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DREAM OFFICE REIT REPORTS 2016 YEAR-END RESULTS AND PROVIDES PROGRESS UPDATE ON DISPOSITION PROGRAM AND STRATEGIC PLAN

TORONTO, FEBRUARY 23, 2017, DREAM OFFICE REAL ESTATE INVESTMENT TRUST (D.UN-TSX) or ("Dream Office REIT", the "Trust" or "we") today announced its financial results for the three months and year ended December 31, 2016 and provided an update on strategic initiatives for 2017 (the "Strategic Plan"). Management will host a conference call to discuss the results on February 24, 2017 at 8:00 a.m. (ET).

HIGHLIGHTS FOR THE QUARTER AND YEAR

- **Diluted FFO per unit(1) for the quarter and year:** Diluted FFO on a per unit basis for the three months and year ended December 31, 2016 was $0.59 and $2.54, respectively.
- **Update on Core Assets(2) (as later defined):** As at December 31, 2016, Core Assets in-place occupancy was 94% with a weighted average lease term ("WALT") of approximately 5.5 years. To date, we continue to make progress on securing future lease commitments, with approximately 1.1 million square feet taking occupancy in 2017, representing approximately 65% of the 2017 lease maturities.
- **Disposition of assets in conjunction with the Strategic Plan:** To date, the Trust completed the sale of properties mainly in our Private Market Assets (as later defined) and Value-Add Assets (as later defined) totalling approximately $0.6 billion and $0.3 billion, respectively, along with a portion of our interest in Scotia Plaza and 100 Yonge Street, included in our Core Assets totalling approximately $0.2 billion. In aggregate, these dispositions total approximately 5.2 million square feet, for gross proceeds (net of adjustments) totalling approximately $1.1 billion. As at February 23, 2017, the Trust has an additional $0.4 billion under contract or in various stages of negotiation.
- **REIT A units repurchased for cancellation:** For the three months ended December 31, 2016, the Trust purchased for cancellation 3.9 million REIT A Units under the normal course issuer bid ("NCIB") at a cost of approximately $73.7 million, or $18.78 per unit. For the year ended December 31, 2016, the Trust has purchased for cancellation 4.3 million REIT A Units under the NCIB at a cost of approximately $80.2 million, or $18.51 per unit.
- **Reducing debt and capitalizing on low interest rates:** For the three months and year ended December 31, 2016, the Trust discharged maturing mortgages and mortgages associated with disposed properties totalling approximately $99.6 million and $646.9 million, respectively. In addition, the Trust renewed or refinanced mortgages during 2016 at lower interest rates relative to the mortgages discharged. Subsequent to year end, the Trust repaid the Series B Debentures with an aggregate principal amount of $125.0 million on January 9, 2017.
- **Substantial liquidity:** Available liquidity of approximately $623 million at year-end is comprised of undrawn demand revolving credit facilities totalling $613.5 million and $9.2 million of cash and cash equivalents on hand.

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UPDATE ON STRATEGIC PLAN FOR 2017

On February 18, 2016, the Trust introduced the Strategic Plan to reduce the discount between our unit price and our net asset value ("NAV")(1). The Trust is pleased to report that it has made solid progress on the execution of the Strategic Plan and provides an update for 2017.

- **Disposition of assets in conjunction with the Strategic Plan:** During the quarter, the Trust completed the sale of eight properties in our Private Market and Value-Add Assets located in Kitchener and Vancouver areas totalling approximately 1.1 million square feet, for gross proceeds (net of adjustments) totalling approximately $171.3 million. For the year, the Trust completed the sale of properties mainly in our Private Market Assets and a portion of our interest in Scotia Plaza and 100 Yonge Street, included in our Core Assets, totalling approximately 3.6 million square feet, for gross proceeds (net of adjustments) totalling approximately $870.2 million.

  Subsequent to year-end, the Trust completed the sale of properties in our Private Market Assets and Value-Add Assets located in Calgary and Toronto totalling approximately 1.6 million square feet, for gross proceeds (net of adjustments) totalling approximately $228.3 million. With the dispositions in Calgary, we have significantly reduced our exposure in the Alberta region from approximately 5.9 million square feet, or 30% of total gross leasable area ("GLA") in our portfolio as at December 31, 2016 to approximately 4.3 million square feet, or 24% of total GLA as at February 23, 2017.

