

## DREAM OFFICE REIT ANNOUNCES STRONG FOURTH QUARTER LEASING AND UPDATE ON REPURCHASE OF REIT A UNITS

**TORONTO, JANUARY 6, 2015, DREAM OFFICE REIT (D.UN-TSX)** today is announcing strong fourth quarter leasing with Q4 being the Trust's best quarter for leasing volume in 2014. This momentum resulted in the REIT completing almost 900,000 square feet of leases in the quarter for positive absorption of 50,000 square feet. During the fourth quarter, the Trust continued to strengthen relationships with existing tenants and renewed almost 60% of the leases that expired during the quarter, with an average renewal rate 9.1% higher than the expiring rent. Deal velocity remained particularly strong in our biggest markets with 176,000 square feet of leasing completed in Downtown Toronto, 120,000 square feet in Downtown Calgary as well as 183,000 square feet in Suburban Toronto and 153,000 in Southwestern Ontario. As a result, the REIT's in-place occupancy rate at December 31, 2014 increased 20 bps to 91.3% and remains above the national average of 89.7%.

The Trust already has a good head start on leasing for 2015 and 2016 completing leases for almost 1.2 million square feet which will commence in 2015. This represents 45% of the 2.5 million square feet which will expire this year. The Trust has already completed leases for 25% of the space that will expire in 2016. On average, for the last three years, the Trust has consistently leased approximately 3 million square feet per year. With that track record combined with the leasing completed to date, and minimal large tenant exposure in the next two years, cash flows and occupancy are expected to be strong.

*"We are pleased with the amount of leasing already done for 2015 and the renewal rates being achieved. With our average annual leasing of 3 million square feet and only 2.5 million square feet expiring in 2015, we are optimistic that we will end 2015 with higher occupancy than we began with. Between 2017 and 2020, approximately 10.7 million square feet of leases expire, consistent with average historic expiry levels. Of that amount, we know approximately 1.2 million square feet of large tenancies will not be renewed. The majority of this space is in excellent buildings which are among the best in their respective markets - like 438 University Avenue, Scotia Plaza and Telus House. Through our leasing initiatives and disposition strategy, we expect to deal with about 40% of this expiring space in 2015"* noted Jane Gavan, CEO of the REIT.

For the last 6 weeks, the Trust has been actively purchasing its units. To date, pursuant to its normal course issuer bid ("NCIB"), the REIT has purchased for cancellation approximately 994,800 of the Trust's Units, Series A at an average price of \$25.14 for a total cost of \$25.0 million.

The Trust will continue to actively use the NCIB already in place in 2015. Pursuant to the terms of the NCIB effective to June 19, 2015, the REIT can purchase up to 9.3 million additional Units and the NCIB can be renewed thereafter for approximately the same number of Units. The Trust will fund the NCIB by selectively selling assets that have reached their value potential, are in markets that no longer provide growth or are non-core to the business. We will also pursue opportunities to realize value by selling or developing properties with a better alternate use.

*"We are currently increasing the pace of repurchasing Units to spend approximately \$150 million over the next six months buying back Units, if we can, at the current price or at a price we perceive a significant value for unitholders. If our perception of the gap between the trading value of the Units and their fair value persists, we will continue to seek methods to close the value gap."* said Mario Barraffato, CFO of the REIT.

Dream Office REIT is an unincorporated, open-ended real estate investment trust. Dream Office REIT is focused on owning, acquiring, leasing and managing well-located, high-quality central business district and suburban office properties. Its portfolio currently comprises approximately 24.3 million square feet of gross leasable area 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](http://www.dreamofficereit.ca).

**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 functions. 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. 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](http://www.dreamofficereit.ca).*

For further information, please contact:

P. Jane Gavan  
Chief Executive Officer  
(416) 365-6572

Mario Barrafato  
Chief Financial Officer  
(416) 365-4132

Ana Radic  
Chief Operating Officer  
(416) 365-4136