DREAM OFFICE REIT REPORTS 2018 YEAR-END RESULTS

TORONTO, FEBRUARY 21, 2019, 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, 2018. Management will host a conference call to discuss the results on February 22, 2019 at 10:00 a.m. (ET).

FINANCIAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION	Three months ended			Year ended	
(unaudited) (In thousands of dollars except per unit amounts)	**December 31, 2018**	September 30, 2018	December 31, 2017	**December 31, 2018**	December 31, 2017
Operating results					
Net income	**$ 58,489**	$ 41,382	$ 100,731	**$ 157,778**	$ 134,786
Comparative properties net operating income ("NOI")(1)	**36,240**	35,306	35,502	**142,971**	146,073
Funds from operations ("FFO")(1)	**25,736**	26,688	32,235	**115,796**	197,869
Per unit amounts					
Net asset value ("NAV")(1)	**$ 24.97**	$ 24.40	$ 23.46	**$ 24.97**	$ 23.46
FFO (diluted)(1)(2)	**0.39**	0.40	0.40	**1.66**	2.03
Distribution rate(3)	**0.25**	0.25	0.25	**1.00**	1.25

Footnotes: please refer to definitions on page 5.

SELECTED FINANCIAL INFORMATION	As at		
(unaudited)	**December 31, 2018**	September 30, 2018	December 31, 2017
Units			
REIT A Units (in thousands)	**59,369**	60,037	73,705
LP B Units (in thousands)	**5,234**	5,234	5,234
Total units (in thousands)(4)	**64,603**	65,271	78,939
Total portfolio information(5)			
Number of properties	**34**	34	42
Number of properties under development	**2**	2	—
Number of properties held for future redevelopment	**1**	1	1
Gross leasable area ("GLA") (in millions of sq. ft.)	**7.3**	7.3	8.6
Investment properties value (in billions)	**$ 2.8**	$ 2.7	$ 2.9

Footnotes: please refer to definitions on page 5.

"For several years, we have identified 2019 as the substantial conclusion of our transition period so we can focus our attention on managing a portfolio of excellent assets that have its best days ahead," said Michael J. Cooper, Chief Executive Officer. "Today, we are aspirational on what we can achieve in downtown Toronto to drive long term value creation for Dream Office REIT."

- **Net income for the quarter and year:** For the three months ended December 31, 2018, the Trust generated net income of $58.5 million, consisting of net rental income of $35.7 million, fair value adjustments to investment properties of $20.2 million, share of income from our investment in Dream Industrial REIT of $12.7 million and fair value adjustments to financial instruments of $11.2 million, which was offset by interest expense on debt and subsidiary redeemable units of $16.3 million, general and administrative expenses of $3.0 million and leasing, net losses on transactions and debt settlement costs of $2.0 million.

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For the year ended December 31, 2018, the Trust generated net income of $157.8 million, consisting of net rental income of $155.0 million, share of income from our investment in Dream Industrial REIT of $43.1 million and fair value adjustments to investment properties of $47.5 million, which was offset by interest expense on debt and subsidiary redeemable units of $66.0 million, general and administrative expenses of $12.5 million, leasing, net losses on transactions and debt settlement costs of $7.2 million, fair value adjustments to financial instruments of $1.4 million and cumulative other items of $0.7 million.

- **Comparative properties NOI(1) for the quarter and year:** For the three months ended December 31, 2018, comparative properties NOI increased 2.6%, or $0.9 million, when compared with the prior quarter, mainly driven by higher occupancy in the Toronto downtown region, most notably the new government lease commencement (191 thousand square feet) at 438 University Avenue on December 1, 2018 along with 55 thousand square feet of positive leasing absorption across the region during the quarter at higher rental rates. The gains in the Toronto downtown region were partially offset by the continuing leasing challenges in Calgary and Saskatchewan within the Other markets region.

  For the three months ended December 31, 2018, comparative properties NOI increased by 2.1%, or $0.7 million, over the prior year comparative quarter, mainly driven by higher occupancy and rental rates in Toronto downtown, partially offset by lower occupancy and rental rates in the Other markets and Ottawa and Montréal regions.

  For the year ended December 31, 2018, comparative properties NOI decreased by 2.1%, or $3.1 million over the prior year, primarily driven by previously known large vacancies in downtown Toronto (438 University Ave.) and downtown Montréal (700 De la Gauchetière St. W. or 700 DLG).

- **Diluted FFO per unit(1) for the quarter and year:** Diluted FFO per unit for the three months ended December 31, 2018 was $0.39 ($0.40 excluding debt settlement costs on early mortgage refinancing included in FFO), compared to $0.40 at Q3 2018 and $0.40 at Q4 2017. Diluted FFO per unit for the year ended December 31, 2018 was $1.66 ($1.59 excluding debt settlement costs on early mortgage refinancing, lease termination fees and other non-recurring items) compared to $2.03 ($1.97 excluding lease termination fees and other non-recurring items) in the prior year comparative period.

