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DREAM OFFICE REIT REPORTS FIRST QUARTER RESULTS AND PROVIDES PROGRESS UPDATE ON STRATEGIC PLAN

TORONTO, MAY 4, 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 ended March 31, 2017 and provided an update on strategic initiatives for 2017 (the "Strategic Plan").

HIGHLIGHTS FOR THE QUARTER

- **Diluted FFO per unit[1] for the quarter:** Diluted FFO on a per unit basis for the three months ended March 31, 2017 was $0.59 (December 31, 2016 - $0.59; March 31, 2016 - $0.68). Included in diluted FFO was a one-time lease cancellation fee of $4.6 million, or $0.04 per unit.

- **Update on Core Assets[2]:** As at March 31, 2017, Core Assets' in-place occupancy was 92.6% and in-place and committed occupancy was 95.5%, 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 1.2 million square feet taking occupancy in 2017, representing approximately 73% of 2017 lease maturities. For next year, we have secured approximately 0.7 million square feet, representing approximately 52% of the 2018 lease maturities.

- **Update on dispositions:** In 2017, the Trust has completed the sale of properties totalling approximately 3.5 million square feet, for gross proceeds (net of adjustments) totalling approximately $446.3 million. Since the announcement of our Strategic Plan, the Trust has completed the sale of approximately 7.0 million square feet totalling approximately $1.3 billion, of which approximately $221 million related to a 16.7% interest in Scotia Plaza and 100 Yonge Street. In addition to the properties disposed of thus far, the Trust has over $224 million in firm dispositions and an additional $256 million under contract or in various stages of negotiation.

- **Reducing our exposure in Alberta and Toronto suburban:** During the quarter, the Trust completed the sale of 19 properties located in Calgary and Edmonton totalling approximately 2.5 million square feet. Subsequent to quarter end, the Trust disposed of a further four properties located in Calgary, totalling approximately 0.4 million square feet, together with West Metro located in the Highway 427 corridor in Etobicoke, all of which were classified as held for sale as at March 31, 2017 and included in Private Market Assets.

  As a result of the completed and firm dispositions, the Trust's Core Assets now represent approximately 67% of comparative properties net operating income.

- **REIT A units repurchased for cancellation:** For the three months ended March 31, 2017, the Trust purchased for cancellation approximately 1.6 million REIT A Units under the normal course issuer bid ("NCIB") at a cost of approximately $30.2 million, or $18.99 per unit. Subsequent to quarter-end, the Trust purchased an additional 2.5 million REIT A Units under the NCIB for cancellation for a cost of $48.9 million or $19.74 per unit.

- **Amended $800 million credit facility:** On April 18, 2017, the $800 million demand revolving credit facility was amended and reduced to $500 million, with a one year extension to March 1, 2020. The reduction is a result of dispositions of assets secured by the facility. The Trust continues to maintain ample liquidity of approximately $500 million to execute on its Strategic Plan.

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UPDATE ON STRATEGIC PLAN FOR Q1 2017

- **Disposition of assets in conjunction with the Strategic Plan:** During the quarter, the Trust completed the sale of 22 properties in our Private Market and Value-Add Assets located in Calgary, Edmonton, Waterloo and Toronto totalling approximately 2.7 million square feet, for gross proceeds (net of adjustments) totalling approximately $324.0 million.

  Subsequent to quarter-end, the Trust completed the sale of additional properties in our Private Market Assets located in Calgary, Etobicoke and Fredericton, totalling approximately 0.8 million square feet, for gross proceeds (net of adjustments) totalling approximately $122.4 million.

"We are making excellent progress in transforming the Trust, reducing risk and increasing the proportion of our business to Core Assets," said Jane Gavan, Chief Executive Officer.

Strategic Plan Classification	Disposed share of gross leasable area ("GLA") (in 000's of sq. ft.)	Sales price * (in $000's)
Core Assets	371	$ 221,235
Private Market Assets	2,216	531,646
Value-Add Assets	976	117,273
Total dispositions for the year ended December 31, 2016	**3,563**	**870,154**
Private Market Assets	890	109,274
Value-Add Assets	1,780	214,685
Total dispositions for the period ended March 31, 2017	**2,670**	**323,959**
Private Market Assets	815	122,356
Total dispositions from April 1, 2017 to May 4, 2017	**815**	**122,356**
Total dispositions from January 1, 2016 to May 4, 2017	**7,048**	**$ 1,316,469**

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

As part of our Strategic Plan, we classified our portfolio into Core, Private Market, and Value-Add Assets.