	For the three months ended December 31, 2016			For the year ended December 31, 2016		
Classification	**Disposed share of GLA (000's of sq. ft.)**		**Sales price * (in $000's)**	**Disposed share of GLA (000's of sq. ft.)**		**Sales price * (in $000's)**
Core Assets	-	$	-	371	$	221,235
Private Market Assets	91		54,000	2,216		531,646
Value-Add Assets	976		117,273	976		117,273
Total dispositions for the period ended December 31, 2016	**1,067**	**$**	**171,273**	**3,563**	**$**	**870,154**
Private Market Assets				318		56,650
Value-Add Assets				1,301		171,680
Total dispositions to February 23, 2017				**1,619**		**228,330**
Total dispositions from January 1, 2016 to February 23, 2017				**5,182**	**$**	**1,098,484**

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

At the time of the Strategic Plan announcement in February 2016, our portfolio of assets was classified into three segments (Core Assets, Private Market Assets, and Value-Add Assets). Over the course of 2016, as the Trust executed on its Strategic Plan, we found there was increasing liquidity for properties in Alberta, which comprised the majority of the Value-Add Assets. With the recent disposition of 1.6 million square feet of properties in Alberta, the Trust has revisited the assets within its segments, with the composition and strategy for each segment as follows:

Core Assets(2)

The Trust identified its core holdings (the "Core Assets"), which currently represent 66% of the total carrying value (excluding assets held for sale), as at December 31, 2016. The Core Assets include our long-term holdings located in downtown Toronto, downtown Calgary, 700 De La Gauchetiere St. W. in downtown Montreal, Station Tower in suburban Vancouver, 5001 Yonge St. in North York, 50 & 90 Burnhamthorpe Rd. W. (Sussex Centre) in Mississauga, and 150 Metcalfe St. in Ottawa. As at December 31, 2016, these assets were 94% leased with a WALT of approximately 5.5 years and have an aggregate investment property value of approximately $3.3 billion with associated mortgages outstanding of approximately $1.3 billion. The NAV of our Core Assets was approximately $2.0 billion or $17.68 per unit.

The Trust continues to drive value from our Core Assets by making prudent asset management decisions in order to meet tenant and unitholders objectives over the long-term. Included in the Core Assets are six properties in downtown Calgary totalling approximately $290 million of carrying value and approximately $211 million of NAV. We believe those downtown Calgary assets are of higher quality and more resilient to the prolonged weakness in the Alberta economy relative to the remainder of the Alberta assets included in our Private Market and Value-Add strategies.

Private Market Assets(2)

The Trust identified good quality assets, primarily in Saskatchewan, Greater Toronto Area, Eastern Canada and Alberta as assets that the Trust believes are fairly liquid, but not strategic to the longer term objectives of the Trust (the "Private Market Assets"). As at December 31, 2016, the Private Market Assets represented approximately $1.1 billion of the total portfolio carrying value (excluding assets held for sale), with approximately $0.4 billion of associated mortgages. The NAV of our Private Market Assets was $0.7 billion or $6.48 per unit.

The Trust continues to believe that the best course of action is to execute a mandate similar to that of a real estate private equity fund, and continue to sell and crystalize the value of the Private Market Assets in 2017 and beyond.

Value-Add Assets(2)

The Trust identified the balance of the assets (the "Value-Add Assets"), primarily in Alberta and Yellowknife, as requiring active asset management or the passage of time prior to improving their demand profile and/or liquidity in the Private Market. As at December 31, 2016, the Value-Add Assets represented approximately $0.5 billion of the total portfolio carrying value (excluding assets held for sale), with approximately $0.3 billion of associated mortgages. The NAV of our Value-Add Assets was $0.2 billion or $1.54 per unit.

The hold period for these assets is difficult to determine at this juncture, although the Trust remains opportunistic in improving the value or achieving liquidity when and where possible.

The Trust intends to advance the Strategic Plan until the Core Assets represent substantially all of the Trust's portfolio, with the goal of stabilizing the business by 2019. The proceeds from dispositions will be targeted to making the balance sheet stronger, investing in our buildings and opportunistically repurchasing our units, until such time as we see more attractive investment opportunities in the marketplace to redeploy the capital.

