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DREAM OFFICE REIT REPORTS SECOND QUARTER RESULTS, EXECUTES ON THE STRATEGIC PLAN AND UPDATES VALUES TO REFLECT CONTINUING WEAKNESS IN THE ALBERTA OFFICE MARKET

TORONTO, August 10, 2016, DREAM OFFICE REIT (D.UN-TSX) or (the "Trust" or "we") today announced its financial results for the three and six months ended June 30, 2016 and provided an update to its three-year strategic plan (the "Strategic Plan"). Management will host a conference call to discuss the results on August 11, 2016 at 8:00 a.m. (ET).

In February, we announced that we were looking at Dream Office REIT with a view to maximizing net asset value. We created three segments of our assets: Core, Private Markets, and Value Add. Our Core Assets are performing well. Our Private Market Assets are performing in line with expectations and the pace of our disposition program is ahead of plan. Our Value Add Assets, which are mainly in Alberta, continue to face challenging leasing conditions. Based on our leasing experiences and external market data, we decided to significantly write-down our Alberta assets in the second quarter of 2016 to reflect a slower and more prolonged recovery for the Alberta office market.

Since July of 2014, the oil and gas industry has realized significant financial deterioration. We previously recognized that our assets in Alberta relied on a recovery in market fundamentals in order to improve their leasing profile and/or liquidity in the private markets. However, as at June 30, 2016, economic conditions in Alberta have remained soft and independent industry data and our recent experience indicate that the recovery for demand in office space and rental rates may be delayed. We now expect that the economic uncertainty and weakness in the Alberta office sector may be prolonged. Based on this information, the Trust reassessed all key assumptions used in valuing its Alberta portfolio including market rents, discount rates, terminal capitalization rates, leasing costs and vacancy reserves. As a result, the Trust has recorded a fair value loss of $675.3 million and $748.4 million respectively, for the three and six months ended June 30, 2016.

Until more visibility can be obtained on economic and related office market fundamentals, the Trust anticipates challenges for the Alberta portfolio and will continue to strategically manage those assets to identify, and where possible, mitigate risks to the Trust.

UPDATE ON STRATEGIC PLAN

Core Assets

- **Solid leasing and stable performance from core portfolio:** As at June 30, 2016, the Trust's Core Assets, which comprise approximately 40% of the Trust's net operating income, primarily located in downtown Toronto, in addition to 700 De la Gauchetiere in Montreal, 5001 Yonge St. in North York, and Station Tower in suburban Vancouver, had an in place and committed occupancy of 98% with a weighted average lease term of 5.8 years. To date, the Trust has secured 762,000 square feet of leasing in its Core Portfolio related to 2016 expiries, which represents 95.4% of total lease maturities this year, and achieved rental rates that are 10.4% above the expiring rates. The Trust has also leased over 594,000 square feet in the Core Assets portfolio relating to 2017 lease maturities. To date, 65.0% of 2017 total lease maturities in the Core Assets portfolio have been secured. The Core Assets delivered stable performance in the second quarter of 2016, with comparative properties NOI flat compared to the prior quarter and same quarter prior year. Our Core Assets exposure is expected to continue to increase as a percentage of the Trust's income and GLA as we continue our Private Market disposition program.

- **Completed new Scotia Plaza co-ownership arrangement with KingSett Canadian Real Estate Income Fund LP ("KingSett") and Alberta Investment Management Corporation on behalf of certain of its clients ("AIMCo"):** On June 30, 2016, KingSett and AIMCo acquired a 16.67% ownership interest in Scotia Plaza (including 100 Yonge Street) from the Trust and concurrently acquired the 33.33% interest owned by H&R REIT. The Trust received net proceeds of approximately $114 million, which were used to repay debt and amounts drawn on our credit facilities. The sale of partial interest in Scotia Plaza reduced concentration of the Trust's top tenant by 280,000 square feet or 1.3% of the portfolio as at June 30, 2016. The Trust is pleased to partner with two real estate investors who have a track record of delivering value and we intend to work closely with the partners to continue to improve the value of one of the best office assets in Canada.

Private Market Assets

- **Over $565 million of Private Market assets sold, under contract or in various stages of discussion**: Year-to-date, the Trust has completed dispositions of approximately $437 million or 36% of the previously stated, three-year, $1.2 billion target from the Private Market Assets and have achieved prices which approximated their carrying value. An additional $130 million are currently under contract or in various stages of discussion. Upon completion, these transactions would amount to over $565 million or approximately 47% of the original target. The properties sold during the quarter were in Ottawa, the Greater Toronto and Greater Vancouver suburbs. The Trust believes the Private Market assets that remain in the portfolio are of high quality and intends to continue its disposition program aggressively to crystalize their value.

