



DREAM OFFICE REIT REPORTS 2015 YEAR-END RESULTS, EXCEPTIONAL LEASING MOMENTUM IN KEY MARKETS AND ANNOUNCEMENT OF THREE YEAR STRATEGIC PLAN TO DELIVER VALUE TO UNITHOLDERS

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, FEBRUARY 18, 2016, DREAM OFFICE REIT (D.UN-TSX) or (the “Trust” or “we”) today announced its financial results for the three months and year ended December 31, 2015, and its strategic action plan to close the discount between its current unit price and its equity value (or “net asset value”) per unit.

Q4 2015 Highlights

- **Basic FFO per unit and basic AFFO per unit for the quarter and year:** Basic FFO on a per unit basis for the three months and year ended December 31, 2015 was \$0.70 and \$2.83, respectively. Basic AFFO on a per unit basis for the three months and year ended December 31, 2015 was \$0.62 and \$2.50, respectively.
- **Update of significant leasing momentum in Calgary, Toronto and Montreal:** The Trust has completed or is in advanced leasing negotiations for approximately 422,700 square feet of leasing in four of its key properties: 444 7th Avenue SW and Airport Corporate Centre in Calgary, 438 University Ave in Toronto and 700 De La Gauchetière in Montreal. These lease deals address the existing or upcoming large vacancies formerly occupied by the National Energy Board and Loyalty Management. These leases are significant as they not only stabilize the net operating income of these assets but are, or will be, with high quality tenants, including a major financial institution, a leading Canadian law firm, a global information technology firm, and a government agency.
- **Exceptional Leasing Momentum in 2016 and 2017:** For 2016, the Trust has binding commitments totalling approximately 2.8 million square feet representing approximately 69% of the 4.1 million square feet of lease expiries. The Trust has doubled its leasing volume compared to the prior year, where the Trust had leases or commitments totalling approximately 1.4 million square feet or approximately 52% of the 2.7 million square feet that expired in 2015. For the 2017 lease expiries, the Trust has already completed 0.8 million square feet of leasing.
- **Solid tenant retention ratio:** Tenant retention ratio for the three months and year ended December 31, 2015 was approximately 75% and 62% respectively, with 634,700 square feet and 1.7 million square feet of renewals completed at approximately 14% and 11% above expiring rents respectively.
- **Capitalizing on the low interest rate environment:** During the fourth quarter of 2015, the Trust renewed or refinanced mortgages totalling \$164.4 million, representing an interest rate reduction of approximately 83 basis points (“bps”) per annum over the mortgages repaid with an annualized interest savings of approximately \$1.4 million or \$0.01 per unit.
- **Disposition of non-core assets:** During the fourth quarter, the Trust completed the sale of four non-core properties in Quebec City for gross proceeds (net of adjustments) of \$95.1 million. Proceeds were primarily used to fund the normal course issuer bid (“NCIB”).



- **REIT A units repurchased for cancellation:** For the three months ended December 31, 2015, the Trust purchased for cancellation 1,203,373 REIT A units under the NCIB at a cost of approximately \$23.1 million (excluding transaction costs). For the year ended December 31, 2015, the Trust has purchased for cancellation 4,486,473 REIT A units under the NCIB at a cost of approximately \$105.1 million (excluding transaction costs). This more than offset the 4,040,965 REIT A units that were issued as part of the Trust's Distribution Reinvestment Plan ("DRIP").

The fourth quarter of 2015 was another active period from a leasing, financing and dispositions perspective. The Trust continued to post strong results relative to the overall national office market occupancy in this competitive environment, capitalized on the low interest rate environment through our financing activities, and divested non-core assets to fund our unit buyback program.

Overview of Strategic Plan (the "Strategic Plan")

We have reviewed a series of potential strategies that may surface value for the Trust's unitholders. Based on the quality of many of the Trust's assets, the current state of economic uncertainty in Alberta and the private demand for many of the Trust's properties, we have determined that the best course of action is to execute a mandate similar to that of a real estate private equity fund, to attempt to reduce the approximately 50% discount to current net asset value, through the execution of the following initiatives:

- Effective with the February 2016 distribution, payable on March 15, 2016, we have revised our distribution from \$2.24 per unit to \$1.50 per unit, on an annualized basis, which will reflect a more conservative payout ratio of approximately 67% of 2016 analyst consensus AFFO. Concurrently, the Trust suspended the DRIP (currently at 38% participation ratio) to eliminate dilution and to preserve value.
- We have received commitments from a syndicate of Canadian and global financial institutions to provide an \$800 million revolving credit facility to replace the Trust's existing credit facilities totalling \$355 million. This new facility is expected to provide the Trust with operating flexibility through the execution of the Strategic Plan and significantly bolsters liquidity to manage the Trust's business in the current environment.
- The Trust is targeting to sell non-core assets currently valued at approximately \$1.2 billion over the next three years to crystallize the value of the assets, which we anticipate will narrow the significant trading discount, which is approximately 50% to current net asset value,
- The Trust intends to use the proceeds from the dispositions to first pay down debt to reduce leverage and subsequently, if the current discount to net asset value persists, to reduce the number of outstanding units through repurchases under the Trust's NCIB.

