 2017	September 30, 2016		
Net property operating expenses ⁽¹⁾	5,378	3,934	1,444	36.7
Portfolio management	3,829	3,152	677	21.5
Depreciation	34	61	(27)	(44.3)
General and administrative	13,071	12,129	942	7.8
EPRA costs (including direct vacancy costs)	22,312	19,276	3,036	15.8
Direct vacancy costs ⁽²⁾	4,429	5,020	(591)	(11.8)
EPRA costs (excluding direct vacancy costs)	17,883	14,256	3,627	25.4
Rental income ⁽³⁾	105,819	87,604	18,215	20.8
EPRA Cost Ratio (including direct vacancy costs)	21.1%	22.0%	(0.9%)	(4.1)
EPRA Cost Ratio (excluding direct vacancy costs)	16.9%	16.3%	0.6%	3.7

⁽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 September 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 %
	September 30, 2017	September 30, 2016		
Net property operating expenses ⁽¹⁾	7,819	5,807	2,012	34.6
Portfolio management	5,568	4,652	916	19.7
Depreciation	49	90	(41)	(45.6)
General and administrative	19,005	17,902	1,103	6.2
EPRA costs (including direct vacancy costs)	32,441	28,451	3,990	14.0
Direct vacancy costs ⁽²⁾	6,440	7,410	(970)	(13.1)
EPRA costs (excluding direct vacancy costs)	26,001	21,041	4,960	23.6
Rental income ⁽³⁾	153,861	129,304	24,557	19.0
EPRA Cost Ratio (including direct vacancy costs)	21.1%	22.0%	(0.9%)	(4.1)
EPRA Cost Ratio (excluding direct vacancy costs)	16.9%	16.3%	0.6%	3.7

⁽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 September 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.