  "*The Trust is pleased to report that it continues to make solid progress on the execution of the Strategic Plan,*" said Jane Gavan, Chief Executive Officer of Dream Office REIT. *"Our core portfolio has produced solid leasing for the first half of 2016 and continues to demonstrate stability in our downtown Toronto, Vancouver and Montreal markets. We are ahead of progress in our private market disposition program, with over $565 million of assets sold or various stages of discussion, which helps to confirm our thesis for the liquidity and desirability of the portfolio. Our portfolio in Alberta remains a challenge, and we've reflected a material fair value adjustment this quarter based on internal and external market data. Overall, we are on track to make Dream Office REIT a leaner, more resilient and valuable company for our unitholders."*

OPERATIONAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION (unaudited)			As at
($000's except number of properties, square footage, percentages and rental rates)	**June 30, 2016**	March 31, 2016	June 30, 2015
Total Portfolio			
Number of properties[1]	**157**	**160**	174
Investment properties value[1]	**$ 5,603,762**	**$ 6,706,289**	$ 7,162,263
Gross leasable area ("GLA")[1][2]	**21,471**	**22,281**	24,129
Comparative Portfolio			
Occupancy rate – including committed (period-end)[1][3]	**90.1%**	**91.1%**	92.7%
Occupancy rate – in place (period-end)[1][3]	**87.7%**	**89.1%**	90.9%
Average in-place and committed net rent per square foot (period-end)[1][3]	**$ 18.75**	**$ 18.71**	$ 18.44
Market rent / average in-place and committed net rent (%)[1][3]	**(5.9)%**	**0.9%**	6.8%

Footnotes: please refer to definitions on page 6.

- **In-place and committed occupancy:** At Q2 2016, our comparative portfolio in-place occupancy was at 87.7% compared to 89.1% in Q1 2016 and 90.9% in Q2 2015. During the quarter, the B.C./Saskatchewan/N.W.T. region saw modest gains while our other regions experienced negative absorption totalling approximately 289,800 square feet. Of the 289,800 square feet of negative absorption, approximately 170,500 square feet related to a previously identified tenant departure in one of our Calgary properties during the quarter. Excluding the Alberta region, the remainder of our comparative portfolio in-place occupancy as at June 30, 2016 was stable at 90.2% compared to 90.5% in Q1 2016.

  We have made good progress in securing lease commitments in B.C./Saskatchewan/N.W.T and Toronto downtown regions, while Toronto suburban and Eastern Canada experienced modest declines, bringing our overall comparative portfolio in-place and committed occupancy to 90.1% as at June 30, 2016. When compared to Q1 2016 and Q2 2015, our comparative portfolio in-place and committed occupancy declined 1.0% and 2.6% respectively.

- **Leasing activity:** To date, we continue to make progress on securing future lease commitments, with over 3.2 million square feet taking occupancy in 2016, representing approximately 83% of the 2016 maturities. In addition, we secured approximately 1.4 million square feet taking occupancy in 2017, representing approximately 34% of the 2017 maturities.

FINANCIAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION (unaudited)	For the three months ended		
($000's except per unit amounts)	**June 30, 2016**	March 31, 2016	June 30, 2015
Operating results			
Net operating income ("NOI")[4]	**$ 96,785**	$ 100,133	$ 101,697
Comparative properties NOI[4][5]	**$ 100,533**	$ 102,671	$ 103,565
Funds from Operations ("FFO")[4]	**$ 74,150**	$ 78,223	$ 82,473
Distributions			
Declared distributions[6]	**$ 42,722**	$ 49,617	$ 63,368
Per unit amounts[7]			
Distribution rate[6]	**$ 0.38**	$ 0.44	$ 0.56
FFO (basic)[4]	**0.65**	0.69	0.73
FFO (diluted)[4]	**0.65**	0.68	0.72
Net asset value[4]	**$ 23.64**	$ 30.31	$ 33.22

Footnotes: please refer to definitions on page 6.

- **Investment property values:** For the three and six months ended June 30, 2016, the Trust recorded a fair value loss in our total portfolio, excluding investment properties in Alberta, of $84.1 million and $153.6 million, respectively. The fair value losses were for the most part due to changes in market rental rates and leasing cost assumptions and increase in cap rates on select properties in certain regions.

