



## DREAM GLOBAL REIT REPORTS STRONG THIRD QUARTER RESULTS AND ANNOUNCES LARGEST SINGLE ASSET TRANSACTION IN TRUST'S HISTORY

*This news release contains forward looking information that is based upon assumptions and is subject to risks and uncertainties as indicated in the cautionary note contained within this press release.*

**TORONTO, NOVEMBER 12, 2014 DREAM GLOBAL REIT (DRG.UN-TSX)** today reported its quarterly financial results for the quarter ended September 30, 2014. Dream Global REIT's management team will be holding a conference call tomorrow, November 13, 2014 at 10:00 a.m. (ET).

### HIGHLIGHTS

- **Most active leasing quarter in Trust's history** – the Trust completed 334,000 square feet of new leases and renewals in Q3 2014, resulting in the most active leasing quarter in the Trust's history, highlighting a retention ratio of 71% on expiring leases.
- **Significant progress on Deutsche Post terminations** – gross rental income in the 2012 and 2014 terminated properties is currently at 80% and 78% of pre-termination income, respectively, excluding properties sold, under contract and redevelopment assets. This was achieved through the Trust's on-going leasing efforts and proactive approach to lease negotiations with Deutsche Post and Postbank.
- **Joint venture with Public Official Benefits Association ("POBA") is set to close** – on October 15, the Trust finalized the sale of a 50% interest in the first two properties - Löwenkontor in Berlin and Z-UP in Stuttgart – for aggregate net proceeds of €21.9 million (\$31.6 million), and is on track to close the remaining five properties by year-end.
- **Acquisitions pipeline remains strong** – the Trust closed two office property acquisitions during the quarter for an aggregate €87.2 million (\$125.5 million) at an average going-in cap rate of 6.6%, increasing year-to-date total acquisitions to approximately \$239.8 million; in addition, the Trust signed a purchase and sale agreement for Cologne Tower in Cologne, Germany, a 297,000 square foot LEED Gold property and the Trust's largest single asset acquisition to date, for approximately € 113.6 million (\$159.7 million), scheduled to close in mid-November. The property will be financed with a 10-year mortgage at an interest rate of 1.77%.

Cologne Tower, Cologne



## KEY PERFORMANCE INDICATORS

	September 30, 2014	June 30, 2014	September 30, 2013	
<b>Portfolio</b>				
Number of properties	279	286	299	
Gross leasable area ("GLA")	15,839,035	15,679,545	15,544,300	
Occupancy rate – including committed <sup>(1)</sup> (period-end)	87.1%	87.9%	86.2%	
Occupancy rate – in place (period-end)	85.9%	87.0%	84.8%	
Average in-place net rent per square foot (period-end)	€ 8.90	€ 8.74	€ 8.17	
Market rent above (below) in-place rent (%)	2.0 %	1.8 %	3.5 %	
Initial Properties	12.9 %	11.6 %	10.6 %	
Acquisition Properties	(5.7)%	(6.1)%	(3.9)%	
	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
<b>Operating results <sup>(2)</sup></b>				
Investment properties revenue	\$ 61,388	\$ 56,915	\$ 196,035	\$ 157,692
Net rental income	43,516	39,479	136,395	102,981
Net rental income - Initial Properties	17,306	20,117	59,665	59,093
Net rental income - Acquisition Properties	26,210	19,362	76,730	43,888
FFO <sup>(3)</sup>	23,233	23,001	74,068	60,187
AFFO <sup>(3)</sup>	21,686	21,371	68,969	55,748
<b>Distributions</b>				
Declared distributions	\$ 22,180	\$ 21,834	\$ 66,284	\$ 57,874
DRIP participation ratio (for the period)	16%	14%	17%	12%
<b>Per unit amounts <sup>(4)</sup></b>				
Distribution rate	\$ 0.20	\$ 0.20	\$ 0.60	\$ 0.60
<b>Basic:</b>				
FFO	0.21	0.21	0.67	0.63
AFFO	0.20	0.20	0.62	0.58
<b>Diluted:</b>				
FFO	0.21	0.21	0.66	0.62
<b>Payout ratio (%):</b>				
AFFO (basic)	100%	100%	97%	103%
	September 30, 2014	June 30, 2014	June 30, 2013	
<b>Financing</b>				
Weighted average effective interest rate on debt (period-end)	3.63%	3.68%	3.80%	
Weighted average face rate of interest on debt (period-end)	3.28%	3.33%	3.44	
Interest coverage ratio <sup>(3)</sup>	3.30 times	3.39 times	3.40 times	
Debt-to-adjusted EBITDFV (years) <sup>(3)</sup>	9.56	9.10	9.00	
Level of debt (net debt-to-gross book value, net of cash) <sup>(3)</sup>	56%	56%	53%	
Debt – average term to maturity (years) <sup>(5)</sup>	4.1	4.2	4.8	
Unsecured convertible debentures	151,841	151,327	149,839	

