dream global REIT

DREAM GLOBAL ANNOUNCES SECOND QUARTER RESULTS AND HIGH QUALITY ACQUISITIONS

TORONTO, AUGUST 7, 2018 DREAM GLOBAL REIT (TSX:DRG.UN, FRA:DRG) (or "Dream Global", the "Trust" or "we") today reported its financial results for the second quarter of 2018. Dream Global REIT's management team will be holding a conference call tomorrow, August 8, 2018 at 11:00am (EDT).

HIGHLIGHTS

- ***Growth initiatives and strong operating performance drive Dream Global's strong Q2 results***
  - **Fully diluted Funds from Operations ("FFO") increased to 26.5 cents per unit** in Q2 2018, an increase of 5.5 cents, or 26%, compared to Q2 2017, driven by investments in the Netherlands, Belgium and Germany, and strong operating performance;
  - **Cash generated from operating activities increased to $37 million** in Q2 2018, an increase of $18.4 million, or 100%, compared to Q2 2017;
  - **Comparative properties net operating income ("NOI") increased by 3.7%** year-over-year from Q2 2017, reflecting the continuing leasing momentum in the Trust's portfolio and strong organic growth;
  - **Occupancy rate increased by 110 basis points from Q4 2017** on a same-property basis driven by strong leasing primarily in the Trust's value-add properties which had a 570 basis points occupancy gain;
  - **Net rental income increased by 68%** in Q2 2018 from Q2 2017, reflecting both the Trust's external growth initiatives and organic growth driven by occupancy gains and rental increases in the Trust's portfolio.
  - **Renewal of the Deutsche Post 2019 lease expiry;** the Trust and Deutsche Post have agreed on a renewal of 15 leases totaling 354,000 square feet maturing in 2019 for an average term of 4 years, representing a retention rate of 95%.
- ***Proceeds from the June equity offering substantially deployed***
  - **€160 million ($247 million) of acquisitions** comprised of four properties acquired in Q2 2018 for €54 million ($84 million) and two acquisitions, totaling approximately €106 million ($163 million) currently under contract;
  - **Weighted average going-in cap rate of 5.8%** on these six acquisitions is accretive to the Trust's cost of capital; excluding the value-add property in Stuttgart that is currently vacant and is expected to be substantially refurbished, the weighted average cap rate on the remaining acquisitions is 6.6%.
- ***Capital structure provides solid foundation***
  - **$143 million in fair value increases** in Q2 2018 as a result of strong operating performance of the Trust's properties, completion of certain value-add initiatives and continuing strength of the Trust's key markets;
  - **$201.5 million of equity raised** on the completion of a public offering of 13,800,000 Units, including an over-allotment option, at a price of $14.60 per unit;
  - **Level of debt declined to 40%** at the end of Q2 2018 from 46% at the end of 2017, with 22% of the Trust's assets being unencumbered; including the Trust's share of joint ventures, the ratio declined to 43% at the end of Q2 2018 from 49% at the end of 2017. The decrease in the quarter is partly attributable to the high cash balance as at June 30, 2018 from the equity raise completed on June 26. We expect the level of debt to be approximately 43% in Q3 on an IFRS basis as cash is deployed into high quality acquisitions.

KEY PERFORMANCE INDICATORS

Year-over-year, the business of the Trust has grown through the Trust's investment in the Netherlands ("Dutch Properties") and an active acquisition and capital recycling program. As a result of this activity, some of the metrics below are not directly comparable.

	June 30, 2018	March 31, 2018	June 30, 2017
Portfolio			
Number of properties[1]	**243**	257	151
Gross leasable area ("GLA") (in square feet) [1]	**19,268,752**	19,530,875	12,513,163
Occupancy rate – including committed (period-end) [1]	**89.7%**	89.2%	90.7%
Occupancy rate – in-place (period-end) [1]	**89.3%**	88.3%	89.9%
Average in-place net rent per square foot (period-end) [1]	**€ 11.05**	€ 10.83	€ 10.36
Market rents above in-place net rents[1]	**5.4%**	5.8%	2.3%
Operating results – in €			
Net operating income("NOI")[3] [2]	**€ 45,413**	€ 45,051	€ 29,708
Operating results – in $			
Net operating income("NOI")[3] [2]	**$ 69,866**	$ 70,490	$ 43,985
Net rental income	**$ 63,095**	$ 63,412	$ 37,628
Funds from operations ("FFO")[3]	**$ 48,042**	$ 47,607	$ 30,080
Cash generated from operating activities	**$ 36,656**	$ 45,347	$ 18,274
Adjusted funds from operations ("AFFO")[3]	**$ 44,044**	$ 43,356	$ 28,914
Average exchange rate (Canadian dollars to one euro)	**$ 1.539**	$ 1.555	$ 1.479
Distributions			
Declared distributions	**$ 36,432**	$ 35,390	$ 27,713
Distribution reinvestment and Unit Purchase Plan ("DRIP") participation ratio (for the period)	**19%**	19%	17%
Per unit amounts[4]			
Distribution	**$ 0.20**	0.20	$ 0.20
Basic FFO	**0.27**	0.27	0.22
Basic AFFO	**0.24**	0.24	0.21
Diluted FFO	**0.27**	0.26	0.21
Financing (excluding Trust's proportionate share of properties held through joint ventures and associates)			
Weighted average face rate of interest on debt (period-end)	**1.63%**	1.63%	1.72%
Interest coverage ratio[3]	**4.9 times**	4.9 times	4.1 times
Level of debt (net debt-to-gross book value, net of cash)[3]	**40%**	45%	46%
Debt – average term to maturity (years)[3][5]	**5.3**	5.6	6.7
Financing (including Trust's proportionate share of properties held through joint ventures and associates)			
Level of debt (net debt-to-gross book value, net of cash)[3]	**43%**	48%	50%