We currently intend to continue the Strategic Plan until completion or the value of the Trust's units is significantly closer to the underlying net asset value. With our new \$800 million revolving credit facility in place, together with our relatively low level of leverage (48% net total debt-to-gross book value) and a disposition program intended to fund further debt reductions and potentially units repurchases, we believe that the Trust will have a stronger and more flexible balance sheet.



This Strategic Plan is premised on the classification of our portfolio into three types of assets (core assets, private market assets and value-add assets), with the following strategy for each:

- Identification of irreplaceable assets (the “Core Assets”), currently expected to represent approximately \$2.9 billion or 41% of the total portfolio value, and maintaining these as core holdings for the Trust. The Core Assets are primarily located in downtown Toronto, downtown Montreal, with 700 De la Gauchetière, 5001 Yonge in North York and Station Tower in suburban Vancouver. These assets are 97% leased with a weighted average lease term (“WALT”) of approximately six years and have an aggregate investment property value of \$2.9 billion as at December 31, 2015 with associated mortgages outstanding of approximately \$1.2 billion. This group of assets amounts to approximately \$1.7 billion of net asset value, or approximately \$15.00 per unit, which approximates the Trust’s recent trading prices;
- We have identified good quality assets primarily in the Greater Toronto Area suburbs, Ottawa and Vancouver that management believes are fairly liquid, but not considered to be irreplaceable (the “Private Market Assets”). This classification currently is expected to represent approximately \$2.6 billion or 37% of the total portfolio value, which have a higher degree of liquidity in the private market at a reasonable price. The \$1.2 billion of planned disposition are expected to be from this classification; and
- Active management of the balance of the assets (the “Value-Add Assets”), currently expected to represent approximately \$1.5 billion or 22% of the total portfolio value, largely located in Alberta or considered value-add assets. The Value-Add Assets may require improvements in either occupancy and/or market fundamentals prior to improving their demand profile and liquidity in the private market. The hold period for these assets may extend beyond five years (longer if the market fundamentals improve) although we would expect to see some sales in the shorter term. We believe that the Trust’s assets located in Alberta are of good quality and that the current trading unit price of the Trust implies that a negative net asset value is currently being ascribed to these assets. The Trust will continue to actively stabilize these assets or wait for a change in the market conditions to realize value.

Background

Since our inception in 2003, Dream Office REIT has focused on the opportunities that real estate cycles provide – buying and selling property with the environment and increasing net asset value top of mind – to build an exceptional portfolio of high quality properties in the best Canadian markets, and secured by creditworthy tenants with long-term leases. Between 2003 and 2007, Dream Office REIT was very successful in growing its portfolio and adding considerable value to its business. In that four year period, the Trust’s enterprise value grew from \$0.8 billion to \$3.7 billion. By 2007, the desirability of real estate in Canada had increased, with many national and international investors eager for exposure to the market. Against this backdrop, management of the Trust decided to sell two thirds of its portfolio to capture that gain in real estate values and to return \$1.6 billion to its investors, representing \$47.50 per unit for a portion of their investment.

In the years following the sale, Dream Office REIT once again pursued strategic growth opportunities, taking advantage of opportunities to re-enter the market early after the 2008 financial crisis. It appeared to management that there were very good opportunities to buy real estate at values that did not reflect the overall health of the Canadian economy. Through a series of portfolio and individual property acquisitions, the Trust built an irreplaceable portfolio in downtown Toronto. With the spin-off of its industrial assets into a separate REIT in 2012, Dream Office REIT has become the largest pure-play office REIT in Canada.



Since May 2013, the Canadian REIT sector has experienced an extended correction, first due to speculation of changing interest rates, and more currently, weakness in the commodities market and global macroeconomic uncertainty. We recognized in 2014 that we could be entering a more prolonged challenging leasing environment, and sharpened our focus to strengthening leasing and operations. On the operations side, in anticipation of this challenge, the Trust increased its focus on improving tenant retention and strengthening the look and feel of its portfolio. We undertook proactive initiatives to provide amenities and services in key areas of our portfolio and enhance the overall tenant experience in those buildings. Our forward leasing metrics reflect those efforts.

