



The annual EPRA BPR Awards aim to recognize and commend upon the efforts of property companies that have successfully adopted the EPRA BPR Guidelines. Based on the assessment performed by Deloitte, EPRA's independent external partner, the surveyed companies are awarded either a Gold, Silver or Bronze Award.

The company received the EPRA BPR Silver Award for its EPRA Metrics Report 2017. This is the first year Dream Global REIT has been a participant in the BPR survey.



EPRA KEY METRICS

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 December 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 December 31, 2018. 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 year-end exchange rates used for the:

	Twelve months ended December 31,		
	2018	2017	Change
Average exchange rate (Cdn. dollars to one euro)	1.531	1.465	4.5%
Exchange rate at year-end (Cdn. dollars to one euro)	1.561	1.505	3.7%

The exchange rate increased from \$1.505:€1 as at December 31, 2017 to \$1.561:€1 as at December 31, 2018.

Overview of key EPRA figures – in Euros (€)

In EUR k	Period ended		Change	Change in %
	December 31, 2018	December 31, 2017		
EPRA Earnings	121,718	94,775	26,943	28.4
EPRA Earnings per unit	0.66	0.62	0.04	6.5
Company specific Adjusted EPS	0.69	0.66	0.03	4.5
EPRA Cost Ratio (incl. direct vacancy costs)	22.7%	21.8%	0.9%	4.1
EPRA Cost Ratio (excl. direct vacancy costs)	19.6%	17.4%	2.2%	12.6

In EUR k	December 31,		Change	Change in %
	2018	2017		
EPRA NAV	1,979,323	1,489,648	489,675	32.9
EPRA NAV per unit	10.28	8.44	1.84	21.8
EPRA NNNAV	1,799,337	1,378,067	421,270	30.6
EPRA NNNAV per unit	9.34	7.81	1.53	19.6
EPRA Net Initial Yield	5.0%	5.7%	-0.7%	(12.3)
EPRA “topped-up” Net Initial Yield	5.1%	5.7%	-0.6%	(10.5)
EPRA Vacancy Rate	9.3%	11.0%	-1.7%	(15.5)

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

In CAD k	Period ended		Change	Change in %
	December 31, 2018	December 31, 2017		
EPRA Earnings	186,298	138,847	47,451	34.2
EPRA Earnings per unit	1.01	0.91	0.10	11.0
Company specific Adjusted EPS	1.06	0.97	0.09	9.3

In CAD k	Period ended		Change	Change in %
	December 31, 2018	December 31, 2017		
EPRA NAV	3,090,316	2,241,920	848,396	37.8
EPRA NAV per unit	16.05	12.70	3.35	26.4
EPPRA NNNAV	2,809,307	2,073,991	735,316	35.5
EPRA NNNAV per unit	14.59	11.75	2.84	24.2

(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 period ended December 31, 2018 was €121.7 million, an increase of €26.9 million over the last comparative quarter. The increase primarily reflects property acquisitions completed in 2017 and 2018, inclusive of a full year of funds from operations of the Dutch properties, as well as strong leasing in the comparative properties. EPRA earnings per unit had a €0.04 increase to €0.66 per unit as at December 31, 2018.

EPRA Earnings – in Euros (€)

In EUR k	Period ended		Change	Change in %
	December 31, 2018	December 31, 2017		
Net Income	379,851	201,827	178,024	88.2
Fair value adjustments to investment properties	(295,915)	(116,808)	(179,107)	153.3
Loss on sale of investment properties	6,094	3,608	2,486	68.9
Fair value adjustments on financial instruments ⁽¹⁾	7,905	19,063	(11,158)	(58.5)
Debt settlement costs, net	556	985	(429)	(43.6)
Deferred income tax expense	58,105	31,321	26,784	85.5
EPRA adjustments in respect of Joint Ventures	(32,568)	(28,390)	(4,178)	14.7
Transaction costs- business combination	(1,586)	(16,257)	14,671	(90.2)
Net Income attributable to non-controlling interests	(3,130)	(2,116)	(1,014)	47.9
Net EPRA impact attributable to non-controlling interests	2,406	1,543	863	55.9
EPRA Earnings	121,718	94,775	26,943	28.4
Weighted average number of units outstanding (in thousands)	185,181	152,165		
EPRA Earnings per unit (in EUR)	0.66	0.62	0.04	6.5
Company specific adjustments				
(a) Amortization of leasing incentives	3,405	2,804	601	21.4
(b) Internal direct leasing costs	2,551	2,758	(207)	(7.5)
Company specific Adjusted Earnings	127,674	100,338		
Company specific Adjusted EPS	0.69	0.66	0.03	4.5

