DREAM OFFICE REIT REPORTS STRONG LEASING ACTIVITY AND 2014 YEAR-END RESULTS

This news release contains forward-looking information that is based upon assumptions and is subject to risks and uncertainties as indicated in the cautionary note contained within this press release.

TORONTO, FEBRUARY 19, 2015, DREAM OFFICE REIT (D.UN-TSX) today announced its financial results for the three and twelve months ended December 31, 2014. Senior management will host a conference call to discuss the results tomorrow, February 20, 2015 at 9:00 a.m. (ET).

OVERALL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION (unaudited) ($000's except units and per unit amounts)	Three months ended December 31, 2014	Three months ended December 31, 2013	Years ended December 31, 2014	Years ended December 31, 2013
Basic:				
Adjusted funds from operations ("AFFO")[1]	**$ 0.63**	$ 0.62	**$ 2.52**	$ 2.47
Funds from operations ("FFO")[1]	**0.72**	0.72	**2.88**	2.88
Diluted:				
FFO[1]	**0.71**	0.72	**2.87**	2.87
Operating results				
Comparative properties net operating income ("NOI")[1][2]	**$ 105,815**	$ 105,119	**$ 423,937**	$ 421,742
Comparative properties NOI growth	**0.7%**	0.2%	**0.5%**	0.9%
Occupancy rate – in place (period-end)[3]	**91.4%**	92.7%		
Occupancy rate – including committed (period-end)[3]	**93.0%**	94.3%		

See footnotes on page 5.

HIGHLIGHTS FOR THE QUARTER

- **Strong leasing volume:** Q4 2014 had the highest volume of leasing activity compared to any previous quarter in 2014 with 893,500 square feet of leasing completed, resulting in positive absorption of 61,100 square feet. Q4 2014 activity brought the Trust's full-year leasing total to 2.8 million square feet.
- **High tenant retention and rental rate growth:** Tenant retention ratio for the quarter was a solid 64% with 527,800 square feet of renewals completed at rates over 9% above expiring rents.
- **Increase in occupancy:** In-place occupancy increased by 30 basis points ("bps") to 91.4% compared to Q3 2014. With 382,500 square feet of future lease commitments secured (commencing in Q1 2015 or later) in-place and committed occupancy remained unchanged at 93.0% when compared to Q3 2014. This rate compares favourably with the Canadian national average of 89.3%.
- **2015 leasing momentum:** For Q1 2015, the Trust has entered into leases equivalent to 100% of its Q1 lease maturities. Year-to-date, the Trust has secured lease commitments equal to 52% of 2015 lease maturities.
- **Repurchasing units:** The Trust continues to actively purchase its units pursuant to its normal course issuer bid ("NCIB"). From November 2014 to date, the Trust has purchased for cancellation approximately 1.7 million units at an average price of $25.95 and a total cost of approximately $43 million.
- **Long term, low cost financing:** The Trust continued to strengthen its balance sheet with the $200 million mortgage refinancing of Adelaide Place (downtown Toronto) for a ten-year term and a fixed interest rate of 3.59% per annum.

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"We are pleased with the progress we have made adapting our organization to a changing economic environment. Our leasing has picked up in the last four months and we have done more forward leasing for this year and next than in prior years." said Jane Gavan, Chief Executive Officer of Dream Office REIT. "Increasing occupancy combined with financing at lower interest rates, selling some non-core assets and buying back units will all contribute to higher AFFO."

OPERATIONAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION (unaudited)			As at
($000's except units and per unit amounts)	**December 31, 2014**	September 30, 2014	December 31, 2013
Portfolio			
Number of properties	**177**	177	186
Investment properties value(3)	**7,191,846**	7,226,450	7,237,935
Gross leasable area ("GLA")(4)	**24,223**	24,219	24,562
Occupancy rate – including committed (period-end)(3)	**93.0%**	93.0%	94.3%
Occupancy rate – in place (period-end)(3)	**91.4%**	91.1%	92.7%
Tenant retention	**64.4%**	34.5%	67.8%
Average in-place net rent per square foot (period-end)(3)	**$ 18.22**	$ 18.21	$ 17.83
Market rent / average in-place net rent	**7.8%**	8.2%	8.9%

See footnotes on page 5.

- **Strong leasing activity:** During the quarter, leasing activity included approximately 365,700 square feet of new leases and 527,800 square feet of renewals. Deal velocity was strong this quarter in our larger markets with 175,400 square feet of new leasing completed in downtown Toronto, 196,000 square feet in the suburban Toronto and 120,300 square feet in downtown Calgary. In addition, approximately 382,500 square feet of gross leasable area was committed for future occupancy at quarter end.