In 2015, Dream Office REIT's main initiatives were to identify strategies that improved the average quality of the portfolio and to reduce the risk profile of the business. We identified and sold some of our non-core assets which we believed to have either reached or were close to reaching their value potential. Doing so improved the average quality of the portfolio and the Trust determined that the most prudent allocation of proceeds from the dispositions was to repurchase units due to the significant gap between the trading value of the units and the Trust's net asset value per unit. To this end, in 2015, the Trust sold \$154.1 million of assets, and repurchased for cancellation approximately 4.5 million units at a weighted average cost per unit of \$23.43.

On April 2, 2015, Dream Office REIT and Dream Asset Management Corporation jointly announced a reorganization of the management structure of the Trust to better align management with its unitholders, eliminated recurring and transaction related fees under its asset management agreement and removed a significant impediment to an acquisition of control transaction.

Notwithstanding our successes in leasing, operations and restructuring of the business, our unit price performance in 2015 has not matched the value creation within the portfolio. Recent private market transaction pricing and successes with leasing support our view of the quality of the portfolio and the platform. However, we believe that the public markets continue to underappreciate the value of the Trust's assets and business. Our goal for 2016 is to change this perception through execution of the Strategic Plan discussed above.

"Throughout our history, we have adapted our strategy to the market conditions to supplement our returns," said Michael Cooper, Chairman of Dream Office REIT. "In 2007, we were able to sell two-thirds of our portfolio at an equivalent price of \$47.50 which we distributed to all unitholders by reducing the outstanding units by two-thirds. Nonetheless, our unit price still fell to \$7.30 on December 19, 2008. However, our unitholders fared well with the return of most of their capital and then the recovery of our unit price post financial crisis. Today, we present a private equity-like strategy that will create a leaner, more resilient and valuable company for our unitholders. Once the plan is complete, Dream Office REIT will have some of the best assets in Canada, supported by an industry leading balance sheet and ample liquidity for growth."



New \$800 Million Revolving Credit Facility to Improve Financial Flexibility to Execute the Strategic Plan

In February 2016, the Trust received commitments for a new three year, \$800 million revolving credit facility with a syndicate of major Canadian and global financial institutions with an expected closing date on or before March 4, 2016. This facility will replace the existing \$171.5 million revolving facility due March 5, 2016 and \$183.5 million facility due August 15, 2016. The interest rate will be calculated in the form of rolling one-month bankers' acceptances ("BAs") bearing interest at the BA rate plus 170 basis points ("bps") or at the bank's prime rate plus 70 bps. The revolving credit facility is expected to be secured by the properties currently included in the existing \$171.5 million revolving credit facility and \$183.5 million term loan facility and select properties in the current unencumbered asset pool. The Trust has complete discretion on the use of borrowings, which includes but is not limited to: repayment of debt, investment in existing or future properties and/or unit repurchases. The terms of the facility will not limit the Trust's ability to determine or revise its distribution policy in the future. On closing, we expect to have approximately \$200 million drawn on the new line leaving approximately \$600 million available to be drawn, for which the Trust has no immediate requirement. The Trust expects that the net total debt-to-gross book value will remain relatively unchanged on the date of closing the revolving facility. This new facility is expected to provide the Trust with operating flexibility through the execution of the Strategic Plan and provides tremendous liquidity to manage the Trust's business in the current environment.

\$1.2 Billion Disposition Program to Crystallize Value of Private Market Assets

We believe there exists a significant dichotomy between public and private real estate valuations, with many sources of domestic and foreign capital eager for exposure to quality office buildings in Canada. The Trust has completed a review of its assets within the portfolio and has identified the Private Market Assets that we think will realize a fair value for the Trust. The assets identified are geographically diverse, primarily in Ontario, British Columbia and Saskatchewan. We expect there to be strong demand for these assets and that they will attract immediate interest from domestic and foreign real estate buyers. Management and the Board have supported a target of at least \$1.2 billion of dispositions by the end of 2018, intended to generate net proceeds of approximately \$700 million or over \$6.00 per unit. As at February 18, 2016, the Trust has approximately \$300 million under discussions or at varying stages under contract to be sold, which may result in net proceeds of approximately \$170 million. Accordingly, the Trust may reach its disposition target sooner. The Trust has identified approximately \$2.6 billion of Private Market Assets and will have greater flexibility to choose the assets within this segment that can attract better prices in each market. We will actively monitor each of our Private Market Assets and dependent on leasing progress and changes in the local market, they could become Core Assets to the Trust. The three year disposition target represents about one-sixth of the Trust's entire portfolio. We currently intend to continue the Strategic Plan until completion or the value of the Trust's units is significantly closer to the underlying net asset value.