  The quarter-over-quarter diluted FFO per unit decreased slightly to $0.39 primarily driven by decreased NOI from sold properties, offset by increased comparative properties NOI(1) and interest savings.

  The year-over-year decrease in diluted FFO per unit for the three months and year ended December 31, 2018 was mainly due to asset sales (partially offset by unit buybacks and debt reduction) (-$0.02 and -$0.36, respectively), debt settlement costs on early mortgage refinancing (-$0.01 in both periods), changes in comparative properties NOI(1) (+$0.01 and -$0.04, respectively) and increase in share of FFO from investment in Dream Industrial REIT (+$0.01 and +$0.04 respectively).

- **NAV per unit(1):** As at December 31, 2018, our NAV per unit was $24.97, compared to $24.40 at September 30, 2018 and $23.46 at December 31, 2017, up $0.57 or 2.3% and $1.51 or 6.4%, respectively.

  The quarter-over-quarter and year-over-year increase in NAV per unit of $0.57 and $1.51, respectively, were mainly due to the fair value gains on properties in the Toronto downtown region, unit buybacks and retention of cash flows from operating activities.

  NAV per unit is considered one of the Trust's key metrics and has increased for seven consecutive quarters since Q2 2017.

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CAPITAL HIGHLIGHTS

KEY FINANCIAL PERFORMANCE METRICS

(unaudited)

	As at		
	December 31, 2018	September 30, 2018	December 31, 2017
Financing			
Weighted average face rate of interest on debt (period-end)(6)	**4.06%**	3.94%	3.90%
Interest coverage ratio (times)(1)(7)	**2.8**	2.8	3.2
Net total debt-to-adjusted EBITDAFV (years)(1)	**9.0**	9.1	7.1
Level of debt (net total debt-to-net total assets)(1)	**45.0%**	46.2%	39.6%
Level of debt (net secured debt-to-net total assets)(1)	**40.2%**	41.4%	30.6%
Average term to maturity on debt (years)	**3.8**	4.0	4.5
Available liquidity and unencumbered assets			
Cash and cash equivalents on hand (in millions)	**$ 8.8**	$ 12.3	$ 97.0
Undrawn demand revolving credit facilities (in millions)	**155.1**	220.5	396.6
Available liquidity (in millions)(1)	**$ 163.9**	$ 232.8	$ 493.6
Unencumbered assets (in millions)(1)	**$ 140.0**	$ 140.0	$ 299.0

Footnotes: please refer to definitions on page 5.

- **Dispositions update for the quarter and year:** For the three months ended December 31, 2018, the Trust sold four properties located in Calgary for $99.5 million or approximately $163 per square foot. For the year ended December 31, 2018, the Trust sold ten properties located in Alberta and Saskatchewan totalling $302.2 million or approximately $180 per square foot.

- **REIT A Units repurchased for cancellation for the quarter and year:** For the three months and year ended December 31, 2018, the Trust purchased for cancellation approximately 668 thousand REIT A Units ($23.59 per unit for a cost of $15.7 million) and 14.5 million REIT A Units ($23.54 per unit for a cost of $340.7 million), respectively, under the normal course issuer bid ("NCIB") and pursuant to its substantial issuer bid to purchase for cancellation up to 10 million REIT A Units at a price of $24.00 per REIT A Unit ("SIB").

  Subsequent to quarter-end, the Trust purchased for cancellation an additional 381,313 REIT A Units under the NCIB at a cost of approximately $8.5 million or $22.20 per unit.

- **Sound capital structure with ample liquidity:** The Trust ended the quarter with a level of debt (net total debt-to-net total assets ratio)(1) of 45.0%, net total debt-to-adjusted EBITDAFV(1) of 9.0 years, and interest coverage ratio(1) of 2.8 times. The Trust's available liquidity(1) of approximately $164 million comprises undrawn demand revolving credit facilities totalling approximately $155 million and $9 million of cash and cash equivalents on hand as at December 31, 2018. The overall level of debt (net total debt-to-net total assets) ratio(1) has declined 120 basis points ("bps") from 46.2% in Q3 2018 to 45.0% this quarter from debt repayment with net proceeds from dispositions and fair value increases in investment properties.

  As at December 31, 2018, variable rate debt as a percentage of total debt was 26.3% a slight increase from Q3 2018 due to the repayment of fixed rate debt on sold properties. On January 2, 2019, the Trust completed a portfolio mortgage totalling $105 million secured by five investment properties in Toronto. The net proceeds were partially used to make lump sum repayments on five mortgages prior to their original maturity date and the balance of the net proceeds were used to pay down drawings on the Trust's demand revolving credit facilities, reducing our variable rate debt percentage of total debt to 22.9%. We expect leverage and the variable rate debt as a percentage of total debt to further decline using net proceeds from future asset sales and refinancings.