We believe the Trust will have ample liquidity and balance sheet flexibility to execute on the Strategic Plan.

"The investment market has remained active and we are having success selling some of our riskiest assets," said Jane Gavan, Chief Executive Officer of Dream Office REIT. *"As we continue to sell assets that are not core to our strategy, we will improve the quality of our remaining business and predictability of the cash flows."*

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OPERATIONAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION (unaudited)			As at
($000's except number of properties, square footage, percentages and rental rates)	**December 31, 2016**	September 30, 2016	December 31, 2015
Total Portfolio[3]			
Number of properties	**121**	148	166
GLA[4]	**17,233**	20,787	23,030
Investment properties value	**$ 4,895,355**	$ 5,426,359	$ 6,956,189
Comparative Portfolio[5]			
Occupancy rate – including committed (period-end)	**89.7%**	89.6%	91.6%
Occupancy rate – in-place (period-end)	**87.9%**	87.4%	90.0%
Average in-place and committed net rent per square foot (period-end)	**$ 19.21**	$ 19.32	$ 19.12
Market rent / average in-place and committed net rent (%)	**(2.8%)**	(3.4%)	4.6%

Footnotes: please refer to definitions on page 7.

- **In-place occupancy:** As at December 31, 2016, our comparative portfolio in-place occupancy improved to 87.9%, compared to 87.4% in the prior quarter. On a quarter-over-quarter basis, we saw modest increases to in-place occupancy in all regions except for B.C./Saskatchewan/N.W.T. When compared to Q4 2015, our comparative portfolio in-place occupancy decreased by 2.1% from 90.0% to 87.9%. The decrease year-over-year was experienced in all regions except for Toronto Suburban where it increased 1.3%.

  Our overall comparative portfolio in-place and committed occupancy was 89.7% as at December 31, 2016, relatively flat when compared to Q3 2016 and down from 91.6% in Q4 2015.

- **Leasing activity:** To date, we have secured 1.9 million square feet bringing the percentage to 57% of 2017 lease maturities. Factoring in a committed lease at 438 University Ave. in downtown Toronto that does not take occupancy until the end of 2018, the percentage improves to 63%.

FINANCIAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION (unaudited)	For the three months ended			Year ended	
($000's except per unit amounts)	**December 31, 2016**	September 30, 2016	December 31, 2015	**December 31, 2016**	December 31, 2015
Operating results					
Net income (loss)	**$ (100,671)**	$ 28,580	$ (54,137)	**$ (879,705)**	$ (55,039)
Net operating income ("NOI")[1]	**77,255**	78,008	81,147	**316,761**	327,332
Comparative properties NOI[1]	**81,355**	82,137	84,581	**331,273**	338,136
Funds from Operations ("FFO")[1]	**67,155**	71,359	79,672	**290,887**	318,511
Distributions					
Total distributions[6]	**$ 42,235**	$ 42,739	$ 64,265	**$ 177,633**	$ 254,303
Per unit amounts[7]					
Distribution rate[6]	**$ 0.38**	$ 0.38	$ 0.56	**$ 1.56**	$ 2.24
FFO (basic)[1]	**0.59**	0.62	0.70	**2.55**	2.83
FFO (diluted)[1]	**0.59**	0.62	0.70	**2.54**	2.82
NAV[1]	**22.48**	23.46	31.59	**22.48**	31.59

Footnotes: please refer to definitions on page 7.

- **NAV per unit(1):** Our NAV per unit is comprised of the Core, Private Market and Value-Add net assets totalling $25.70, offset by corporate net liabilities totalling $3.22 resulting in overall NAV per unit of $22.48 as at December 31, 2016. When compared to Q3 2016, NAV per unit was down $0.98 from $23.46 as at September 30, 2016 and down $9.11 from $31.59 as at December 31, 2015. The decrease during the quarter and for the year ended December 31, 2016 was mainly driven by fair value adjustments to our investment properties totaling $136.1 million and $1.1 billion, respectively.

- **Comparative properties NOI(1):** For the three months ended December 31, 2016, NOI from comparative properties on a quarter-over-quarter basis decreased by $0.8 million, or 1.0%, from $82.1 million to $81.4 million, mainly driven by lower weighted average occupancy in the B.C./Saskatchewan/N.W.T. and Alberta regions, partially offset by higher weighted average occupancy in the Toronto Suburban region.