(1) Occupancy in 2014 includes space covered by a headlease that was previously classified as vacant space. The Q3 2013 occupancy rate has not been restated.

(2) Operating results for the three month and nine month periods ended September 30, 2014 were converted at \$1.442:€1 and \$1.483:€1, respectively; for the three month and nine month periods ended September 30, 2013, operating results were converted at \$1.376:€1 and \$1.349:€1, respectively.

(3) FFO, AFFO, interest coverage ratio, debt-to-EBITDFV and 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 includes the mortgages on the POBA properties held for sale, but excludes the revolving credit facility.

## GROWTH INITIATIVES

**Joint venture with Public Officials Benefit Association (“POBA”) set to close** – as previously announced, Dream Global entered into a long-term joint venture with POBA, a South Korean pension fund, committing to sell a 50% interest in seven properties to POBA. On October 15, the Trust finalized the sale of a 50% interest in the first two properties - Löwenkontor in Berlin and Z-UP in Stuttgart - for net proceeds of €21.9 million (\$31.6 million), subject to post-closing adjustments. Closing of the sale of the remaining five properties will take place by the end of 2014. On average, these properties were financed with mortgage interest of 2.47% for a term of 4.6 years, which is approximately 70 bps above the rates currently achieved when financing reinvestment properties. The Trust has already started to reinvest the net proceeds from this transaction in high quality office properties, such as Europahaus in Darmstadt and Cologne Tower in Cologne.

**Acquisitions during the quarter** – on September 30, 2014, the Trust completed the acquisition of “Europahaus” in Darmstadt, Germany, a fully leased multi-tenant office property with a weighted average remaining lease term of 6.3 years. Darmstadt is located 30 kilometres south of Frankfurt and home to scientific institutions, universities and high technology companies. The acquisition of this €40.3 million (\$57.0 million) property has a cap rate of 6.7% and will add approximately 211,000 square feet of high quality office to the Trust’s portfolio. The Trust has negotiated 8-year mortgage financing for this property at a loan-to-value of approximately 61% and an interest rate of 1.82%. As previously announced, the Trust also completed the acquisition of “Officium” in Stuttgart on July 31, 2014, adding an aggregate €87.2 million (\$125.5 million) of office properties to its asset base in Q3.



**Acquisition subsequent to quarter-end** – on October 22, the Trust entered into a purchase and sale agreement for Cologne Tower, a €113.6 (\$159.7 million) office property in Cologne, Germany, representing the Trust’s largest single-asset acquisition to date. This property, which was built in 2002 and extensively renovated in 2012, received LEED Gold certification in 2013 and is a dominant feature of Cologne’s skyline. The property comprises approximately 297,000 square feet of gross leasable area with a high-profile tenant roster that includes IQWiG, a scientific institute sponsored by the German Federal Government, Boston Consulting Group, Swiss Life Select and Liberty Mutual Group and has a weighted average remaining lease term of 6.2 years. The Trust will acquire the property at a cap rate of 5.4% and has signed a term sheet for mortgage financing at an approximate 60% loan-to-value for a 10-year term at an interest rate of 1.77%. The closing of this acquisition is expected to occur on November 14, 2014.

