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DREAM OFFICE REIT REPORTS Q1 2018 RESULTS

AND YEAR-OVER-YEAR NET ASSET VALUE PER UNIT INCREASE OF 7.5%

TORONTO, MAY 10, 2018, 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, 2018. Management will host a conference call to discuss the results on May 11, 2018 at 8:00 a.m. (ET).

FINANCIAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION			Three months ended
(unaudited)	**March 31,**	December 31,	March 31,
(In thousands of dollars except per unit amounts)	**2018**	2017	2017
Operating results			
Net income	**$ 32,521**	$ 100,731	$ 136
Comparative properties net operating income ("NOI")(1)	**40,626**	41,086	43,146
Funds from Operations ("FFO")(1)	**35,460**	32,235	65,483
Per unit amounts(2)			
Net asset value ("NAV")(1)	**$ 23.81**	$ 23.46	$ 22.15
FFO (diluted)(1)	**0.46**	0.40	0.59
Distribution rate(3)	**0.25**	0.25	0.38
Units			
REIT A Units (in thousands)	**70,124**	73,705	103,339
LP B Units (in thousands)	**5,234**	5,234	5,234
Total units(4) (in thousands)	**75,358**	78,939	108,573
Portfolio information			
Total number of properties(5)	**41**	42	106
Total gross leasable area ("GLA") (in thousands of sq. ft.)(5)	**7,834**	8,188	15,384
Total investment properties value (in thousands of dollars)(6)	$ **2,837,262**	$ 2,878,839	$ 4,537,445
Comparative occupancy rate - including committed (period-end)(7)	**91.3%**	92.1%	93.8%

Footnotes: please refer to definitions on page 5.

"We continue to advance our strategic plan concentrating our capital in downtown Toronto and reducing our exposure in other markets," said Michael J. Cooper, Chief Executive Officer. "We are also pleased to have recently submitted our first redevelopment application at 250 Dundas St. W. We believe that we have many opportunities to increase the value of our core portfolio and are pleased to see increases in our net asset value over the last quarter and last year."

- **Net income for the quarter:** For the three months ended March 31, 2018, the Trust generated net income of $32.5 million, consisting of net rental income of $44.6 million and share of net income from our investment in Dream Industrial REIT of $15.9 million, which was offset by fair value adjustments to financial instruments of $7.4 million, interest expense on debt and subsidiary redeemable units of $15.9 million, and cumulative other adjustments of $4.7 million.

- **Comparative properties NOI(1) for the quarter:** For Q1 2018, comparative properties NOI was down 1.1% from the prior quarter due to decreases in the Toronto downtown and Non-core markets regions, partially offset by increases in the Ottawa and Montréal and Calgary regions.

  In the Toronto downtown region, the decline in comparative properties NOI was due to early terminations at Adelaide Place and two other properties totalling approximately 11 thousand square feet. The terminated space in two properties totalling approximately six thousand square feet have been re-leased at net rental rates that are approximately 16% higher than the terminated rates, with one tenant taking occupancy in Q3 2018 for approximately four thousand square feet and the balance taking occupancy in 2019. The terminated retail space at Adelaide Place totals approximately five thousand square feet and provides the Trust with an opportunity to intensify the ground-level retail amenities of the building and achieve materially higher net rents.

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In the Non-core markets region, the decline in comparative properties NOI was mainly driven by a 61 thousand square feet tenant vacancy at 1900 Sherwood Place and a 31 thousand square feet tenant downsize at London City Centre. With regards to the vacancy at 1900 Sherwood Place, we are in advanced negotiations with a tenant to lease approximately 109 thousand square feet on a long term basis, which would result in a committed occupancy for the building of over 95%.

On a year-over-year basis, comparative properties NOI in Q1 2018 decreased by 5.8% primarily due to previously known departures of Bell Canada (0.2 million square feet) in Q2 2017 at 700 De la Gauchetière St. W. ("700 DLG") in Montréal and Loyalty One (0.2 million square feet) at the beginning of Q4 2017 at 438 University Ave. in Toronto downtown, and vacancies in Saskatchewan. These were partially offset by increases in comparative properties NOI in the Calgary and Mississauga and North York regions.

On April 1, 2018, Bell Canada vacated 185 thousand square feet at 700 DLG. Of this expired space, 68 thousand square feet took occupancy immediately, and the Trust is currently marketing the balance of the vacant space. We believe that the asset is well positioned to capitalize on a growing economy, record low unemployment rate and strengthening technology sector in Montréal's downtown office market.

The 0.2 million square feet of vacancy at 438 University Ave. in Toronto downtown will be occupied by a new government tenant for a term of seven years commencing in December 2018.

As discussed previously, major vacancies at our comparative property portfolio will heighten the volatility of our performance for the balance of 2018, but we expect our operations to stabilize and improve in 2019.

- **Diluted FFO per unit[(1)] for the quarter:** Diluted FFO per unit for the three months ended March 31, 2018 was $0.46 ($0.39 excluding lease termination fees and other non-recurring items), compared to $0.40 and $0.59 at Q4 2017 and Q1 2017, respectively.