  For the year, the Trust leased approximately 2.8 million square feet with strong leasing volumes throughout its portfolio - 552,700 square feet in downtown Calgary, 535,600 square feet in downtown Toronto, 613,200 square feet suburban Toronto, 245,500 square feet southwestern Ontario and 183,300 square feet in Edmonton.

- **Stable occupancy:** At the end of Q4 2014, in-place occupancy was 91.4%, up 30 bps sequentially from 91.1% in the prior quarter. The Trust realized positive absorption in most of its major markets with the exception of Greater Toronto Area West and downtown Calgary. The Trust's in-place and committed occupancy was 93.0% at Q4 2014, consistent with the prior quarter.

- **Leasing momentum:** The Trust has secured lease commitments for 2015 of approximately 1.4 million square feet which equates to 52% of the year's expiries. The Trust has also leased approximately one million square feet, or 26% of 2016 lease maturities.

- **Rental rate upside:** The Trust continues to capture rental rate gains in connection with leasing activity. During the quarter, the Trust realized rate increases of 9% above expiring rents on 527,800 square feet of lease renewals. Some of this gain was offset due to leasing mix as vacating tenants were replaced with new tenants in buildings with lower average rents. As a result, the portfolio average in-place net rent was $18.22 per square feet, relatively flat compared to Q3 2014 but up from $17.83 per square feet at Q4 2013. For the year, lease renewals were completed at rents over 8% above expiring rent. Management estimates that average in-place net rents remain approximately 8% below market rents.

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FINANCIAL HIGHLIGHTS

SELECTED FINANCIAL INFORMATION								
(unaudited)	Three months ended December 31,				Years ended December 31,			
($000's except units and per unit amounts)		**2014**		2013		**2014**		2013
Operating results								
NOI[(1)(5)]		**114,164**		114,873		**458,844**		447,387
Comparative properties NOI[(1)(2)]		**105,815**		105,119		**423,937**		421,742
Comparative properties NOI growth		**0.7%**		0.2%		**0.5%**		0.9%
FFO[(1)]		**78,149**		78,242		**312,829**		306,247
AFFO[(1)]		**68,570**		66,984		**273,060**		261,776
Distributions								
Declared distributions	**$**	**62,622**		59,989	**$**	**242,220**	$	235,751
DRIP participation ratio (for the period)		**29%**		24%		**26%**		21%
Per unit amounts[(6)]								
Distribution rate	**$**	**0.56**	$	0.56	**$**	**2.24**	$	2.23
Basic:								
FFO[(1)]		**0.72**		0.72		**2.88**		2.88
AFFO[(1)]		**0.63**		0.62		**2.52**		2.47
Diluted:								
FFO[(1)]		**0.71**		0.72		**2.87**		2.87
Payout ratio (%):								
FFO (basic)		**78%**		78%		**78%**		77%
AFFO (basic)		**89%**		90%		**89%**		90%

See footnotes on page 5

- **AFFO per unit up 1.6% over prior year comparative quarter:** The Trust reported AFFO per unit of 0.63 cents, up 1.6% from Q4 2013. The year-over-year increase in AFFO was mainly attributable to growth in comparative properties NOI, incremental increase in AFFO from our investment in Dream Industrial REIT ("DIR"), accretive acquisitions completed in 2013, offset by dispositions completed during 2014.

- **FFO per unit stable to prior year:** FFO per unit was $0.72, flat to prior year. Growth over prior year was consistent with AFFO growth but offset by incremental decrease in straight-line rent.

- **Comparable properties NOI up 0.7% over Q4 2013:** Reflected in the 0.7% increase in comparative properties NOI growth over Q4 2013 is a 1.8% increase in our Western Canada portfolio, 7.6% increase in our suburban Calgary portfolio, 4.8% increase in downtown Toronto, our largest market, and 1.7% increase in our Eastern Canada portfolio, offset by 6.0% decline in our downtown Calgary portfolio and 3.6% decline in our suburban Toronto portfolio due to lower occupancy. For the entire year, comparative properties NOI is up 0.5% over prior year.