“We are excited to have added such a landmark property in one of Germany’s top office markets to our portfolio,” said Jane Gavan, CEO of Dream Global REIT. “With this acquisition, we are not only increasing our presence in one of Germany’s “Big 7” office markets, but will own Cologne’s most recognizable office tower.”

In addition, the Trust secured exclusivity for a high quality office property in one of Germany's largest office markets at an attractive going-in cap rate and significant growth potential. This €100 million asset, which is expected to close at the beginning of 2015, will allow the Trust to fully deploy its proceeds from the joint venture with POBA.

**Dispositions of nine properties at 108% of their book value** – nine properties were disposed during the third quarter as part of the Trust's continuing capital recycling program for an aggregate sales price of \$30.1 million. This brings the number of total dispositions year-to-date to 21 properties for sales proceeds of \$61.3 million, representing 111% of their fair value at the last reporting period prior to sale.

## **FINANCIAL HIGHLIGHTS**

**Funds from operations** – FFO increased to \$23.2 million and \$74.1 million, respectively, for the three and nine months ended September 30, 2014, from \$23.0 million and \$60.2 million during the same periods in 2013. On a per unit basis, FFO for the three months and nine months ended September 30, 2014 was \$0.21/unit and \$0.67/unit, respectively, compared to \$0.21/unit and \$0.63/unit, respectively, for the same periods in 2013. Increased contributions from acquisitions were offset by Deutsche Post lease terminations effective as at July 1, 2014 as well as the impact of the Trust no longer receiving head lease payments for space terminated by Deutsche Post in 2012.

**Adjusted funds from operations** – AFFO increased to \$21.7 million and \$69.0 million, respectively, for the three and nine months ended September 30, 2014, from \$21.4 million and \$55.7 million during the same periods in 2013. On a per unit basis, AFFO for the three months and nine months ended September 30, 2014 was \$0.20/unit and \$0.62/unit, respectively, compared to \$0.20/unit and \$0.58/unit, respectively, for the same periods in 2013.

## **CAPITAL INITIATIVES**

**Equity** – On October 31, 2014, the Trust had 111,161,358 units outstanding. At the October 31, 2014 closing price of \$9.13 per unit, the Trust's market capitalization was \$1.0 billion.

**Financing** – On July 31, 2014, the Trust drew down a mortgage with a principal balance of \$41.6 million at a fixed rate of 1.99%, maturing on January 31, 2022 in connection with the acquisition of Officium in Stuttgart. On October 20, 2014, the Trust drew down a mortgage in connection with the acquisition of Europahaus in Darmstadt with a principal balance of \$35.3 million at a fixed rate of 1.82% per annum, maturing on September 30, 2022.

## **CONFERENCE CALL DETAILS**

Dream Global REIT's management team will be holding a conference call tomorrow, Thursday, November 13 2014 at 10:00 a.m. (ET). To access the conference call, please dial 1-866-229-4144 in Canada and the United States or 416-216-4169 elsewhere and use passcode 8694 191#. 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 15.8 million square feet of gross leasable area of office, industrial and mixed use properties across Germany. 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 Funds From Operations ("FFO"), Adjusted Funds From Operations ("AFFO"), interest coverage ratio, debt-to-EBITDFV 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 nine months ended September 30, 2014.*

**Forward-looking information**

*This press release may contain forward-looking information within the meaning of applicable securities legislation. 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 German 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. 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).*

– 30 –

For further information, please contact:

P. Jane Gavan  
President and Chief Executive Officer  
(416) 365-6572  
[jgavan@dream.ca](mailto:jgavan@dream.ca)

Rene D. Gulliver  
Chief Financial Officer  
(416) 365-5447  
[rgulliver@dream.ca](mailto:rgulliver@dream.ca)