"We have been optimizing our capital structure and operations to deliver strong NAV per unit growth and further improvements in key financial metrics in 2019," said Jay Jiang, Chief Financial Officer of Dream Office REIT. "Our capital recycling and investment decisions will also prioritize long term safety and value growth in the business."

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OPERATIONAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION

(unaudited)

			As at
	December 31, 2018	September 30, 2018	December 31, 2017
Comparative Portfolio[8]			
Occupancy rate - including committed (period-end)	**93.0%**	94.2%	94.6%
Occupancy rate - in-place (period-end)	**91.5%**	88.3%	89.7%
Average in-place and committed net rent per square foot (period-end)	**$ 20.97**	$ 20.87	$ 20.86
Weighted average lease term (years)	**5.2**	5.0	5.1

Footnotes: please refer to definitions on page 5.

- **In-place occupancy:** Comparative portfolio in-place occupancy on a quarter-over-quarter basis increased to 91.5% when compared to 88.3% at Q3 2018. The increase in in-place occupancy was mainly driven by positive leasing absorption in the Toronto downtown, Mississauga and North York and Ottawa and Montréal regions, partially offset by negative leasing absorptions in Calgary and Saskatchewan within the Other markets region.

  Comparative portfolio in-place occupancy on a year-over-year basis increased to 91.5% when compared to 89.7% at Q4 2017. The increase in in-place occupancy was largely due to positive leasing absorption in the Toronto downtown and Mississauga and North York regions, partially offset by negative leasing absorption in the rest of the regions.

  At December 31, 2018, vacant space committed for future occupancy was approximately 96 thousand square feet, bringing our overall comparative portfolio in-place and committed occupancy to 93.0%. Substantially all of the Trust's future committed occupancy is scheduled to take occupancy through 2019.

- **Leasing activity:** For the three months ended December 31, 2018, approximately 687 thousand square feet of leases commenced, of which approximately 335 thousand square feet were renewals. The overall retention ratio for the quarter was 72%. For the year ended December 31, 2018, approximately 1.8 million square feet of leases commenced, of which approximately 1.1 million were renewals. The overall retention ratio for the year was 70%.

  To today's date, we have secured 2019 lease commitments totalling approximately 0.7 million square feet in our comparative portfolio, representing over 84% of our expected 2019 lease maturities.

  Leasing momentum in downtown Toronto remains robust given low vacancy rates, which remain amongst the lowest in North America. To date, we have completed over 90% of our 2019 lease maturities in the Toronto downtown region. During the current quarter, the net rents for lease renewals that commenced in Toronto downtown were approximately 2.8% above expiring net rents, mainly driven by the commencement of a few large leases which were negotiated in 2016. Further, as at December 31, 2018, Toronto downtown market rents are estimated to be approximately 23% higher than our in-place and committed net rents. As a result of when leases are executed, there is typically a lag between leasing spreads relative to our estimates of the spread between estimated market rents and average in-place and committed net rental rates.

CALL

Management will host a conference call to discuss the results tomorrow, February 22, 2019 at 10:00 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 9977 953#. 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 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, FFO, diluted FFO per unit, NAV per unit, interest coverage ratio, net total debt-to-adjusted EBITDAFV, level of debt (net total debt-to-net total assets), level of debt (net secured debt-to-net total assets), available liquidity, and unencumbered 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 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) Excludes properties held for sale at the end of each period.

(6) Weighted average face rate of interest on debt is calculated as the weighted average face rate of all interest bearing debt on balance.

(7) Interest coverage ratio has been restated in the December 31, 2017 comparative period to conform to current period presentation. For further details, please refer to the "Non-GAAP Measures and Other Disclosures" section under the heading "Interest coverage ratio" in Dream Office REIT's MD&A for the three months and year ended December 31, 2018.

(8) Comparative portfolio excludes properties sold, held for future redevelopment and properties under development as at December 31, 2018.

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, including comparative properties NOI, FFO, diluted FFO per unit, NAV per unit, interest coverage ratio, net total debt-to-adjusted EBITDAFV, level of debt (net total debt-to-net total assets), level of debt (net secured debt-to-net total assets), available liquidity, unencumbered 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 flows generated from (utilized in) operating activities, cash and cash equivalents, total assets, non-current debt, total equity, 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, 2018.

FORWARD LOOKING INFORMATION

This press release may contain forward-looking information within the meaning of applicable securities legislation, including statements regarding our objectives and strategies to achieve those objectives, future asset sales and use of proceeds from asset sales, our expected future operating cash flows, the future composition of our portfolio, future development plans, our expected cost to complete development activities, our expected income and yield from properties under development, our expected liquidity and leverage, the terms of and duration of secured tenant renewals, anticipated market rents, the volatility of our operating performance through 2019, our capital allocation strategy, and the future strength of our balance sheet. 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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