Strategic Plan Classification[4]	Investment properties (in $ millions)	Mortgages (in $ millions)	Net asset value ("NAV")[1] (in $ millions)	NAV per unit[1]	GLA (in millions of sq. ft.)	Occupancy - in-place (%)	WALT (years)
Core Assets[2]	$ 3,275	$ (1,301)	$ 1,974	$ 18.19	8.0	92.6	5.5
Private Market Assets[2]	791	(344)	447	4.12	4.7	81.2	4.5
Value-Add Assets[2]	472	(252)	220	2.02	2.7	76.9	3.1
Total before other items	**$ 4,538**	**$ (1,897)**	**$ 2,641**	**$ 24.33**	**15.4**	**86.5**	**4.9**
Other items				(2.18)			
Total				**$ 22.15**			

Footnotes: please refer to definitions on page 6.

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- **NAV per unit(1):** Our NAV per unit is comprised of the Core, Private Market and Value-Add net assets totalling $24.33, offset by other items totalling $2.18 resulting in overall NAV per unit of $22.15 as at March 31, 2017. When compared to December 31, 2016, NAV per unit was down $0.33 from $22.48. The decrease during the quarter ended March 31, 2017 was mainly driven by fair value adjustments to our investment properties slated for disposition, totalling approximately $40.9 million.

OPERATIONAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION

(unaudited)

			As at
	March 31, 2017	December 31, 2016	March 31, 2016
Total Portfolio(3)			
Number of properties	**106**	121	160
GLA (in 000's of sq. ft.)	**15,384**	17,233	22,281
Investment properties value (in $000's)	**$ 4,537,445**	$ 4,895,355	$ 6,706,289
Comparative Portfolio(4)			
Occupancy rate - including committed (period-end)	**88.6%**	90.1%	92.4%
Occupancy rate - in-place (period-end)	**86.5%**	88.4%	90.3%
Average in-place and committed net rent per square foot (period-end)	**$ 19.61**	$ 19.71	$ 19.69
Market rent/average in-place and committed net rent (%)	**(2.0%)**	(2.6%)	2.3%

Footnotes: please refer to definitions on page 6.

- **In-place occupancy:** As at March 31, 2017, our comparative portfolio in-place occupancy decreased to 86.5% from 88.4% in the prior quarter. The decline was primarily attributed to 188,000 square feet (94,000 square feet at our share) of previously identified vacancy at Scotia Plaza, along with approximately 190,000 square feet of negative absorption in our Alberta region.

  When compared to Q1 2016, our comparative portfolio in-place occupancy decreased by 3.8% from 90.3% to 86.5%. The decline in occupancy year-over-year was experienced across all regions except for Toronto Suburban where it increased by 2.3% to 81.6%. In particular, the Alberta region remains a challenge with in-place occupancy declining from 84.4% at March 31, 2016 to 71.7% at March 31, 2017.

  As at March 31, 2017, Core Assets in-place occupancy was 92.6% and in-place and committed occupancy was 95.5%.

- **Leasing activity:** For the three months ended March 31, 2017, approximately 0.5 million square feet of leases commenced, of which approximately 0.4 million square feet were renewals, resulting in a tenant retention ratio of approximately 52%.

  To date, we have secured in total approximately 1.8 million square feet in our comparative portfolio, bringing the percentage to 63% of 2017 lease maturities. Factoring in committed leases at 438 University Avenue in downtown Toronto that do not take occupancy until 2018, the percentage of 2017 lease maturities addressed improves to 70%.

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FINANCIAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION

(unaudited) ($000's except per unit amounts)		For the three months ended March 31, 2017	December 31, 2016	March 31, 2016
Operating results				
Net income (loss)	$	**136** $	(100,671) $	(100,540)
Net operating income ("NOI")[1]		**73,140**	70,796	75,847
Comparative properties NOI[1]		**72,541**	74,896	78,383
Funds from operations ("FFO")[1]		**65,483**	67,155	78,223
Distributions				
Total distributions[5]	$	**41,071** $	42,235 $	49,937
Per unit amounts[6]				
Distribution rate[5]	$	**0.38** $	0.38 $	0.44
FFO (basic)[1]		**0.59**	0.59	0.69
FFO (diluted)[1]		**0.59**	0.59	0.68

Footnotes: please refer to definitions on page 6.

- **Comparative properties NOI[1]:** For the three months ended March 31, 2017, NOI from comparative properties on a quarter-over-quarter basis decreased by $2.4 million, or 3.1%, from $74.9 million to $72.5 million, mainly driven by lower weighted average occupancy in the Alberta and Toronto downtown regions.