(1) Includes Trust's owned share of joint ventures, but excludes properties classified as assets held for sale.
(2) Includes Trust'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) 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 latest management discussion and analysis of the Trust .
(5) This metric excludes amounts outstanding under the revolving credit facility.

GROWTH INITIATIVES

Acquisitions — During the second quarter, €54 million ($84 million) was deployed to acquire five properties, excluding transaction costs. The Trust has previously described the purchase of Noordkaap in Eindhoven, Netherlands.

On May 11, the Trust acquired Atoomweg 100, a 129,000 square foot office building in a strong and central office submarket of Utrecht, where the Trust has invested in several other well-performing assets. Atoomweg 100 underwent substantial renovations in 2009 and is well suited to our multi-tenant boutique office concept. It will generate a 24% unlevered return in the first year of our ownership, after which the current tenant will vacate the building. The Trust intends to reposition the asset to take advantage of the strong Utrecht leasing market and generate an attractive return. We view this as a very attractive value add opportunity with significant upside potential, and are well-advanced in discussions with potential tenants for a significant portion of the building. The purchase price was €10.0 million.

On June 28, the Trust acquired Sirius and Orion, a pair of core office assets totalling 70,000 square feet in the central business district of The Hague, Netherlands, a top 5 Dutch office market. These high quality assets were built in 2001, extensively renovated from 2016 to 2018, and have excellent transit access. They are 100% leased with a staggered WALT of 6.6 years to a variety of high-covenant tenants. The purchase price of €19.9 million represents a going-in cap rate of 4.6% with steady growth from annual rent increases.

Sirius and Orion, The Hague

Also on June 28, the Trust acquired Europa Logistics in Bremerhaven, Germany, a 205,000 square foot logistics asset in one of the top logistics regions in Germany. The asset, located at the harbour, was built in 2009. It is 100% leased to two tenants with a WALT of 3.3 years. The purchase price of €13.0 million represents a going-in cap rate of 7.7%.

The Trust also has signed agreements for two more German office properties totalling €106.7 million. Both are expected to close in the third quarter of 2018. They are:

Podbi Park, a 400,000 square foot attractive, high quality office building with ancillary retail and amenity space. A historic former cookie factory complex, it has been extensively renovated. The character and attractive layout appeals to a wide variety of tenants. The property is centrally located in Hannover, the eighth largest German office market. Podbi Park is 97% occupied and highly amenitized, with a daycare, fitness facility, parking and retail as well as a U-Bahn station at the door. The purchase price of €91.3 million represents a going-in cap rate of 5.0%, with growth through active asset management, indexation and rolling below-market rents to market. One of the Trust's first and very successful acquisitions in Germany, Grammophon, is located in the same Hannover submarket, providing opportunities to realize management synergies.

Podbi Park, Hannover

Handwerkstrasse 5-7 is a 132,000 square foot value-add office asset located in Stuttgart, one of the strongest office markets in Germany, with a vacancy rate of just over 2%. It is specifically situated in the Vaihingen submarket, a well-connected, high demand office node where the Trust already holds its Officivm asset. Recognizing the attractiveness of this submarket, both Daimler and Allianz are building million square feet new office campuses in Vaihingen for their exclusive use. The asset was recently vacated and the Trust intends to reposition it to capitalize on the strong unserved occupier demand in Vaihingen. The purchase price is €15.4 million.

Handwerkstrasse 5-7, Stuttgart (preliminary redevelopment rendering)

In addition, the Trust has a robust pipeline of additional acquisitions in exclusivity in both Germany and the Netherlands and expects to have the proceeds from the recent equity offering, as well as from its on-going capital recycling program, fully committed within the next quarter.