"We think our asset sales target over the next three years is achievable and is a natural extension of the disposition program we were able to execute on in 2015," said Jane Gavan, Chief Executive Officer of Dream Office REIT. "We believe the portfolio is significantly discounted in the public markets and realizing proceeds on these properties will be an obvious path to narrowing the discount between the trading value and net asset value of the Trust. As long as there remains the wide discount, we will continue to sell assets until the discount is narrowed."

In addition to focusing on the execution of the disposition program, the Trust will continue to implement active asset management strategies to drive the long-term value of its Core Assets.



Strengthen Balance Sheet and Interest Savings through Debt Reduction Strategy

The Trust expects to use the proceeds from the disposition program to de-lever our balance sheet, and strengthen our long term liquidity and financial position. In 2016, the Trust expects to pay off \$25 million of 5.95% Series K unsecured debentures maturing on April 26, 2016 and \$10 million of 5.95% Series L unsecured debentures maturing on September 30, 2016. In addition, the Trust expects to exercise its redemption option on the \$50.6 million 5.5% Series H convertible debentures after March 31, 2016. In addition, the Trust has over \$350 million of mortgages maturing in 2016 with a weighted average interest rate of approximately 4.8%. The Trust expects significant interest savings from our refinancing and repayments.

Immediate Suspension of Distribution Reinvestment Plan and Reduction in Distribution from \$2.24 per unit to \$1.50 per unit

The Trust generated \$2.50 per unit of AFFO in the year ended December 31, 2015 and paid a distribution of \$2.24 per unit. The Trust is committed to preserving a strong balance sheet, flexibility in execution of its Strategic Plan and bolstering its liquidity position. In consideration of these objectives, effective with the February 2016 distribution, which is payable on March 15, 2016, the Trust has decided to revise its monthly distribution to \$0.125 per unit or \$1.50 per unit on an annualized basis. At this distribution level, the Trust expects to retain cash going forward, after typical capital expenditures and leasing costs, to fund the capital necessary to improve the marketability of the Value-Add Assets. The lower payout ratio combined with lower leverage is expected to improve the Trust's flexibility and ability to preserve and increase net asset value. In addition, in consideration of the current discount to net asset value of Dream Office REIT, the Trust has also announced the suspension of its distribution reinvestment plan until further notice to eliminate dilution and to preserve value. The Trust's current DRIP participation ratio is approximately 38%, which given the significant trading discount to current net asset value, would materially dilute the value of the units.

"We believe the capital allocation strategy announced today is a disciplined approach in managing our balance sheet and liquidity so that our business will be more attractive to investors today and better positioned to outperform in the future by having more flexibility through retained cash flow." said Rajeev Viswanathan, Chief Financial Officer of Dream Office REIT. *"Our revised distribution was established based on a 67% payout ratio as per 2016 analyst consensus AFFO and at current prices will still offer a very competitive and sustainable yield for our unitholders."*

Key Leasing Highlights

444 7th Avenue SW, Calgary

The Trust has completed a total of 111,400 square feet of leasing at the property bringing in-place and committed occupancy to 95% and a weighted average lease term of 7.6 years, from a previous occupancy level of 61%. The three new leases completed, include a 10.8-year lease for 55,800 square feet commencing in October 2016, in addition to a 10-year lease commencing in December 2016 and a 5-year lease commencing on April 1, 2016, each comprising 27,800 square feet, respectively. This leasing is valuable for three primary reasons. First, it substantially addresses the space formerly occupied by the National Energy Board. Second, the progress stabilizes the net operating income of the property with new tenants, including a top Western Canadian law firm, a leading global information technology firm, and a major professional services organization. Third, it demonstrates the leasing team's ability to execute despite challenging market conditions.



438 University Avenue, Toronto

In 2015, the Trust completed a new 10-year lease comprising 31,700 square feet commencing in October 2018. After entertaining interest from numerous prospective tenants, the Trust is currently in advanced lease negotiations with an A+ credit rating tenant on a 7-year deal for 191,000 square feet. The combination of these two new deals will exceed the 194,000 square feet that is being vacated by Loyalty Management in October 2017, and will increase the in-place and committed occupancy of the building to 99%. These two leases are significant in demonstrating the attractiveness and quality of our downtown Toronto portfolio, and the Trust's ability to proactively manage upcoming vacancies to minimize downtime of the property and improve the long-term value of the asset.

700 De La Gauchetière, Montreal

National Bank Financial recently notified the Trust that it will be executing its right to expand on an additional 66,800 square feet. The 10-year lease on the expansion premises will commence in April 2017. National Bank Financial is currently sub-letting this space from Bell Canada. Upon expiry of the sub-lease, National Bank Financial will directly lease the premises from the Trust maintaining the in-place occupancy of the office component at 98.3%. Including this lease, National Bank Financial will lease approximately 201,000 square feet at 700 De La Gauchetière and reinforce its commitment to the building.