  For the three months ended March 31, 2017, NOI from comparative properties on a year-over-year basis decreased by $5.8 million, or 7.5%, from $78.4 million to $72.5 million. We saw strength in the Toronto suburban region with comparative properties NOI increasing $0.4 million, or 5.1%, while the rest of our portfolio experienced a decline, mainly driven by the Alberta region, with comparative properties NOI decreasing $4.2 million, or 28.0%, primarily due to lower occupancy and negative spreads on renewals.

- **Diluted FFO per unit[1] for the quarter:** Diluted FFO on a per unit basis for the three months ended March 31, 2017 was $0.59, flat when compared to Q4 2016. Included in diluted FFO for the quarter was a one-time lease cancellation fee of $4.6 million or $0.04 per unit that was received during the quarter, from a tenant located in the Eastern Canada region.

  Diluted FFO on a per unit basis for the three months ended March 31, 2017 was $0.59, compared to $0.68 for the three months ended March 31, 2016. The decrease in diluted FFO per unit on a year-over-year basis was primarily as a result of property dispositions and decrease in comparative properties NOI[1]. Offsetting this decline was interest savings on discharged debt associated with disposed properties, general and administrative expense savings, and incremental change in lease termination fees.

- **Net income for the quarter:** For the three months ended March 31, 2017, the Trust generated net income of $0.1 million consisting primarily of net rental income of $84.6 million, offset by fair value adjustments to investment properties of $40.9 million, interest expense on debt and subsidiary redeemable units of $28.2 million, and net losses on transactions and other activities of $15.4 million.

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CAPITAL HIGHLIGHTS

KEY FINANCIAL PERFORMANCE METRICS (unaudited)			As at
	March 31, 2017	December 31, 2016	March 31, 2016
Financing			
Weighted average face rate of interest (period-end)[7]	**3.77%**	3.84%	3.96%
Interest coverage ratio (times)[1][8]	**3.3**	3.1	3.0
Net debt-to-adjusted EBITDFV (years)[1]	**7.9**	7.7	7.8
Net debt-to-gross book value[1]	**49.7%**	52.3%	48.6%
Net secured debt-to-gross book value[1]	**43.4%**	44.2%	41.8%
Unencumbered assets (in $000's)[9]	**$ 182,000**	$ 244,000	$ 387,000
Capital (period-end)			
Total number of REIT A Units	**103,338,620**	104,806,724	108,643,374
Total number of LP B Units	**5,233,823**	5,233,823	5,233,823
NAV per unit[1]	**22.15**	22.48	30.31

Footnotes: please refer to definitions on page 6.

- **Conservative capital structure with ample liquidity:** We ended the quarter with net total debt-to-gross book value[1] ratio of 49.7%, net debt-to-adjusted EBITDFV[1] of 7.9 years, and interest coverage ratio[1] of 3.3 times. Our weighted average face rate of interest[7] improved to 3.77% when compared to 3.84% at December 31, 2016 and 3.96% at March 31, 2016. Our available liquidity of $453.9 million comprise of undrawn demand revolving credit facilities totalling $431.0 million and $22.9 million of cash and cash equivalents on hand as at March 31, 2017. On April 18, 2017, the $800 million demand revolving credit facility was amended and reduced to $500 million, with a one year extension to March 1, 2020. The reduction is a result of dispositions of assets secured by the facility. The Trust continues to maintain ample liquidity of approximately $500 million to execute on its Strategic Plan.

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 ("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, leasing and managing well-located, high-quality central business district and suburban office properties. Its portfolio currently comprises approximately 15.4 million square feet of gross leasable area[10] 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) 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 categories, 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) Includes investment in joint ventures and excludes properties held for sale and a redevelopment property at the end of each period.
(4) Comparative portfolio includes investment in joint ventures and excludes properties sold, properties held for sale and a redevelopment property at the end of Q1 2017.
(5) 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.
(6) A description of the determination of basic and diluted amounts per unit can be found in the section "Our equity" under the heading "Weighted average number of units" of the MD&A.
(7) Weighted average face rate of interest is calculated as the weighted average face rate of all interest bearing debt balances, including investment in joint ventures that are equity accounted.
(8) Interest coverage ratio has been restated in the comparative periods to conform to current period presentation.
(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.
(10) Excludes properties held for sale and a redevelopment property.

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 such as, 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 value of the related investment properties and associated mortgages included in our Strategic Plan categories, as well as other measures discussed elsewhere in this press 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 and financial 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" section in Dream Office REIT's MD&A for the three months ended March 31, 2017.

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 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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