  For the three months ended December 31, 2016, NOI from comparative properties on a year-over-year basis decreased by $3.2 million, or 3.8%, from $84.6 million to $81.4 million. We saw strength in the Toronto Downtown and Toronto Suburban regions with comparative properties NOI increasing $0.2 million or 0.6% and $0.4 million or 3.3%, respectively, while the rest of our portfolio experienced a decline, mainly driven by the Alberta region with comparative NOI decreasing $2.9 million, or 17.4%, primarily due to lower occupancy. For the year ended December 31, 2016, NOI from comparative properties on a year-over-year basis decreased by $6.9 million, or 2.0%, from $338.1 million to $331.3 million. Toronto Downtown saw similar trends with comparative properties NOI increasing $2.9 million, or 2.3% relative to the prior year, while the rest of our portfolio experienced a decline due to lower occupancy.

- **Diluted FFO per unit(1) for the quarter and year:** Diluted FFO on a per unit basis for the three months ended December 31, 2016 was $0.59, compared to $0.62 in Q3 2016. The decrease in diluted FFO per unit on a quarter-over-quarter basis was primarily as a result of property dispositions, decrease in comparative properties NOI, incremental change in straight-line rent adjustment and charge on cost reduction program as discussed below. Offsetting this decline was interest savings on discharged debt associated with disposed properties and interest rate savings upon refinancing of maturing debt and incremental change in lease termination and other.

  Diluted FFO on a per unit basis for the three months and year ended December 31, 2016 was $0.59 and $2.54 respectively, compared to $0.70 and $2.82 for the three months and year ended December 31, 2015, respectively. The decrease in diluted FFO per unit on a quarter-over-quarter and year-over-year basis was due to the same reasons noted above.

- **Net loss for the quarter and year:** For the three months and year ended December 31, 2016, the Trust incurred a net loss of $100.7 million and $879.7 million, respectively, mainly driven by fair value adjustments to investment properties. For the three months and year ended December 31, 2016, the Trust recorded a fair value loss (including assets classified as held for sale and sold properties) of $136.1 million and $1.1 billion, respectively, mainly as a result of dispositions for the year and bids received on certain properties, changes in market rental rates and leasing cost assumptions, and an increase in cap rates on select properties in certain regions. In particular, the Alberta region (including assets classified as held for sale) had a significant decline in the current year with fair value losses of $51.0 million and $845.7 million for the three months and year ended December 31, 2016, respectively, mainly as a result of bids received on certain properties and the changes made to the critical and key assumptions used in the discounted cash flow model in Q2 2016.

- **Implementation of cost reduction program:** Since the announcement of our Strategic Plan in February 2016, we have made significant progress in executing our disposition program. During the quarter, to ensure that the costs of the operating platform continue to be efficient for the size of the portfolio, the Trust and Dream Asset Management Corporation jointly implemented a cost reduction program to simplify the Trust's operating and shared service platform. As a result of implementing this program, the Trust incurred a charge related to the cost reduction program of $3.9 million in Q4 2016 ($0.03 per diluted unit) in the fourth quarter. The Trust expects there to be annual savings coming from recoverable operating expenses that will directly benefit existing tenants. Further, the Trust expects to achieve annual savings to FFO of up to $4.0 million commencing in 2017 as a result of this program.

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CAPITAL HIGHLIGHTS

"We have maintained a strong balance sheet, with a higher quality portfolio relative to a year ago, along with ample liquidity and good visibility into our asset disposition pipeline," said Rajeev Viswanathan, Chief Financial Officer of Dream Office REIT. "Our balance sheet provides us the ability to prudently allocate capital and drive long-term value for unitholders."

KEY FINANCIAL PERFORMANCE METRICS (unaudited)			As at
($000's except percentages and unit amounts)	**December 31, 2016**	September 30, 2016	December 31, 2015
Financing			
Weighted average face interest rate (period-end)[8]	**3.84%**	3.89%	4.05%
Interest coverage ratio (times)[1]	**3.0**	3.0	2.9
Net debt-to-adjusted EBITDFV (years)[1]	**7.7**	7.3	7.7
Net debt-to-gross book value[1]	**52.3%**	50.4%	48.3%
Net secured debt-to-gross book value[1]	**44.2%**	42.6%	41.0%
Unencumbered assets[9]	**$ 244,000**	$ 285,000	$ 825,000
Capital (period-end)			
Total number of REIT A Units	**104,806,724**	108,731,345	107,860,638
Total number of LP B Units	**5,233,823**	5,233,823	5,233,823

Footnotes: please refer to definitions on page 7.

