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

TORONTO, AUGUST 10, 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 and six months ended June 30, 2017 and provided an update on strategic initiatives for 2017 (the "Strategic Plan"). Management will host a conference call to discuss the results on August 11, 2017 at 8:00 a.m. (ET).

FINANCIAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION	Three months ended			Six months ended	
(unaudited) ($000's except per unit amounts)	**June 30, 2017**	March 31, 2017	June 30, 2016	**June 30, 2017**	June 30, 2016
Operating results					
Net income (loss)	**$ 34,556**	$ 136	$ (707,074)	**$ 34,692**	$ (807,614)
Net operating income ("NOI")[1]	**44,629**	47,897	45,802	**92,526**	93,769
Comparative properties NOI[1]	**46,610**	47,169	49,463	**93,779**	99,862
Funds from Operations ("FFO")[1]	**55,686**	65,483	74,150	**121,169**	152,373
EBITDFV[1]	**76,881**	86,367	107,252	**163,248**	219,683
Distributions					
Total distributions[6]	**$ 39,175**	$ 41,071	$ 42,722	**$ 80,246**	$ 92,659
Per unit amounts					
Distribution rate[6]	**$ 0.38**	$ 0.38	$ 0.38	**$ 0.75**	$ 0.81
FFO (basic)[1][7]	**0.53**	0.59	0.65	**1.12**	1.33
FFO (diluted)[1][7]	**0.53**	0.59	0.65	**1.12**	1.33
Net asset value ("NAV")[1]	**22.25**	22.15	23.64	**22.25**	23.64

Footnotes: please refer to definitions on page 6.

- **NAV per unit[1]:** Our NAV per unit when compared to March 31, 2017 was up $0.10 from $22.15. The increase during the quarter was mainly driven by fair value gains on our properties in Toronto downtown, including those to be disposed of, and unit buy backs under our NCIB, offset by fair value losses in our Saskatchewan region.

- **Diluted FFO per unit[1] for the quarter and year-to-date:** Since last year, the Trust has been disposing of lower quality assets, with less predictable cash flows and limited intensification or redevelopment opportunities, to primarily repay debt and buy back units.

  Accordingly, diluted FFO on a per unit basis for the three months ended June 30, 2017 was $0.53, compared to $0.59 and $0.65 at Q1 2017 and Q2 2016, respectively. The decrease in diluted FFO per unit on a quarter-over-quarter and year-over-year basis was primarily as a result of property dispositions and decrease in comparative properties NOI[1], offset by interest savings and unit buy backs under our NCIB.

  Diluted FFO on a per unit basis for the six months ended June 30, 2017 was $1.12, compared to $1.33 for the six months ended June 30, 2016. The decrease in diluted FFO per unit on a year-over-year basis was largely due to the same reasons noted above.

- **Comparative properties NOI[1] for the quarter and year-to-date:** For the three and six months ended June 30, 2017, NOI from comparative properties decreased by 5.8% and 6.1%, respectively, over the prior year comparative periods, mainly driven by decreases in Saskatchewan, Alberta and Eastern Canada regions, partially offset by increases in the Toronto downtown and Toronto suburban regions. The overall decrease in comparative properties NOI for the respective periods was due to lower occupancy and net rental rates. Despite the overall decline in comparative properties NOI, we performed better than our expectations mainly driven by proactive management of operating costs in the Alberta and Toronto suburban regions. Since the announcement of our Strategic Plan, we have substantially reduced our presence in the Alberta region that had major vacancies, which would have otherwise resulted in lower comparative properties NOI had we not disposed of those properties.
- **Net income for the quarter and year-to-date:** For the three months ended June 30, 2017, the Trust generated net income of $34.6 million, consisting primarily of net rental income of $71.5 million and fair value adjustments to investment properties of $6.3 million, offset by interest expense on debt and subsidiary redeemable units of $25.6 million, and net losses on transactions and other activities of $12.1 million.