⁽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 %
	December 31, 2018	December 31, 2017		
Net Income	581,391	295,676	285,715	96.6
Fair value adjustments to investment properties	(452,920)	(171,123)	(281,797)	164.7
Loss on sale of investment properties	9,328	5,286	4,042	76.5
Fair value adjustments on financial instruments ⁽¹⁾	12,099	27,927	(15,828)	(56.7)
Debt settlement costs, net	851	1,443	(592)	(41.0)
Deferred income tax expense	88,934	45,886	43,048	93.8
EPRA adjustments in respect of Joint Ventures	(49,848)	(41,591)	(8,257)	19.9
Transaction costs- business combination	(2,428)	(23,817)	21,389	(89.8)
Net Income attributable to non-controlling interests	(4,791)	(3,100)	(1,691)	54.5
Net EPRA impact due to non-controlling interests	3,682	2,260	1,422	62.9
EPRA Earnings	186,298	138,847	47,451	34.2
Weighted average number of units outstanding (in thousands)	185,181	152,165		
EPRA Earnings per unit (in CAD)	1.01	0.91	0.10	11.0
Company specific adjustments				
(a) Amortization of leasing incentives	5,212	4,108	1,104	26.9
(b) Internal direct leasing costs	3,905	4,041	(136)	(3.4)
Company specific Adjusted Earnings	195,415	146,996		
Company specific Adjusted EPS	1.06	0.97	0.09	9.3

⁽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 €489.7 million to €1.98 billion as at December 31, 2018 from December 31, 2017. On a per unit basis, EPRA NAV was €10.28 as at December 31, 2018, an increase of €1.84 from December 31, 2017. The increase in EPRA NAV was a result of fair value increases in the portfolio, and acquisitions of unencumbered assets closed during 2018.

EPRA Net Asset Value– in Euros (€)

In EUR k	December 31, 2018	December 31, 2017	Change	Change in %
Equity ⁽¹⁾	1,834,596	1,409,493	425,103	30.2
Fair value of financial instruments ⁽²⁾	4,512	3,608	904	25.1
Deferred tax liabilities, net ⁽³⁾	121,095	62,207	58,888	94.7
Adjustments in respect of Joint Ventures ⁽²⁾	19,120	14,340	4,780	33.3
EPRA Net Asset Value	1,979,323	1,489,648	489,675	32.9
Number of units outstanding (in thousands)	192,588	176,500		
EPRA NAV per unit (in EUR)	10.28	8.44	1.84	21.8

EPRA Net Asset Value – in CAD (\$)

In CAD k	December 31, 2018	December 31, 2017	Change	Change in %
Equity ⁽¹⁾	2,864,355	2,121,287	743,068	35.0
Fair value of financial instruments ⁽²⁾	7,044	5,430	1,614	29.7
Deferred tax liabilities, net ⁽³⁾	189,065	93,622	95,443	101.9
Adjustments in respect of Joint Ventures ⁽²⁾	29,852	21,581	8,271	38.3
EPRA Net Asset Value	3,090,316	2,241,920	848,396	37.8
Number of units outstanding (in thousands)	192,588	176,500		
EPRA NAV per unit (in CAD)	16.05	12.70	3.35	26.4

⁽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 December 31, 2018, the EPRA Triple Net Asset Value was €1.80 billion. The per Unit NNNAV of €9.34 increased from €7.81 on December 31, 2017, due to similar factors discussed above, offset by an increase in deferred tax liabilities and fair value of financial instruments for the quarter.

EPRA Triple Net Asset Value – in Euros (€)

In EUR k	December 31, 2018	December 31, 2017	Change	Change in %
EPRA Net Asset Value (EPRA NAV)	1,979,322	1,489,648	489,674	32.9
Fair value of financial instruments	(4,512)	(3,608)	(904)	25.1
Fair value adjustment of liabilities to financial institutions ⁽¹⁾	(35,258)	(31,426)	(3,832)	12.2
Deferred tax liabilities, net ⁽²⁾	(121,095)	(62,207)	(58,888)	94.7
Adjustments in respect to joint venture interests	(19,120)	(14,340)	(4,780)	33.3
EPRA Triple Net Asset Value (EPRA NNNAV)	1,799,337	1,378,067	421,270	30.6
Number of units outstanding (in thousands)	192,588	176,500		
EPRA NNNAV per unit (in EUR)	9.34	7.81	1.53	19.6

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

In CAD k	December 31, 2018	December 31, 2017	Change	Change in %
EPRA Net Asset Value (EPRA NAV)	3,090,316	2,241,920	848,396	37.8
Fair value of financial instruments	(7,044)	(5,430)	(1,614)	29.7
Fair value adjustment of liabilities to financial institutions ⁽¹⁾	(55,048)	(47,296)	(7,752)	16.4
Deferred tax liabilities, net ⁽²⁾	(189,065)	(93,622)	(95,443)	101.9
Adjustments in respect of joint venture interests	(29,852)	(21,581)	(8,271)	38.3
EPRA Triple Net Asset Value (EPRA NNNAV)	2,809,307	2,073,991	735,316	35.5
Number of units outstanding (in thousands)	192,588	176,500		
EPRA NNNAV per unit (in CAD)	14.59	11.75	2.84	24.2