  The quarter-over-quarter increase in diluted FFO per unit was primarily driven by previously described lease termination fees and other non-recurring items (+$0.07), partially offset by a decrease in comparative properties NOI[(1)] (-$0.01).

  The year-over-year decrease in diluted FFO per unit was mainly as a result of reallocation of capital from divested properties to debt reduction, net of unit buybacks (-$0.12), along with a comparative properties NOI[(1)] decrease (-$0.03). Year-over-year, the Trust's net total debt-to-net total assets has declined from 49.8% to 40.7% and total units declined from 108.6 million to 75.4 million. The decreases this quarter were partially offset by an increase in our share of FFO from our investment in Dream Industrial REIT (+$0.02).

- **NAV per unit[(1)]:** As at March 31, 2018, our NAV per unit was $23.81, compared to $23.46 at December 31, 2017 and $22.15 at March 31, 2017, up $0.35 or 1.5% and $1.66 or 7.5%, respectively.

  The quarter-over-quarter increase in NAV per unit was primarily driven by cash flow retention from operations and higher net income contribution from our investment in Dream Industrial REIT due to fair value gains on its Ontario and Quebec portfolio.

  The year-over-year increase in NAV per unit was mainly due to the same reasons noted above and the fair value gains on properties in the Toronto downtown region, partially offset by fair value losses on properties in our Calgary and Non-core markets regions (Saskatchewan in particular) and properties sold and held for sale.

CAPITAL HIGHLIGHTS

KEY FINANCIAL PERFORMANCE METRICS (unaudited)		As at		
		March 31, 2018	December 31, 2017	March 31, 2017
Financing				
Weighted average face interest rate (period-end)[8]		**3.92%**	3.90%	3.77%
Interest coverage ratio (times)[1][9]		**3.0**	3.2	3.3
Net total debt-to-adjusted EBITDFV (years)[1]		**7.6**	7.1	7.9
Net total debt-to-total assets[1]		**40.7%**	39.6%	49.8%
Net secured debt-to-total assets[1]		**31.6%**	30.6%	43.5%
Debt – average term to maturity (years)		**4.2**	4.5	3.8
Available liquidity[1] and unencumbered assets				
Cash and cash equivalents on hand (in millions)	**$**	**65.0**	$ 96.9	$ 22.9
Undrawn demand revolving credit facilities (in millions)		**409.8**	396.7	431.0
Total available liquidity (in millions)	**$**	**474.8**	$ 493.6	$ 453.9
Unencumbered assets (in millions)	**$**	**188.0**	$ 299.0	$ 182.0

Footnotes: please refer to definitions on page 5.

- **Dispositions update for the quarter:** For the three months ended March 31, 2018, we completed asset sales in Alberta and Saskatchewan for $51.8 million. Post Q1 2018, the Trust sold a co-owned property located in Calgary for $53.5 million. In addition, the Trust has over $200 million of investment properties currently under negotiations and in various stages of discussion.
- **Capital allocation for the quarter:** During Q1 2018, the Trust funded the $81.2 million Normal Course Issuer Bid program (3.7 million REIT A units at $22.21 per unit) with the net proceeds from asset sales and cash on hand.

  Post Q1 2018, the Substantial Issuer Bid ("SIB") announced in the press release dated March 22, 2018 expired, and on May 7, 2018 the Trust fully took up and paid $240 million (10 million REIT A Units at $24.00 per unit). The REIT A Units purchased for cancellation under the SIB represent approximately 14% of the outstanding REIT A Units and 13% of all outstanding units immediately prior to the expiry of the SIB. After completion of the SIB, 65.4 million units remain outstanding (including 5.2 million LP B units).

  "With the reduction in our unit count and increase in NAV per unit, we are achieving the desired result and have positioned the Trust so that future growth in NAV will have a greater positive impact on a per unit basis," said Rajeev Viswanathan, Chief Financial Officer.
- **Conservative capital structure with ample liquidity:** We ended the quarter with net total debt-to-net total assets ratio[1] of 40.7%, net debt-to-adjusted EBITDAFV[1] of 7.6 years, and interest coverage ratio[1][9] of 3.0 times. Our available liquidity[1] of approximately $475 million comprises undrawn demand revolving credit facilities totalling approximately $410 million and $65 million of cash and cash equivalents on hand as at March 31, 2018.

  On April 25, 2018, the Trust increased and extended its existing revolving credit facility from $400 million to $575 million, and will mature on March 1, 2021. The interest rate remained in the form of rolling one-month bankers' acceptances ("BA") bearing interest at the BA rate plus 170 basis points ("bps") or at the bank's prime rate plus 70 bps.

  After completion of the SIB, our pro forma net total debt-to-net total assets will temporarily be 48%, with available liquidity remaining strong at over $400 million. We expect to reduce overall leverage with proceeds from future dispositions.

OPERATIONAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION			
(unaudited)			As at
	March 31, 2018	December 31, 2017	March 31, 2017
Comparative Portfolio(6)			
Occupancy rate - including committed (period-end)	**91.3%**	92.1%	93.8%
Occupancy rate - in-place (period-end)	**86.3%**	87.7%	91.0%
Average in-place and committed net rent per square foot (period-end)	**$ 21.13**	$ 20.97	$ 20.71
Weighted average lease term (years)	**4.8**	4.9	5.0

Footnotes: please refer to definitions on page 5.

- **In-place occupancy:** As at March 31, 2018, our in-place occupancy for the comparative portfolio was 86.3%, compared to 87.7% and 91.0% at Q4 2017 and Q1 2017, respectively. The quarter-over-quarter decrease was primarily due to vacancies at 1900 Sherwood Place and Princeton Tower in Saskatchewan and London City Centre in Ontario within our Non-core markets region and to a lesser extent the early terminations in Toronto downtown noted above, partially offset by an increase in the Ottawa and Montréal region.

  The year-over-year decrease in occupancy was primarily due to known vacancies at 438 University Ave. in Toronto downtown, 700 DLG in Montréal, and vacancies at 1900 Sherwood Place, Princeton Tower and Saskatoon Square in Saskatchewan and London City Centre in Ontario. The Calgary and Mississauga and North York regions partially offset the year-over-year decline.

  At March 31, 2018, vacant space committed for future occupancy approximated 390 thousand square feet bringing our overall comparative portfolio in-place and committed occupancy to 91.3%. Of this future committed occupancy, approximately 384 thousand square feet is scheduled to take occupancy in 2018.

- **Leasing activity:** For the three months ended March 31, 2018, approximately 0.3 million square feet of leases commenced, of which approximately 0.2 million square feet were renewals. The overall retention ratio for the quarter was 54.3%, 61.3% in our core portfolio comprising Calgary, Toronto downtown, Mississauga and North York and Ottawa and Montréal regions and 50.3% in our Non-core markets region.

  To date, we have secured 2018 lease commitments totalling approximately 1.5 million square feet in our comparative portfolio, representing over 80% of our 2018 lease maturities. The Trust has also leased over 45% of the 2019 lease maturities. During the quarter, we secured a 97 thousand square foot lease at our 15 acre redevelopment site in Scarborough, with a commencement staggered over 2019. Accordingly, we expect to be operating cash flow neutral in 2020, enabling us to focus on our development efforts for the site without negatively impacting our NOI.

  Leasing momentum in downtown Toronto remains robust given the low vacancy rates, which remain amongst the lowest in North America. To date, we have completed over 130% of our 2018 lease maturities and over one-third of 2019 lease maturities in the Toronto downtown region. During the quarter, the net rents for lease renewals that commenced in Toronto downtown were approximately 8.6% above expiring net rents. Further, as at March 31, 2018, the Toronto downtown market rents are estimated to be approximately 15% higher than our in-place and committed net rents.

CALL

Management will host a conference call to discuss the results tomorrow, May 11, 2018 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 5098 584#. 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 owns well-located, high-quality central business district office properties in major urban centres across Canada, with a focus on downtown Toronto. For more information, please visit our website at www.dreamofficereit.ca.

FOOTNOTES

(1) Comparative properties NOI, EBITDAFV, FFO, diluted FFO per unit, NAV, NAV per unit, available liquidity, interest coverage ratio, net debt-to-adjusted EBITDAFV, net debt-to-net total assets, and net secured debt-to-net total assets 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) 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.
(3) Effective with the July 2017 distribution, the Trust revised its monthly distribution to $0.08333 per unit, or $1.00 on an annualized basis.
(4) Total units includes 5.2 million LP B Units which are classified as a liability under IFRS.
(5) Total portfolio includes investment in joint ventures and excludes properties held for sale and redevelopment properties at the end of each period.
(6) Investment properties excludes properties held for sale and redevelopment properties at the end of each period.
(7) Comparative portfolio excludes properties sold, held for sale and redevelopment at the end of each period.
(8) Weighted average face interest rate is calculated as the weighted average face rate of all interest bearing debt on balance.
(9) Interest coverage ratio has been restated in the comparative periods to conform to current period presentation. For further details, please refer to the "Non-GAAP Measures and Other Disclosures" under the heading "Interest coverage ratio" in Dream Office REIT's MD&A for the three months ended March 31, 2018.

NON-GAAP MEASURES

The Trust's condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). In this press release, as a complement to results provided in accordance with IFRS, the Trust discloses and discusses certain non-GAAP financial measures, including comparative properties NOI, EBITDAFV, FFO, diluted FFO per unit, NAV, NAV per unit, available liquidity, interest coverage ratio, net total debt-to-adjusted EBITDAFV, net total debt-to-net total assets, net secured debt-to-net total assets, 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, net rental income, cash generated from (utilized in) operating activities, non-current debt, 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 ended March 31, 2018.

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, the terms of and duration of secured tenant renewals, and anticipated market rents. 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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