  For the six months ended June 30, 2017, the Trust generated net income of $34.7 million, consisting primarily of net rental income of $156.1 million, offset by fair value adjustments to investment properties of $34.5 million, interest expense on debt and subsidiary redeemable units of $53.8 million, and net losses on transactions and other activities of $27.5 million.

OPERATIONAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION (unaudited)			As at
	June 30, 2017	March 31, 2017	June 30, 2016
Total Portfolio[3]			
Number of properties	**51**	106	157
Gross leasable area ("GLA") (in 000's of sq. ft.)	**9,035**	15,384	21,471
Investment properties value (in $000's)[4]	**$ 2,900,793**	$ 4,537,445	$ 5,603,762
Comparative Portfolio[5]			
Occupancy rate - including committed (period-end)	**91.5%**	92.1%	93.0%
Occupancy rate - in-place (period-end)	**89.0%**	89.7%	90.7%
Average in-place and committed net rent per square foot (period-end)	**$ 19.90**	$ 20.07	$ 20.24
Weighted average lease term (years)	**4.6**	4.7	4.6

Footnotes: please refer to definitions on page 6.

- **In-place occupancy:** As at June 30, 2017, total in-place occupancy, including assets held for sale was 86.0%, 300 basis points less than our comparative portfolio of 89.0%, mainly due to the lower quality assets included in assets held for sale. In particular, the in-place occupancy of assets held for sale in the Alberta and Toronto suburban regions were 62.4% and 69.5%, respectively compared to our comparative portfolio of 74.9% and 95.0%, respectively.

  As at June 30, 2017, our comparative portfolio in-place occupancy decreased to 89.0% from 89.7% in the prior quarter. The decline in occupancy was primarily due to negative absorption in our Saskatchewan, Alberta and Eastern Canada regions, partially offset by positive absorption in our Toronto downtown and Toronto suburban regions.

  When compared to Q2 2016, our comparative portfolio in-place occupancy decreased to 89.0% from 90.7%. The decline in occupancy year-over-year was experienced across all regions except for Toronto suburban where it increased by 1.0% to 95.0%.

  As at June 30, 2017, Core Assets in-place occupancy was 91.9% and in-place and committed occupancy was 95.3%.

- **Leasing activity:** For the three months ended June 30, 2017, approximately 0.6 million square feet of leases commenced in our comparative portfolio, of which approximately 0.4 million square feet were renewals, resulting in a tenant retention ratio of approximately 57.1%. For the six months ended June 30, 2017, approximately 1.0 million square feet of leases commenced in our comparative portfolio, of which approximately 0.6 million square feet were renewals, resulting in a tenant retention ratio of approximately 59.5%.

  To date, we have secured in total approximately 1.4 million square feet in our comparative portfolio, bringing the percentage to 68% of 2017 lease maturities. Included in the 2017 lease maturities is approximately 0.3 million square feet at Aviva Corporate Centre, Scarborough where Aviva Canada Inc. will be vacating in September 2017. The Trust is currently exploring redevelopment opportunities at Aviva Corporate Centre. Furthermore, included in the 2017 lease maturities is approximately 0.2 million square feet at 438 University Ave., Toronto where Loyalty Management will be vacating by the end of September 2017 of which the Trust has secured the entire space to a government tenant that will commence in December 2018 for a term of seven years. Excluding the impact of the vacancies at Aviva Corporate Centre and 438 University Ave., the percentage of 2017 lease maturities addressed improves to 91%.

  With respect to our Core Assets, we have secured in total approximately 1.1 million square feet, bringing the percentage to 82% of 2017 lease maturities.

  For 2018, we have secured in total approximately 0.9 million square feet in our comparative portfolio, representing approximately 49% of 2018 lease maturities. With respect to our Core Assets, we have secured in total approximately 0.7 million square feet, bringing the percentage to 59% of 2018 lease maturities.