  For the three and six months ended June 30, 2016, the Trust recorded a fair value loss in the Alberta investment properties of $675.3 million and $748.4 million, respectively, as a result of changes made to the assumptions used in valuing the Alberta investment properties.

  The fair value of the Alberta investment properties as at June 30, 2016 represents the Trust's best estimate based on the available information both internally and externally as at the end of the reporting period.

- **Comparative properties NOI:** Comparative properties NOI for the quarter was $100.5 million, compared to $103.6 million in Q2 2015. We continue to see strength in our largest market, Toronto downtown with comparative NOI increasing $0.7 million, or 2.2%, while the rest of our portfolio experienced a decline. For the six months ended June 30, 2016, comparative properties NOI was $203.2 million, compared to $207.5 million for the six months ended June 30, 2015. Toronto downtown saw similar trends with comparative properties NOI increasing $1.8 million, or 2.8%, while B.C./Saskatchewan/N.W.T. remained relatively flat and Alberta, Toronto suburban and Eastern Canada experienced a decline.

  For the three months ended June 30, 2016, NOI from comparative properties on a quarter-over-quarter basis decreased by 2.1%, or $2.1 million, over the prior quarter, with decreases mainly in Alberta and Eastern Canada regions. The overall decrease was mainly due to lower occupancy, with approximately 170,500 square feet of negative absorption related to a previously identified tenant departure in one of our Calgary properties during the quarter.

- **Diluted FFO per unit for the quarter:** Diluted FFO on a per unit basis for the three months ended June 30, 2016 was $0.65, compared with $0.68 in Q1 2016 and $0.72 in Q2 2015. The decrease in diluted FFO per unit for the three months ended June 30, 2016 was predominately as a result of disposition of properties and to a lesser extent due to a decline in occupancy. Offsetting this decline was interest savings on debt discharged associated with disposed properties and interest rate savings upon refinancing of maturing debt and general and administrative expense.

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PORTFOLIO ACTIVITY

- **Disposition of assets in conjunction with the Strategic Plan:** During the quarter, the Trust completed the sale of seven properties in our Private Market Assets and a portion of our interest in the Scotia Plaza Complex, included in our Core Assets, totalling approximately 1.2 million square feet, for gross proceeds net of adjustments totalling $471.0 million. The net proceeds from the dispositions were used primarily to repay debt and amounts drawn on our credit facilities.

  Subsequent to quarter end, the Trust further completed the sale of six properties located in Markham, suburban Ottawa and Gatineau, totalling approximately 0.5 million square feet, for gross proceeds net of adjustments of $106.1 million.

  "We are pleased to see that our Private Market disposition program is achieving higher than expected liquidity at a fair price," said Rajeev Viswanathan, Chief Financial Officer of Dream Office REIT. *"The proceeds from our disposition program and sale of our 16.67% interest in Scotia Plaza will mainly be used to improve our balance sheet. We expect the liquidity in conjunction with our credit facility will provide the Trust with ample financial flexibility to support the long term capital needs of the business."*

Property	Ownership (%)	Disposed share of GLA (square feet)	Sales price * (in 000's)	Mortgages discharged/ assumed by purchaser	Date disposed
2450 Girouard St W & 455 Saint Joseph Ave (Intact Tower) , Saint-Hyacinthe	100%	231,500	$ 35,034	$ (15,123)	February 26, 2016
8550 Newman Blvd., Montréal	100%	66,397	6,589	(5,704)	March 1, 2016
1305 Chemin Sainte-Foy, Québec City	100%	37,266	3,058	(2,441)	March 1, 2016
1 Riverside Drive, Windsor	100%	235,915	36,820	—	March 10, 2016
Total dispositions in Q1 2016		**571,078**	**$ 81,501**	**$ (23,268)**	
2010 Winston Park Drive, Oakville	40%	31,655	$ 7,664	$ (4,550)	April 1, 2016
4259-4299 Canada Way, Burnaby	100%	119,570	27,572	(14,631)	April 27, 2016
960 Quayside Drive, New Westminster	100%	61,849	19,800	(8,571)	April 29, 2016
625 Cochrane Drive and Valleywood Corporate Centre, Markham	100%	317,566	75,429	(31,861)	May 2, 2016
30 Eglinton Ave West, Mississauga	100%	165,012	46,501	(15,598)	May 18, 2016
887 Great Northern Way, Vancouver	100%	164,364	72,829	(39,276)	June 10, 2016
Scotia Plaza and 100 Yonge Street, Toronto	17%	371,075	221,235	(104,474)	June 30, 2016
Total dispositions in Q2 2016		**1,231,091**	**$ 471,030**	**$ (218,961)**	
100 Gough Road, Markham	100%	111,840	$ 33,000	$ (5,793)	July 25, 2016
Suburban Ottawa & Gatineau Portfolio **	100%	392,017	66,893	(23,208)	July 29, 2016
Seven Capella Court, Ottawa	100%	31,693	6,242	(2,420)	August 2, 2016
Total dispositions subsequent to quarter-end		**535,550**	**$ 106,135**	**$ (31,421)**	
Total dispositions year-to-date		**2,337,719**	**$ 658,666**	**$ (273,650)**	