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CAPITAL HIGHLIGHTS

KEY FINANCIAL PERFORMANCE METRICS (unaudited)			As at
($000's except unit and per unit amounts)	**December 31, 2014**	September 30, 2014	December 31, 2013
Financing			
Weighted average effective interest rate (period-end)	**4.15%**	4.20%	4.18%
Weighted average face interest rate (period-end)	**4.18%**	4.21%	4.22%
Interest coverage ratio[1]	**2.9 times**	2.9 times	2.9 times
Net average debt-to-EBITDFV (years)[1]	**7.8**	7.8	8.0
Level of debt (net debt-to-gross book value)[1]	**47.5%**	46.9%	47.6%
Level of debt (net secured debt-to-gross book value)[1]	**40.4%**	39.9%	42.5%
Debt – average term to maturity (years)	**4.4**	4.2	4.6
Unencumbered assets	**$ 796,000**	$ 794,000	$ 622,000
Unsecured convertible and non-convertible debentures	**533,860**	533,795	385,532
Units (period end)			
REIT Units, Series A ("REIT A Units")	**107,936,575**	108,064,862	103,420,221
LP Class B Units, Series 1 ("LP B Units")	**602,434**	602,434	3,538,457
Total number of units	**108,539,009**	108,667,296	106,958,678

See footnotes on page 5.

- **Interest cost savings:** The Trust completed a $200 million refinancing of Adelaide Place (downtown Toronto) for a ten year term and a fixed interest rate of 3.59% per annum, with only interest payable for the first five years. The mortgage amount reflects a 59% loan-to-value ratio. The proceeds were used to discharge $151 million of mortgages at an average interest rate of 4.29% and to fund capital expenditures and unit purchases under the NCIB.

- **REIT A Units repurchased for cancellation:** From November 2014 to date, the Trust has purchased for cancellation approximately 1.7 million REIT A units under the NCIB at an average price of $25.95 per unit and a total cost of approximately $43 million. Of that amount, 821,200 REIT A units were purchased in Q4 2014 at an average price of $25.12 per unit and a total cost of approximately $21 million. Subsequent to year-end, the Trust purchased an additional 835,000 REIT A units at an average price of $26.76 per unit and a total cost of approximately $22 million.

- **Building improvements to drive leasing: –** The Trust has invested approximately $14 million for the quarter and $34 million for the year in building improvements aimed at attracting and retaining tenants. Expenditures include upgrades that improve the quality of the buildings such as lobby enhancements, common area upgrades and elevator replacement, as well as sustainability initiatives that increase energy efficiency and reduce operating costs. For 2015, the Trust plans to significantly increase its capital spending, committing approximately $75 million on improvement, repositioning and intensification initiatives.

- **Strong and conservative capital structure maintained:** – The Trust's leverage remained stable at 47.5% compared to 47.6% at December 31, 2013 and up marginally from 46.9% at September 30, 2014. Interest coverage ratio remains strong at 2.9 times and net average debt-to-EBITDFV ratio improved to 7.8 years compared to 8.0 years at December 31, 2013 and remained flat when compared to September 30, 2014. The Trust's pool of unencumbered assets remains at approximately $800 million.

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CALL

Senior management will host a conference call to discuss the results tomorrow, February 20, 2015 at 9:00 a.m. (ET). To access the conference call, please dial 1-866-229-4144 in Canada and the United States or 416-216-4169 elsewhere and use passcode 7678 875#. 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 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, 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.

FOOTNOTES

(1) AFFO, FFO, comparative properties NOI, NOI, interest coverage ratio, net average debt-to-EBITDFV and levels of debt are non-GAAP measures used by Management in evaluating operating performance. Please refer to the cautionary statements under the heading "Non-GAAP Measures" in this press release.
(2) Comparative properties NOI (non-GAAP measure) includes NOI of same properties owned by the Trust in the current and comparative period and excludes leases termination fees and certain one-time adjustments, property held for redevelopment, straight-line rent and amortization of lease incentives.
(3) Includes investments in joint ventures and excludes redevelopment properties and assets held for sale.
(4) In thousands of square feet and excludes redevelopment properties and assets held for sale.
(5) NOI (non-GAAP measure) is defined as total of net rental income, including the share of net rental income from investment in joint ventures and property management income, excluding net rental income from properties sold and assets held for sale.
(6) A description of the determination of basic and diluted amounts per unit can be found in section "Non-GAAP measure and other disclosures" under the heading "Weighted average number of units" of the MD&A.

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 Adjusted Funds From Operations ("AFFO"), Funds From Operations ("FFO"), comparative properties Net Operating Income ("NOI"), NOI, interest coverage ratio, net average debt-to-EBITDFV and levels of debt 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 issuers. 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 Management's Discussion and Analysis for the year ended December 31, 2014.

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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.

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