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CAPITAL HIGHLIGHTS

KEY FINANCIAL PERFORMANCE METRICS (unaudited)				As at
	June 30, 2017	March 31, 2017	December 31, 2016	June 30, 2016
Financing				
Weighted average face interest rate (period-end)(8)	**3.82%**	3.77%	3.84%	3.97%
Interest coverage ratio (times)(1)(9)	**3.2**	3.3	3.1	3.0
Net debt-to-adjusted EBITDFV (years)(1)	**7.6**	7.9	7.7	7.4
Net debt-to-gross book value(1)	**47.5%**	49.7%	52.3%	51.3%
Net secured debt-to-gross book value(1)	**40.7%**	43.4%	44.2%	43.5%
Debt – average term to maturity (years)	**3.8**	3.8	3.8	3.7
Capital (period-end)				
Total number of REIT A Units and LP B Units (in millions)	**103.4**	108.6	110.0	114.0

Footnotes: please refer to definitions on page 6.

"Our balance sheet has been transformed in a relatively short period of time," said Rajeev Viswanathan, Chief Financial Officer. "We can now pursue value-enhancing opportunities from a position of strength to drive unitholder value for the long-term."

UPDATE ON STRATEGIC PLAN FOR 2017

- **REIT A units repurchased for cancellation under NCIB and SIB:** For the six months ended June 30, 2017 the Trust purchased for cancellation approximately 6.8 million REIT A Units under the normal course issuer bid ("NCIB") at a cost of approximately $133.2 million, or $19.57 per unit.

  The substantial issuer bid ("SIB") expired on August 3, 2017, and on August 9, 2017 the Trust has taken up and paid for 20,952,380 REIT A Units at a price of $21.00 per REIT A Unit for an aggregate cost of approximately $440 million, excluding fees and expenses relating to the SIB. The REIT A Units purchased for cancellation under the SIB represent approximately 21.3% of the issued and outstanding REIT A Units immediately prior to the expiry of the SIB. After completion of the SIB, 77,224,424 REIT A Units and 5,233,823 LP B Units, for a total of 82,458,247 units will remain outstanding.

- **Renewal of NCIB:** On August 10, 2017, the Toronto Stock Exchange accepted a notice filed by the Trust to renew its prior normal course issuer bid for a one year period. Under the bid, the Trust will have the ability to purchase for cancellation up to a maximum of 7,197,095 of its REIT A Units (representing 10% of the Trust's public float of 71,970,948 REIT A Units) through the facilities of the Toronto Stock Exchange. The bid will commence on August 15, 2017 and will remain in effect until the earlier of August 14, 2018 or the date on which the Trust has purchased the maximum number of REIT A Units permitted under the bid.

- **Reduction of distributions:** On June 22, 2017, the Trust announced a revision to its monthly cash distribution from $0.125 per unit to $0.08333, or $1.00 per unit on an annualized basis, effective for the July 2017 distribution in order to maintain a conservative payout ratio, to retain appropriate maintenance capital for capital expenditures and leasing costs and to generate investment capital to be used to improve the value of our portfolio.

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- **Disposition of assets in conjunction with the Strategic Plan:** During the quarter, the Trust completed the sale of properties in our Private Market located in British Columbia, Alberta, Saskatchewan, Ontario and New Brunswick, totalling approximately 2.2 million square feet, for gross proceeds (net of adjustments) totalling approximately $391.2 million.

  To date, since the announcement of our Strategic Plan in February 2016, the Trust has completed the sale of approximately 8.4 million square feet totalling approximately $1.6 billion. In addition to the properties disposed of thus far, the Trust has over $1.6 billion in firm dispositions and an additional $161 million in various stages of negotiation.

