DREAM OFFICE REIT REPORTS Q1 2019 RESULTS

TORONTO, MAY 9, 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 ended March 31, 2019.

FINANCIAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION			Three months ended
(unaudited)	**March 31,**	December 31,	March 31,
(In thousands of dollars except per unit amounts)	**2019**	2018	2018
Operating results			
Net income	**$ 9,934**	$ 58,489	$ 32,521
Funds from operations ("FFO")(1)	**28,300**	25,736	35,460
Net rental income	**36,907**	35,692	44,586
Comparative properties net operating income ("NOI")(1)	**38,333**	36,240	35,634
Per unit amounts			
FFO (diluted)(1)(2)	**$ 0.43**	$ 0.39	$ 0.46
Distribution rate	**0.25**	0.25	0.25
Net asset value ("NAV")(1)	**25.10**	24.97	23.81

Footnotes: please refer to definitions on page 5.

UNITS AND PORTFOLIO INFORMATION			As at
(unaudited)	**March 31,**	December 31,	March 31,
	2019	2018	2018
Units			
REIT A Units (in thousands)	**59,042**	59,369	70,124
LP B Units (in thousands)	**5,234**	5,234	5,234
Total units (in thousands)(3)	**64,276**	64,603	75,358
Total portfolio information(4)			
Number of properties	**34**	34	41
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	8.3
Investment properties value (in billions)	**$ 2.8**	$ 2.8	$ 2.9

Footnotes: please refer to definitions on page 5.

- **Net income for the quarter:** For the three months ended March 31, 2019, the Trust generated net income of $9.9 million, consisting of net rental income of $36.9 million, share of income from our investment in Dream Industrial REIT of $7.5 million and fair value adjustments to investment properties of $0.6 million, which was offset by interest expense on debt and subsidiary redeemable units of $16.1 million, fair value adjustments to financial instruments of $15.4 million, and cumulative other items of $3.6 million.
- **Comparative properties NOI(1) for the quarter:** For the three months ended March 31, 2019, comparative properties NOI increased 5.8%, or $2.1 million, when compared with the prior quarter, mainly driven by higher occupancy in the Toronto downtown region from the full-quarter effect of a government lease at 438 University Avenue which commenced on December 1, 2018. There were also modest gains in the Ottawa and Montréal region due to leasing activity and in the Other markets region due to the expiry of a free rent period at Victoria Tower in Regina.

dream office REIT

For the three months ended March 31, 2019, comparative properties NOI increased by 7.6%, or $2.7 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.

- **Diluted FFO per unit[1] for the quarter:** Diluted FFO per unit for the three months ended March 31, 2019 was $0.43, compared to $0.39 at Q4 2018 and $0.46 (including 0.07 of lease termination fees) at Q1 2018.

  The quarter-over-quarter diluted FFO per unit increased to $0.43 from $0.39 in Q4 2018, primarily driven by increases in comparative properties NOI (+$0.03) and fee revenue from managing tenant construction projects (+$0.02), offset by decreased NOI from properties sold in Q4 2018 (partially offset by unit buybacks) (-$0.01).

  The year-over-year decrease in diluted FFO per unit for the three months ended March 31, 2019 was mainly due to lease termination fees received in Q1 2018 (-$0.07) and asset sales (partially offset by unit buybacks and debt reduction) (-$0.01) offset by increases in comparative properties NOI (+$0.04) and fees for managing tenant construction projects (+$0.01).

- **NAV per unit[1]:** As at March 31, 2019, our NAV per unit was $25.10, compared to $24.97 at December 31, 2018 and $23.81 at March 31, 2018, up $0.13 or 0.5% and $1.29 or 5.4%, respectively.

  The quarter-over-quarter NAV per unit uplift of $0.13 was primarily due to cash flow retention from operations. The year-over-year increase in NAV per unit of $1.29 was mainly due to retention of cash flow from operating activities, fair value uplifts in Toronto downtown investment properties, and the incremental share of income from Dream Industrial REIT.

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

"We are pleased with the REIT's operating performance in the first quarter of 2019 and our ongoing efforts to reposition the portfolio and related capital to downtown Toronto," said Jay Jiang, Chief Financial Officer of Dream Office REIT. "The REIT generated a 7.6% year-over-year increase in comparative properties NOI in Q1 driven by a strong 19% increase in downtown Toronto, the year-to-date results have been a confirmation of our portfolio and capital allocation strategy."

CAPITAL HIGHLIGHTS

KEY FINANCIAL PERFORMANCE METRICS			
(unaudited)			As at
	March 31, 2019	December 31, 2018	March 31, 2018
Financing			
Weighted average face rate of interest on debt (period-end)[5]	**3.99%**	4.06%	3.92%
Interest coverage ratio (times)[1][6]	**2.7**	2.8	3.1
Net total debt-to-adjusted EBITDAFV (years)[1]	**8.6**	9.0	7.6
Level of debt (net total debt-to-net total assets)[1]	**45.1%**	45.0%	40.7%
Average term to maturity on debt (years)	**4.4**	3.8	4.2
Available liquidity and unencumbered assets			
Available liquidity (in millions)[1]	**$ 192.1**	$ 163.9	$ 474.7
Unencumbered assets (in millions)[1]	**143.0**	140.0	188.0

Footnotes: please refer to definitions on page 5.

- **REIT A Units repurchased for cancellation for the quarter:** For the three months ended March 31, 2019, the Trust purchased for cancellation approximately 381,000 REIT A Units ($22.20 per unit for a cost of $8.5 million) pursuant to its normal course issuer bid.