Other Fourth Quarter Notable Leasing Highlights

During the fourth quarter of 2015, the Trust completed approximately 1.1 million square feet of transactions of which 0.8 million square feet were renewals and 0.3 million square feet were new leases.

Toronto - 192,400 square feet of new and renewal transactions

- 4-year, 12,300 sf new deal at 330 Bay Street with Zafin Lab
- 5-year, 11,200 sf new deal at Adelaide Place with Canoe Financial
- 10-year, 37,000 sf renewal and expansion at Adelaide Place of Lindt and Sprungli Inc.
- 10-year, 12,300 sf new lease at 20 Toronto Street with IntelliResponse

Calgary - 139,400 square feet of new and renewal transactions

- 10-year, 21,600 sf new deal at Airport Corporate Centre with De Beers
- 6-year, 9,900 sf renewal at Parke at Fish Creek with RBC Dominion Securities
- 2-year, 3,200 sf renewal at Roslyn Building with Midas Metering Services

Edmonton - 180,000 square feet of new and renewal transactions

- 2-year (with mutual termination option after 1 year), 156,000 sf extension at HSBC Bank Place with the City of Edmonton
- 5-year, 3,000 sf renewal at 2755 Broadmoor with a medical use tenant

GTA West - 138,800 square feet of new and renewal transactions

- 10-year, 112,000 sf renewal at 100 Gough Road with IBM
- 9-year, 39,000 sf renewal and expansion at Airport Road with Yardi Systems



Ottawa – 216,200 square feet of new and renewal transactions

- 1-year, 170,000 sf renewal at 400 Cumberland of the Federal Government
- 5-year, 23,200 sf renewal at 130 Slater Street of ABCE Language School

Vancouver – 55,600 square feet of new and renewal transactions

- 10-year, 45,000 sf renewal and expansion at 887 Great Northern Way of O2E Brands

Southwestern Ontario – 49,750 square feet of new and renewal transactions

- 5-year, 4,400 sf new deal at 1 Riverside, Windsor with Meredith Specialty
- 3-year, 12,200 sf renewal at London City Centre with FCT Default Solutions
- 6-year, 9,000 sf expansion at 55 King Street, Kitchener with Netsuite

Saskatchewan – 51,300 square feet of new and renewal transactions

- 4-year, 41,000 sf renewal at 1914 Hamilton Street with Saskatchewan Power Corp.

Northwest Territories – 24,200 square feet of new and renewal transactions

- 5-year, 23,700 sf renewal at Precambrian Building with Dominion Diamond

Sustained Leasing Momentum in 2016

From January 1, 2016 through to February 18, 2016 the Trust completed an additional 323,700 square feet of new leasing and 194,000 square feet of renewals.

Toronto – 116,000 square feet of new and renewal transactions

- 5-year, 17,100 sf renewal at 250 Dundas of Benson Percival Brown
- 10-year, 13,800 sf new deal at 18 King Street East with Right to Play
- 11-year, 29,300 sf renewal, at the Trust's interest, at Scotia Plaza with Bereskin Parr

GTA West – 65,100 square feet of new and renewal transactions

- 10-year, 18,500 sf new deal at 2645 Skymark Avenue with First Service
- 6-year, 15,000 sf new deal at 2645 Skymark Avenue with Hasbro
- 7-year, 9,100 sf new deal at Airport Road with G&K Services

Southwestern Ontario – 15,100 square feet of new and renewal transactions

- 5-year, 6,200 sf renewal at 55 King Street, Kitchener, with Ricoh Canada Inc.

Edmonton – 18,700 square feet of new and renewal transactions

- 5-year, 5,800 sf new deal at Highfield Place with City University of Seattle
- 5-year, 7,400 sf renewal at Broadmoor Place V & VI with Sears (Franchisee)

British Columbia – 44,300 square feet of new and renewal transactions

- 5-year, 11,800 sf renewal at 2261 Keating Cross Road with the Provincial Government
- 5-year, 9,100 sf renewal at 2261 Keating Cross Road with BC Ambulance



Calgary - 163,000 square feet of new and renewal transactions

- 7-year, 37,900 sf new deal at IBM A 227 - 11th Avenue with Axia Netmedia Corporation
- 6-year, 10,600 sf new deal at Kensington House with BFL Canada Insurance Services
- 2-year, 10,200 sf renewal at 3115 12th Street with Lidar Services
- 5-year, 4,700 sf renewal at Roslyn Building with Map Town Ltd.
- 5 year, 10,700 sf renewal at Northland Building with Reeves College
- 5 year, 7,000 sf renewal at Atrium I with Champions Career Centre

"We are pleased with the amount of leasing we have completed in late 2015 and early 2016, particularly in our Calgary portfolio, where we have made good leasing progress despite challenging market conditions," said Jane Gavan, Chief Executive Officer of the Trust. "With over two thirds of our overall 2016 expiries addressed, we are ahead of where we were in the prior year, reflecting our continued focus on tenant retention and our abilities to attract new ones. We believe that today's announced strategy, combined with our continued operating success in leasing and improving our buildings, will lead to increased value for our unitholders."

OPERATIONAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION			
(unaudited)			As at
(\$000's except number of properties, square footage and percentages)	December 31, 2015	September 30, 2015	December 31, 2014
Total Portfolio			
Number of properties ⁽³⁾	166	169	175
Investment properties value ⁽³⁾	\$ 6,956,189	\$ 7,023,287	\$ 7,191,846
Gross leasable area ("GLA") ⁽⁴⁾	23,030	23,349	24,223
Comparative Portfolio			
Occupancy rate - including committed (period-end) ⁽³⁾	91.3%	91.5%	92.8%
Occupancy rate - in place (period-end) ⁽³⁾	89.8%	89.7%	91.2%
Average in-place and committed net rent per square foot (period-end) ⁽³⁾	\$ 18.94	\$ 18.85	18.68
Market rent / average in-place and committed net rent	2.7%	5.0%	7.7%

Footnotes: please refer to definitions on page 13.

- **In-place and committed occupancy remain strong:** At Q4 2015, our comparative portfolio in-place and committed occupancy was 91.3%, compared to 91.5% in Q3 2015. Compared to the prior year, our comparative portfolio in-place and committed occupancy declined 1.5% from 92.8% to 91.3%. Included in that decline was the vacancy of Winners Merchants International of approximately 196,200 in the Toronto suburban region during the third quarter of 2015. The decline was partially offset by our largest market, Toronto downtown, which experienced a 70 basis points increase and Calgary suburban with a 100 basis points increase in occupancy.
- **Robust leasing activity:** Leasing activity continues to be strong with approximately 0.9 million square feet of transactions completed during the quarter. We have made significant progress heading into 2016 where we have commitments in place for approximately 69% of our 2016 lease maturities, amounting to approximately 2.8 million square feet. Of the 2.8 million square feet committed for 2016 lease maturities, approximately 2.1 million square feet were renewals. For Alberta, comprised of Calgary and Edmonton, we have lease commitments in place for approximately 62% of our 2016 lease maturities, amounting to approximately 0.8 million square feet.



FINANCIAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION (unaudited) (\$'000's except unit and per unit amounts)	For the three months ended			For the year ended	
	December 31, 2015	September 30, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Operating results					
NOI ⁽¹⁾	\$ 108,297	\$ 107,640	\$ 111,037	\$ 436,579	\$ 445,995
Comparative properties NOI ⁽¹⁾⁽²⁾	111,731	110,897	112,565	447,383	449,934
FFO ⁽¹⁾	79,672	78,917	78,149	318,511	312,829
AFFO ⁽¹⁾	70,922	69,741	68,570	281,445	273,060
Distributions					
Declared distributions	\$ 63,335	\$ 63,312	\$ 62,622	\$ 250,656	\$ 242,220
DRIP participation ratio (for the period)	38%	38%	29%	37%	26%
Per unit amounts⁽⁵⁾					
Distribution rate	\$ 0.56	\$ 0.56	\$ 0.56	\$ 2.24	\$ 2.24
Basic:					
FFO ⁽¹⁾	0.70	0.70	0.72	2.83	2.88
AFFO ⁽¹⁾	0.62	0.61	0.63	2.50	2.52
Diluted:					
FFO ⁽¹⁾	0.70	0.69	0.71	2.82	2.87
Payout ratio⁽¹⁾ (%):					
FFO (basic)	80%	80%	78%	79%	78%
AFFO (basic)	90%	92%	89%	90%	89%

Footnotes: please refer to definitions on page 13.

- Comparative properties NOI:** NOI from comparative properties for the quarter was \$111.7 million, compared to \$112.6 million in Q4 2014. For the year ended December 31, 2015, comparative NOI was \$447.4 million, compared to \$449.9 million in the prior year comparative period. We continue to see strength in our Toronto downtown, Calgary suburban, and Eastern Canada regions, offset by declines in Edmonton within Western Canada, Calgary downtown and Toronto suburban.

Compared to Q3 2015, NOI from comparative properties increased \$0.8 million or 0.8% mainly driven by higher in-place occupancy in our largest market Toronto downtown and gains were also seen in our Toronto suburban region. This was offset by lower in-place occupancy mainly in Edmonton within Western Canada and Calgary downtown.