⁽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	December 31, 2018	December 31, 2017	Change	Change in %
Investment property- wholly owned	3,248,900	2,698,390	550,510	20.4
Investment property- share of JVs	403,999	397,752	6,247	1.6
Properties classified as held for sale	15,708	11,179	4,529	40.5
Property portfolio (net)	3,668,607	3,107,322	561,285	18.1
Estimated transaction costs ⁽¹⁾	238,459	201,976	36,483	18.1
Property portfolio (gross)	3,907,066	3,309,297	597,769	18.1
Annualized cash passing rental income ⁽²⁾	207,371	198,560	8,811	4.4
Property outgoings ⁽³⁾	(12,442)	(10,076)	(2,366)	23.5
Annualized net rents	194,929	188,484	6,445	3.4
Notional rent for ongoing rent-free periods ⁽⁴⁾	3,495	1,232	2,263	183.7
Annualized “topped-up” net rent	198,424	189,716	8,708	4.6
EPRA Net Initial Yield	5.0%	5.7%	-0.7%	(12.3)
EPRA “topped-up” Net Initial Yield	5.1%	5.7%	-0.6%	(10.5)

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

In CAD k	December 31, 2018	December 31, 2017	Change	Change in %
Investment property- wholly owned	5,072,507	4,061,077	1,011,430	24.9
Investment property- share of JVs	630,763	598,617	32,146	5.4
Properties classified as held for sale	24,525	16,825	7,700	45.8
Property portfolio (net)	5,727,795	4,676,519	1,051,276	22.5
Estimated transaction costs ⁽¹⁾	372,307	303,974	68,333	22.5
Property portfolio (gross)	6,100,102	4,980,493	1,119,609	22.5
Annualized cash passing rental income ⁽²⁾	323,769	298,833	24,936	8.3
Property outgoings ⁽³⁾	(19,426)	(15,165)	(4,261)	28.1
Annualized net rents	304,343	283,668	20,675	7.3
Notional rent for ongoing rent-free periods ⁽⁴⁾	5,457	1,854	3,603	194.3
Annualized “topped-up” net rent	309,800	285,522	24,278	8.5
EPRA Net Initial Yield	5.0%	5.7%	-0.7%	(12.3)
EPRA “topped-up” Net Initial Yield	5.1%	5.7%	-0.6%	(10.5)

⁽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 December 31, 2018 the EPRA vacancy rate was 0.2% higher than September 30, 2018 at 9.3%, primarily due to increased market rents in the portfolio, as well as dispositions and assets held for sale with high vacancy rates during the quarter.

EPRA Vacancy Rate – in Euros (€)⁽¹⁾

In EUR k	Period ended		
	December 31, 2018	September 30, 2018	December 31, 2017
Market rent for vacant properties	1,832	1,743	2,015
Total market rent	19,638	19,062	18,381
EPRA Vacancy Rate (%)	9.3	9.1	11.0

⁽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 %
	December 31, 2018	December 31, 2017		
Net property operating expenses ⁽¹⁾	13,853	8,675	5,178	59.7
Portfolio management	10,199	6,377	3,822	59.9
Depreciation	91	59	32	54.2
General and administrative	21,448	18,362	3,086	16.8
EPRA costs (including direct vacancy costs)	45,591	33,473	12,118	36.2
Direct vacancy costs ⁽²⁾	6,285	6,699	(414)	(6.2)
EPRA costs (excluding direct vacancy costs)	39,306	26,774	12,532	46.8
Rental income ⁽³⁾	200,825	153,452	47,373	30.9
EPRA Cost Ratio (including direct vacancy costs)	22.7%	21.8%	0.9%	4.1
EPRA Cost Ratio (excluding direct vacancy costs)	19.6%	17.4%	2.2%	12.6

⁽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 December 31, and are calculated by taking recoverable expenses for the year ended multiplied by in-place vacancy at the reporting date.

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

The cost ratio increased from 17.4% as at December 31, 2017 to 19.6% as at December 31, 2018 due to the following (i) a full year of net property operating expenses from the Dutch Properties which have a lower recovery rate on average when compared to German assets; (ii) continued capital recycling by the REIT, and (ii) acquisition of a vacant property, Handwerkstrasse, which is considered a Redevelopment asset.

EPRA Cost Ratio – in CAD (\$)

In CAD k	Period ended		Change	Change in %
	December 31, 2018	December 31, 2017		
Net property operating expenses ⁽¹⁾	21,203	12,709	8,494	66.8
Portfolio management	15,611	9,343	6,268	67.1
Depreciation	140	86	54	62.8
General and administrative	32,827	26,900	5,927	22.0
EPRA costs (including direct vacancy costs)	69,781	49,038	20,743	42.3
Direct vacancy costs ⁽²⁾	9,620	9,814	(194)	(2.0)
EPRA costs (excluding direct vacancy costs)	60,161	39,224	20,937	53.4
Rental income ⁽³⁾	307,378	224,807	82,571	36.7
EPRA Cost Ratio (including direct vacancy costs)	22.7%	21.8%	0.9%	4.1
EPRA Cost Ratio (excluding direct vacancy costs)	19.6%	17.4%	2.2%	12.6

⁽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 December 31, and are calculated by taking recoverable expenses for the year ended multiplied by in-place vacancy at the reporting date.

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