  Included within the $1.6 billion of firm dispositions, are previously announced agreements to sell the Trust's 50% interest in Scotia Plaza and 100 Yonge Street to its existing co-owners and a portfolio of other assets to KingSett Real Estate Growth LP No. 6 ("KingSett"), for an aggregate gross disposition price of approximately $1.4 billion. As of August 9, 2017, the purchasers have waived the conditions detailed in the respective purchase and sale agreements. The Trust's 50% interest in Scotia Plaza and 100 Yonge Street is expected to close during the third quarter of 2017, with the remaining properties to be sold to KingSett expected to close before the end of 2017.

"We are substantially through our disposition program, having transformed the Trust into a portfolio of higher quality assets," said Jane Gavan, Chief Executive Officer. "We can now look to the next phase of our strategy, which includes intensification and redevelopment of some of our Core Assets."

The following table summarizes dispositions completed since the commencement of the Strategic Plan, plus properties held for sale as at June 30, 2017.

	Total dispositions from January 1, 2016 to June 30, 2017		Properties held for sale as at June 30, 2017		Total	
Strategic Plan Classification[2]	**Disposed share of GLA (000s sq. ft.)**	**Sales price***	**Share of GLA (000s sq. ft.)**	**Fair value**	**Share of GLA (000s sq. ft.)**	**Total**
Core Assets	371	$ 221,235	1,786	$ 973,683	2,157	$ 1,194,918
Private Market Assets	5,256	1,024,111	2,895	388,967	8,151	1,413,078
Value-Add Assets	2,756	340,015	1,348	245,352	4,104	585,367
Total	8,383	$ 1,585,361	6,029	$ 1,608,002	14,412	$ 3,193,363

* 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 with the following financial and operating metrics:

Strategic Plan Classification[2]	**Investment properties (in $ millions)**	**Mortgages (in $ millions)**	**NAV per unit[1]**	**GLA (in millions of sq. ft.)**	**Occupancy - in-place (%)**	**WALT (years)**
Core Assets	$ 2,399	$ (889)	$ 14.61	6.3	91.9%	5.2
Private Market Assets	297	(135)	1.56	1.4	87.3%	3.4
Value-Add Assets	205	(112)	0.91	1.3	76.9%	2.1
Total before undernoted items	**$ 2,901**	**$ (1,136)**	**$ 17.08**	**9.0**	**89.0%**	**4.6**
Assets classified as held for sale	1,608	(711)	8.68			
Other items	n/a	n/a	(3.51)			
Total	**$ 4,509**	**$ (1,847)**	**$ 22.25**			

Footnotes: please refer to definitions on page 6.

- **Core Assets[2]:** The Trust identified its core holdings (the "Core Assets"), which currently represent approximately 83% of the total portfolio carrying value (excluding assets held for sale), as at June 30, 2017. The Core Assets include our long-term holdings situated in downtown Toronto, downtown Calgary, 700 De la Gauchetière St. W. in downtown Montréal, 5001 Yonge St. in North York, 50 & 90 Burnhamthorpe Rd. W. (Sussex Centre) in Mississauga, and 150 Metcalfe St. in Ottawa.

CALL

Management will host a conference call to discuss the results tomorrow, August 11, 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 7684 243#. 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 ("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 9.0 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.

FOOTNOTES

(1) Diluted FFO per unit, FFO per unit, FFO, NAV per unit, NOI, comparative properties NOI, EBITDFV, 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 and financial performance. Please refer to the cautionary statements under the heading "Non-GAAP Measures" in this press release.
(2) 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 at the end of each period.
(4) Investment properties excludes properties held for sale and a redevelopment property at the end of each period.
(5) Comparative portfolio includes investment in joint ventures and excludes properties sold, properties held for sale at the end of Q2 2017.
(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 "Our Equity" 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) Interest coverage ratio has been restated in the comparative periods to conform to current period presentation.
(10) Excludes properties held for sale.

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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, diluted FFO per unit, FFO per unit, FFO, NAV per unit, NOI, comparative properties NOI, interest coverage ratio, net debt-to-adjusted EBITDFV, net 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 and six months ended June 30, 2017.

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 our plans for intensification and redevelopment thereof. 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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