- **Conservative capital structure with significant liquidity:** We ended the year with net total debt-to-gross book value ratio of 52.3%, net debt-to-adjusted EBITDFV of 7.7 years, and interest coverage ratio of 3.0 times. Our weighted average face rate of interest improved to 3.84% when compared to 3.89% at September 30, 2016 and 4.05% at December 31, 2015. Our available liquidity of $622.7 million comprise of undrawn demand revolving credit facilities totalling $613.5 million and $9.2 million of cash and cash equivalents on hand.

- **Reducing debt and capitalizing on low interest rates:** For the three months and year ended December 31, 2016, the Trust has renewed or refinanced mortgages at lower amounts and lower interest rates relative to the mortgages that matured or discharged as a result of property dispositions.

Financing activities	**Three months ended December 31, 2016**		**Year ended December 31, 2016**	
(unaudited) ($000's except percentages)	**Mortgages renewed or refinanced**	**Mortgages discharged**	**Mortgages renewed or refinanced**	**Mortgages discharged**
Amount	$ 74,000	$ (99,589)	$ 231,434	$ (646,859)
New term (years)	10.0	n/a	7.2	n/a
Weighted average face interest rate[8]	3.09%	3.93%	2.99%	4.28%

Footnotes: please refer to definitions on page 7.

CALL

Management will host a conference call to discuss the results tomorrow, February 24, 2017 at 8:00 a.m. (ET). To access the conference call, please dial 1-888-465-5079 in Canada and the United States or 416-216-4169 elsewhere and use passcode 8248 914#. 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.

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OTHER INFORMATION

Information appearing in this news release is a select summary of results. The consolidated financial statements and Management's Discussion and Analysis ("MD&A") 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 17.2 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) Diluted FFO per unit, FFO per unit, FFO, NAV, NAV per unit, NOI, comparative properties NOI, interest coverage ratio, net debt-to-adjusted EBITDFV, net total debt-to-gross book value, and net secured debt-to-gross book value are non-GAAP measures used by Management in evaluating operating and financial performance. Please refer to the cautionary statements under the heading "Non-GAAP Measures" in this press release.
(2) The ongoing execution of the Strategic Plan is premised on the classification of our portfolio into three segments, namely Core Assets, Private Market Assets and Value-Add Assets. The stated value of the related investment properties and associated mortgages are non-GAAP measures used by Management in evaluating the intrinsic value of the assets as it relates to the execution of the Strategic Plan. Please refer to the cautionary statements under the heading "Non-GAAP Measures" in this press release.
(3) Total portfolio includes investment in joint ventures and excludes properties held for sale and a redevelopment property at the end of each period.
(4) In thousands of square feet.
(5) Comparative portfolio includes investment in joint ventures and excludes properties sold, properties held for sale and a redevelopment property at the end of Q4 2016.
(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.
(8) Weighted average face interest rate is calculated as the weighted average face rate of all interest bearing debt on balance, including investment in joint ventures that are equity accounted.
(9) Unencumbered assets (non-GAAP measure) includes unencumbered investment properties related to wholly owned and co-owned properties and investment in joint ventures that are equity accounted. Management believes this non-GAAP measurement is an important measure of our unencumbered pool of assets available for liquidity purposes.

Non-GAAP Measures

The Trust's 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, diluted FFO per unit, FFO per unit, FFO, NAV, NAV per unit, NOI, comparative properties NOI, interest coverage ratio, net debt-to-adjusted EBITDFV, net total debt-to-gross book value, net secured debt-to-gross book value, the stated values of investment properties included in our Strategic Plan segments and associated mortgages, 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 income trusts. 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 MD&A for the three months and year ended December 31, 2016.

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Forward looking information

This press release may contain forward-looking information within the meaning of applicable securities legislation, including statements regarding the future composition of our portfolio and the anticipated costs and savings from our cost reduction program. 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 fluctuations. 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 except as required by law. 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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