- **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 45.1%, net total debt-to-adjusted EBITDAFV[1] of 8.6 years and interest coverage ratio[1][6] of 2.7 times. The Trust's available liquidity[1] of approximately $192 million comprises undrawn demand revolving credit facilities totalling approximately $182 million and $10 million of cash and cash equivalents on hand as at March 31, 2019.

dream office REIT

OPERATIONAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION			
(unaudited)			As at
	March 31, 2019	December 31, 2018	March 31, 2018
Comparative portfolio[(7)]			
Occupancy rate - including committed (period-end)	**93.2%**	93.0%	94.6%
Occupancy rate - in-place (period-end)	**91.8%**	91.5%	88.8%
Average in-place and committed net rent per square foot (period-end)	**$ 21.06**	$ 20.97	$ 21.00
Weighted average lease term (years)	**5.3**	5.2	4.9

Footnotes: please refer to definitions on page 5.

- **In-place occupancy:** Comparative portfolio in-place occupancy on a quarter-over-quarter basis increased to 91.8% when compared to 91.5% at Q4 2018. The increase in in-place occupancy was mainly driven by positive leasing absorption in Toronto downtown and Calgary within the Other markets region, partially offset by negative leasing absorptions in Mississauga and North York and Saskatchewan within the Other markets region.

  Comparative portfolio in-place occupancy on a year-over-year basis increased to 91.8% when compared to 88.8% at Q1 2018. 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 March 31, 2019, vacant space committed for future occupancy was approximately 98,000 square feet, bringing our overall comparative portfolio in-place and committed occupancy to 93.2%. Substantially all of the Trust's future committed occupancy is scheduled to take occupancy through 2019.

- **Leasing activity:** For the three months ended March 31, 2019, approximately 126,000 square feet of leases commenced, of which approximately 78,000 square feet were renewals and relocations. The overall retention ratio for the quarter was 71%.

  To date, we have secured 2019 lease commitments totalling approximately 0.8 million square feet in our comparative portfolio, representing over 91% 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 95% 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 8.6% above expiring net rents. Further, as at March 31, 2019, 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.

  To date, we have secured 2020 lease commitments totalling approximately 0.4 million square feet in our comparative portfolio, representing approximately 45% of our expected 2020 lease maturities. In particular, we signed a 0.2 million square foot lease renewal for a ten-year term with a large utility company at 700 De la Gauchetière St. W. in Montréal.

- **Replacement of Existing Management Services Agreement with New Shared Service Agreement and Elimination of Incentive Fee:** The Trust also announced today that the Board of Trustees have approved entering into a shared service agreement (the "**New Shared Services Agreement**") with Dream Asset Management Corporation ("**Dream**"), a subsidiary of Dream Unlimited Corp. (DRM-TSX), which replaces the existing Management Services Agreement, Shared Services and Cost Sharing Agreement and Administrative Services Agreement (the "**Existing Agreements**"). As a result of the termination of the Existing Agreements, any incentive fees that may be payable to Dream in the future under the Management Services Agreement are eliminated. Under the New Shared Services Agreement, the Trust will act as the property manager for Dream's current and future income properties in Canada and Dream will act as the development manager for the Trust's future development projects. In order to continue to take advantage of economies of scale, the New Shared Services Agreement maintains current resource sharing arrangements between the Trust and Dream such as information technology, human resources and insurance, among other services as requested, on a cost allocation basis.

  Under the New Shared Services Agreement, in connection with each future development project, Dream will earn a development fee equal to 3.75% of the total net revenues of the development or, for rental properties, 3.75% of the fair value upon completion, without any promote or other incentive fees.

  Dream is an award-winning developer with expertise in residential, commercial, retail and master-planned community development. The Dream Canadian development team has approximately 150 dedicated professionals in construction, planning, estimating, engineering design, architecture, procurement, and strong relationships with experienced partners to service a robust pipeline of development projects in Toronto, Greater Toronto Area and Ottawa that is expected to create approximately 11,800 residential units and 3.3 million square feet of retail and commercial space.

  In connection with the property management services provided by the Trust to Dream, the Trust will earn a fee equal to 3.5% of gross revenue of Dream's investment properties portfolio, which will generate two to three cents of diluted FFO per unit(1) on an annualized basis, including existing property management services agreement already in place for co-owned properties.

  Dream Office REIT has been an owner manager of its investment properties for over 15 years and has an experienced property management team with a track record of delivering quality services to tenants of all sizes in commercial buildings.

"The New Shared Services Agreement will allow Dream and Dream Office REIT to focus on developing and providing best-in-class development and property management expertise," said Michael J. Cooper, Chief Executive Officer. "The elimination of the incentive fee structure at no cost to Dream Office REIT unitholders will improve value and transparency."

ANNUAL GENERAL MEETING OF UNITHOLDERS

Senior management will host its Annual General Meeting of Unitholders on May 16, 2019 at 12:30 p.m. (ET), located at the Hockey Hall of Fame, TSN Theatre (concourse level), Brookfield Place, 30 Yonge Street, Toronto, Ontario. At the meeting, senior management will provide an update on its operations, capital allocation strategy and development projects.

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.

dream office REIT

FOOTNOTES

(1) FFO, comparative properties NOI, 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), 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) Total units include 5.2 million LP B Units which are classified as a liability under IFRS.

(4) Excludes properties held for sale at the end of each period.

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

(6) 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" section under the heading "Interest coverage ratio" in Dream Office REIT's MD&A for the three months ended March 31, 2019.

(7) Comparative portfolio excludes properties sold, held for future redevelopment and properties under development as at March 31, 2019.

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, 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), 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 ended March 31, 2019.

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.

For further information, please contact:

Michael J. Cooper
Chairman and Chief Executive Officer
(416) 365-5145
mcooper@dream.ca

Jay Jiang
Chief Financial Officer
(416) 365-6638
jjiang@dream.ca