Dispositions — During the three months ended June 30, 2018, the REIT disposed of three German properties and two Dutch properties, for an aggregate gross sales price of approximately $15.8 (€10.1 million), increasing total sales during 2018 to nine investment properties for approximately $30.0 million (€19.2 million), reflecting the properties' fair value at the last reporting period prior to their sale. A portion of the net sales proceeds of $29.0 million was used to reduce our term loan credit facility.

The Trust has a pipeline of additional non-core dispositions in varying stages of progress targeted for completion through the end of 2018.

OPERATING HIGHLIGHTS & INITIATIVES

Occupancy — The occupied and committed occupancy of our total portfolio was 89.7% at June 30, 2018, representing an increase of 170 basis points since the end of 2017. On a comparative portfolio basis, occupancy increased by 110 basis points to 89.6% at June 30, 2018 from 88.5% at December 31, 2017.

Comparative properties NOI — For the three months ended June 30, 2018, comparative properties NOI increased by €0.96 million, or 3.7%, in Q2 2018 compared to Q2 2017. For the six months ended, comparative properties NOI increase by €1.94 million, or 3.8% from the comparative period in 2017. The increase was driven by increased occupancy, increased in-place rents, including higher rents on completion of development projects, and higher recovery rates in 2018.

Strong operating environment — Office vacancy rate in the Germany's Big 7 markets declined to 4.3% at the end of the second quarter, a drop of 80 bps over the last twelve months. Supply in the Big 7 markets remains modest with only 329,000 square metres of new supply, 20% less than the prior year driven by residential conversions, lack of land availability, permitting delays and a tight labour market. Fundamentals in the Dutch office market continued to strengthen leading to a decline in the vacancy rate in the G5 office markets to 7.8% in Q2 2018, 130 bps decline over the prior year and 30 bps decline over Q1 2018.

FINANCIAL HIGHLIGHTS

Funds from operations — FFO for the three months ended June 30, 2018 was $48.0 million compared to $30.1 million for the three months ended June 30, 2017. On a per unit basis, basic FFO for the quarter ended June 30, 2018 was $0.26/unit, an increase of 4 cents compared to $0.22/unit for the quarter ended June 30, 2017. On a fully diluted basis, FFO for the quarter ended June 30, 2018 was $0.265/unit, an increase of 5.5 cents compared to $0.21/unit for the quarter ended June 30, 2017.

Adjusted funds from operations — AFFO was $44.0 million for the three months ended June 30, 2018, compared to $28.9 million for the three months ended June 30, 2017. On a per unit basis, basic AFFO for three months ended June 30, 2018 was $0.24/unit, compared to $0.21/unit for the three months ended June 30, 2017.

Cash generated from operating activities — Cash generated from operating activities was $36.7 million for the three months ended June 30, 2018, compared to $18.3 million for the three months ended June 30, 2017. The increase in FFO, AFFO and cash flow from operations in Q2 2018 compared to Q2 2017 reflects Trust's investments in the Netherlands, Belgium and Germany, and strong operating performance.

Net rental income — For the three months ended June 30, 2018 net rental income increased by 68% to $63.1 million compared to Q2 2017, reflecting the Trust's growth initiatives and strong leasing markets.

CAPITAL INITIATIVES

Reduced leverage – The Trust further reduced its level of debt to 40% at the end of Q2 2018 from 46% at the end of 2017. Including the Trust's share of debt from investment in joint ventures and associates, its level of debt was 43% at the end of Q2 2018 compared to 49% at the end of 2017.

Equity – On June 30, 2018, the Trust had 191,560,221 units outstanding after closing the equity issue on June 26. At the August 3, 2018 closing price of $14.27 per unit, the Trust's market capitalization is $2.7 billion.

MANAGEMENT CHANGES

Tamara Lawson, Chief Financial Officer will be leaving Dream Global REIT on September 15, 2018 to pursue another employment opportunity.

Jane Gavan, President & CEO of Dream Global REIT said: "Tamara has played a valuable role on the management team since joining Dream Global over two years ago, contributing most notably to the successful completion the Merin transaction last year. On behalf of management and the Board, I would like to thank her for her work and wish her every success in the future".

CONFERENCE CALL DETAILS

Dream Global REIT's management team will be holding a conference call tomorrow, August 8, 2018 at 11:00 a.m. (EDT). To access the conference call, please dial 1-888-465-5079 in Canada and the US 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 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 and on SEDAR at www.sedar.com.

Dream Global REIT is a 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 19.3 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.

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, comparative properties NOI, funds from operations, adjusted funds from operations, interest coverage ratio, and 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 six months ended June 30, 2018.

Forward-looking information

This press release may contain forward-looking information within the meaning of applicable securities legislation, including statements regarding the expected NOI yield on construction of the Hildesheim site and the expectations of the Trust for the redevelopment of certain properties in its total portfolio. 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 fluctuations. 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.

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