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

** Includes four properties in suburban Ottawa and Gatineau: 2625 Queensview Drive, Gateway Business Park, 1125 Innovation Drive and 22 Varennes Street.

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CAPITAL HIGHLIGHTS

KEY FINANCIAL PERFORMANCE METRICS (unaudited)			As at
($000's except percentages and unit amounts)	**June 30, 2016**	March 31, 2016	June 30, 2015
Financing			
Weighted average face interest rate (period-end)	**3.97%**	3.96%	4.13%
Interest coverage ratio (times)(1)	**2.9**	2.9	2.9
Net debt-to-adjusted EBITDFV (years)(1)(4)	**7.4**	7.8	7.7
Net debt-to-gross book value(1)(4)	**51.3%**	48.6%	47.9%
Net secured debt-to-gross book value(1)(4)	**43.5%**	41.8%	40.9%
Unencumbered assets	**$ 281,000**	$ 387,000	$ 820,000
Capital (period end)			
Total number of units (REIT A and LP B Units)	**113,958,001**	113,877,197	113,018,713

Footnotes: please refer to definitions on page 6.

- **Conservative capital structure with significant liquidity:** We ended the quarter with net debt-to-gross book value ratio of 51.3%, net debt-to-adjusted EBITDFV of 7.4 years, and interest coverage ratio of 2.9 times. Our weighted average face rate of interest remained stable at 3.97% compared to 3.96% at March 31, 2016 and 4.13% at June 30, 2015. Our available liquidity as at June 30, 2016 include $90.7 million of cash and cash equivalents on hand, undrawn demand revolving credit facilities of $544.4 million.

- **Reduction in debt:** During the quarter, the Trust discharged maturing mortgages and mortgages associated with disposed properties totalling approximately $343.7 million with an average face rate of 3.91% per annum and an average term of 6.3 years. On April 26, 2016 the Trust repaid Series K Debentures with an aggregate principal amount of $25.0 million at a face rate of 5.95%. In addition, the Trust renewed or refinanced mortgages totalling $66.7 million at an average face rate of 2.82% per annum with an average term of 2.9 years. Subsequent to the quarter, the Trust discharged mortgages as a result of dispositions totalling approximately $31.4 million, with an average fixed face rate of 4.95% per annum and an average term of 9.6 years.

CALL

Management will host a conference call to discuss the results tomorrow, August 11, 2016 at 8:00 a.m. (ET). To access the conference call, please dial 1-888-465-5079 in Canada and the United States or 416-416-4169 elsewhere and use passcode 9835 735#. 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.

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 20.9 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.

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FOOTNOTES

(1) Includes investment in joint ventures and excludes redevelopment properties and assets held for sale at period-end.
(2) In thousands of square feet.
(3) Comparative periods excludes properties sold and properties held for sale in Q2 2016.
(4) NOI, comparative properties NOI, FFO, net asset value per unit, 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. FFO (non-GAAP measure) for the comparative period excludes the one-time cost on Reorganization of $128,132 recorded in Q2 2015. Please refer to the cautionary statements under the heading "Non-GAAP Measures" in this press release.
(5) 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 and certain one-time adjustments, property held for redevelopment, straight-line rent and amortization of lease incentives.
(6) Effective with the February 2016 distribution, the Trust revised its monthly distribution to $0.125 per unit or $1.50 per unit on an annualized basis.
(7) 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, FFO, net asset value, comparative properties Net Operating Income ("NOI"), NOI, interest coverage ratio, net debt-to-adjusted EBITDFV, net debt-to-gross book value, and net secured debt-to-gross book value 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 and six months ended June 30, 2016.

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 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; 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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