- Basic FFO per unit and AFFO per unit for the quarter and year:** Basic FFO on a per unit basis for the three months and year ended December 31, 2015 was \$0.70 and \$2.83 respectively, compared with \$0.72 in Q4 2014 and \$2.88 for the year ended December 31, 2014. AFFO on a per unit basis for the three months and year ended December 31, 2015 was \$0.62 and \$2.50 respectively, compared with \$0.63 in Q4 2014 and \$2.52 for the year ended December 31, 2014. The decrease in basic FFO per unit and AFFO per unit for the three months and year ended December 31, 2015 was primarily a result of a decline in comparative properties NOI and the disposition of approximately \$154.1 million in non-core assets. Offsetting these declines were interest rate savings upon refinancing of maturing debt and general and administrative expense savings as a result of the elimination of the asset management agreement with Dream Asset Management Corporation (the "Reorganization"), net of the issuance of 4.85 million units to Dream Asset Management Corporation as part of the Reorganization.



- Fair value adjustments to investment properties and goodwill impairment:** For the three months and year ended December 31, 2015, the Trust recognized a \$79.4 million and \$190.0 million fair value loss during these respective periods, mainly driven by changes in capital, market rental rate and leasing assumptions, mainly in Alberta, to reflect the changing economics in that particular market. The fair value losses for the year were offset by an increase in fair value related to properties in the Toronto downtown region due to capitalization rate compression. During the quarter, the Trust recognized a \$51.2 million goodwill impairment charge, mainly attributable to the increase in the weighted average cost of capital of the Trust.

PORTFOLIO ACTIVITY

- Disposition of non-core assets:** During the quarter, the Trust completed the sale of four properties located in Quebec City, totalling approximately 634,100 square feet, for gross proceeds net of adjustments of \$95.1 million.

For the year, the Trust completed the sale of seven properties totalling approximately 904,400 square feet, for gross proceeds net of adjustments of \$154.1 million.

Property	Ownership (%)	Disposed GLA (square feet)	Sales price * (in 000's)	Mortgages discharged / assumed (in 000's)	Date disposed
Capital Centre, Edmonton	25%	16,029	\$ 2,340	\$ -	March 12, 2015
8100 Granville Avenue, Vancouver	100%	95,298	28,759	-	July 15, 2015
2200-2204 Walkley Road, Ottawa	100%	158,898	27,910	(15,279)	August 27, 2015
Quebec City portfolio **	100%	634,132	95,122	(51,354)	October 30, 2015
Total dispositions in 2015		904,357	\$ 154,131	\$ (66,633)	

* Sales price reflects gross proceeds net of adjustments and before transaction costs.

** Includes four properties in Quebec City: 900 Place D'Youville, 580 Rue Grande Allée, 200 Chemin Sainte-Foy and 141 Saint Jean Street.

CAPITAL HIGHLIGHTS

KEY FINANCIAL PERFORMANCE METRICS (unaudited)	As at		
	December 31, 2015	September 30, 2015	December 31, 2014
(\$000's except unit and per unit amounts)			
Financing			
Weighted average face interest rate (period-end)	4.05%	4.11%	4.18%
Interest coverage ratio (times) ⁽¹⁾	2.9	2.9	2.9
Net debt-to-adjusted EBITDFV (years) ⁽¹⁾	7.7	7.8	7.9
Net total debt-to-gross book value ⁽¹⁾	48.3%	48.0%	47.5%
Net secured debt-to-gross book value ⁽¹⁾	41.0%	40.9%	40.4%
Unencumbered assets	\$ 825,000	\$ 768,000	\$ 796,000
Unsecured convertible and non-convertible debentures	534,097	534,038	533,860
Capital (period end)			
Total number of units (REIT A and LP B Units)	113,094,461	113,014,150	108,539,009

Footnotes: please refer to definitions on page 13.

- Stable and conservative capital structure:** We have continued our commitment to maintaining a strong and flexible balance sheet. We ended the year with a stable net total debt-to-gross book value ratio of 48.3%, net debt-to-adjusted EBITDFV of 7.7 years, and interest coverage ratio of 2.9 times. Our weighted average face rate of interest improved to 4.05% compared to 4.11% at September 30, 2015 and 4.18% at December 31, 2014. The Trust's pool of unencumbered assets was approximately \$825 million as at December 31, 2015.



- Interest cost savings:** During the quarter, the Trust renewed or refinanced mortgages totalling \$164.4 million at an average fixed face rate of 2.94% per annum with an average term of 5.6 years. In addition, the Trust discharged mortgages totalling \$162.8 million at an average fixed face rate of 3.77% per annum with an average term of 6.0 years during the quarter. Overall, the renewals and refinancing of mortgages completed during the quarter represented interest savings of approximately 83 basis points per annum over the mortgages repaid. Subsequent to the quarter, the Trust expects to obtain short-term financing of \$40 million (at the Trust's share) from lenders to replace the existing \$63 million mortgage on FIRST Tower in Calgary, AB, maturing April 1, 2016.

The tables below summarize the total mortgages renewed, refinanced and discharged during the three months and year ended December 31, 2015:

Financing activities for the three months ended December 31, 2015	Mortgages renewed or refinanced	Mortgages discharged *
Amount (in 000's)	\$ 164,354	\$ (162,794)
New term / discharged term	5.6 years	6.0 years
Weighted average face interest rate	2.94%	3.77%

* excludes mortgages discharged due to dispositions

Financing activities for the year ended December 31, 2015	Mortgages renewed or refinanced	Mortgages discharged *
Amount (in 000's)	\$ 282,708	\$ (272,213)
New term / discharged term	5.3 years	4.8 years
Weighted average face interest rate	2.95%	3.92%

* excludes mortgages discharged due to dispositions

- REIT A units repurchased for cancellation:** For the three months ended December 31, 2015, the Trust has purchased for cancellation 1,203,373 REIT A units under the NCIB at an average price of \$19.19 per unit and a total cost of approximately \$23.1 million (excluding transaction costs). For the year ended December 31, 2015, the Trust has purchased for cancellation 4,486,473 REIT A units under the NCIB at an average price of \$23.43 per unit and a total cost of approximately \$105.1 million (excluding transaction costs). Subsequent to quarter end, we purchased a further 406,573 REIT A units for cancellation under the NCIB at an average price of \$15.95 per unit and a total cost of approximately \$6.5 million (excluding transaction costs).

CALL AND INVESTOR PRESENTATION

Senior management will host a conference call to discuss the results tomorrow, February 19, 2016 at 8:00 am. (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 8908 694#. To access the conference call via webcast, please go to Dream Office REIT's website at www.dreamofficereit.ca and click on the link for News & Events, then click on Calendar of Events. A taped replay of the conference call and the webcast will be archived for 90 days. A slide presentation of the Trust's Strategic Plan will be made available on our website on the morning of the call.



OTHER INFORMATION

Information appearing in this news release is a select summary of results. The condensed consolidated financial statements and management's discussion and analysis of the Trust are available at www.dreamofficereit.ca and on www.sedar.com.

Dream Office REIT is an unincorporated, open-ended real estate investment trust. Dream Office REIT is focused on owning, acquiring, leasing and managing well-located, high-quality central business district and suburban office properties. Its portfolio currently comprises approximately 23.0 million square feet of gross leasable area in major urban centres across Canada. Dream Office REIT's portfolio is well diversified by geographic location and tenant mix. For more information, please visit our website at www.dreamofficereit.ca.

FOOTNOTES

- (1) AFFO, FFO, comparative properties NOI, NOI, interest coverage ratio, net debt-to-adjusted EBITDFV, net debt-to-gross book value, and net secured debt-to-gross book value 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.
- (2) Comparative properties NOI (non-GAAP measure) includes NOI of same properties owned by the Trust in the current and comparative period and excludes lease termination fees, one-time property adjustments, bad debt expenses, NOI of acquired properties and properties held for redevelopment, straight-line rent and amortization of lease incentives.
- (3) Includes investments in joint ventures and excludes redevelopment properties and assets held for sale as at period end.
- (4) In thousands of square feet and excludes redevelopment properties and assets held for sale.
- (5) 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.

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 Adjusted Funds From Operations ("AFFO"), Funds From Operations ("FFO"), comparative properties Net Operating Income ("NOI"), NOI, interest coverage ratio, net debt-to-adjusted EBITDFV, net total debt-to-gross book value, net secured debt-to-gross book value, and payout ratios 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 Office REIT's Management's Discussion and Analysis for the three months and year ended December 31, 2015.



Forward Looking Information

This press release may contain forward-looking information within the meaning of applicable securities legislation, including statements relating to our Strategic Plan, our disposition targets, the timing of proposed dispositions, the use of proceeds from dispositions, the timing of closing of our revolving credit facility, proposed debt repayments and unit repurchases and anticipating interest savings. 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 Office REIT's control, which 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, general and local economic and business conditions; the financial condition of tenants; our ability to refinance maturing debt; our ability to sell investment properties at prices which reflect fair value; 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 general economy remains 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 Office 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 Office REIT's filings with securities regulators, including its latest annual information form and MD&A. These filings are also available at Dream Office REIT's website at www.dreamofficereit.ca.

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