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DREAM OFFICE REIT REPORTS 2022 YEAR-END RESULTS

This press 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. All dollar amounts in our tables are presented in thousands of Canadian dollars, except for rental rates and per unit amounts, unless otherwise stated.

TORONTO, FEBRUARY 16, 2023, 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 December 31, 2022 and provided a business update. Management will host a conference call to discuss the financial results on February 17, 2023 at 10:00 a.m. (ET).

OPERATIONAL HIGHLIGHTS

	As at		
	December 31, 2022	September 30, 2022	December 31, 2021
Total properties[1]			
Number of active properties	**26**	27	29
Number of properties under development	**2**	2	1
Gross leasable area ("GLA") (in millions of square feet)	**5.1**	5.4	5.5
Investment properties value	**$ 2,382,883**	$ 2,596,815	$ 2,569,002
Toronto downtown[2]			
Occupancy rate – including committed (period-end)[3]	**87.7%**	88.9%	89.6%
Occupancy rate – in-place (period-end)[3]	**82.7%**	83.3%	87.9%
Total portfolio[2]			
Occupancy rate – including committed (period-end)[3]	**84.4%**	85.7%	85.5%
Occupancy rate – in-place (period-end)[3]	**81.0%**	81.8%	82.9%
Average in-place and committed net rent per square foot (period-end)	**$ 24.90**	$ 23.71	$ 23.25
Weighted average lease term ("WALT") (years)	**5.3**	5.3	5.2

See footnotes at end.

	Three months ended	
	December 31, 2022	December 31, 2021
Operating results		
Funds from operations ("FFO")[4]	**$ 19,310**	**$** 21,751
Comparative properties net operating income ("NOI")[5]	**26,426**	26,399
Net rental income	**27,342**	26,522
Net income (loss)	**(82,607)**	26,881
Per unit amounts		
Diluted FFO per Unit[6]	**$ 0.37**	$ 0.40
Distribution rate per Unit	**0.25**	0.25

See footnotes at end.

"We are pleased with the assets that make up our portfolio. There is evidence that office use is increasing monthly although the return has taken much longer than anticipated. 720 Bay is an example of the value within our portfolio which we are unlocking by creating exciting places in great locations through renovations, redevelopments and leasing to restaurants that provide a meaningful draw," said Michael Cooper, Chief Executive Officer of Dream Office REIT. *"We believe the demand for office space is increasing and our portfolio is becoming even more desirable to tenants and their employees."*

- **Net loss for the quarter:** For the three months ended December 31, 2022, the Trust incurred a net loss of $82.6 million. Included in net loss for the three months ended December 31, 2022 are negative fair value adjustments to investment properties totalling $99.1 million across the portfolio and share of net loss from our investment in Dream Industrial Real Estate Investment Trust ("Dream Industrial REIT") totalling $1.8 million, partially offset by net rental income totalling $27.3 million and positive fair value adjustments to financial instruments totalling $9.1 million, primarily due to the revaluation of the subsidiary redeemable units as a result of a decrease in the Trust's unit price.

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- **Diluted FFO per unit(6) for the quarter:** For the three months ended December 31, 2022, diluted FFO per unit decreased by $0.03 per unit to $0.37 per unit relative to $0.40 per unit in Q4 2021, driven by higher interest expense (-$0.07), partially offset by higher FFO from our investment in Dream Industrial REIT (+$0.01), lower bad debt expenses (+$0.01) and other items (+$0.02).
- **Net rental income for the quarter:** Net rental income for the three months ended December 31, 2022 increased by $0.8 million relative to the prior year comparative quarter primarily due to lower bad debt provisions.
- **Comparative properties NOI(5) for the quarter:** For the three months ended December 31, 2022, comparative properties NOI increased by 0.1% over the prior year comparative quarter with higher weighted average occupancy in Other markets and higher parking revenues of $0.2 million across the portfolio, partially offset by higher property management costs and lower weighted occupancy in Toronto downtown.

  We are actively managing our assets in the Toronto downtown region, which represent 82% of our active portfolio investment property fair values, to improve the quality of the buildings and to continue to improve rental rates in this market. For our assets in the Other markets region, which make up the remaining 18% of our total portfolio investment properties fair value, we are repositioning these assets to improve occupancy and liquidity in the private market.
- **In-place occupancy**: Total portfolio in-place occupancy on a quarter-over-quarter basis decreased slightly by 0.8% relative to Q3 2022 as a result of the reclassification of 720 Bay Street in Toronto, Ontario to assets held for sale. Net of the effect of this reclassification, in-place occupancy increased by 0.2% relative to September 30, 2022. In the Other markets region, in-place occupancy decreased by 0.8% relative to Q3 2022 as 37,000 square feet of expiries were partially offset by 18,000 square feet of renewals and 5,000 square feet of new lease commencements. In Toronto downtown, in-place occupancy decreased by 0.6% relative to Q3 2022 primarily driven by the reclassification of 720 Bay Street to held for sale at quarter-end. Excluding the effect of this reclassification, the Toronto downtown region experienced net positive absorption totalling 0.7% as 361,000 square feet of renewals and 108,000 square feet of new lease commencements were partially offset by 446,000 square feet of expiries.

  Total portfolio in-place occupancy on a year-over-year basis decreased from 82.9% at Q4 2021 to 81.0% at Q4 2022 due to net negative absorption in Toronto downtown and the aforementioned effect of a property classified as an asset held for sale at the end of Q4 2022, partially offset by net positive absorption in Other markets and the sale of Princeton Tower in Saskatoon in Q3 2022.
- **Lease commencements for the quarter:** For the three months ended December 31, 2022, excluding temporary leases, 466,000 square feet of leases commenced in Toronto downtown at $32.34 per square foot, or 28.9% higher than the previous rent in the same space with a weighted average lease term of 5.3 years. In the Other markets region, excluding temporary leases, 23,000 square feet of leases commenced at $14.63 per square foot, or 6.5% lower than the previous rents in the same space as rental rates on renewals rolled down to market rates with a weighted average lease term of 4.7 years.

  The renewal and relocation rate to expiring rate spread for the quarter was 22.8% above expiring rates on 379,000 square feet of renewals.

BUSINESS UPDATE

As at December 31, 2022, the Trust had $3.1 billion of total assets, $2.4 billion of investment properties and $1.4 billion of total debt.

During Q4 2022, the Trust executed leases totalling approximately 180,000 square feet across our portfolio. In Toronto downtown, the Trust executed 175,000 square feet of leases at a weighted average initial net rent of $33.18 per square foot, or 28.7% higher than the weighted average prior net rent per square foot on the same space, with a weighted average lease term of 6.0 years. In the Other markets region, comprising our properties located in Calgary, Saskatoon, Regina, Mississauga, Scarborough, and the United States, we executed leases totalling 5,000 square feet at a weighted average net rent of $22.02 per square foot, an increase of 7.8% from the weighted average prior net rent on the same space, with a weighted average lease term of 4.7 years.

Over the course of 2022, we executed leases totalling approximately 659,000 square feet across our portfolio. In Toronto downtown, the Trust executed 575,000 square feet of leases, including a 54,000 square foot lease with a flexible workspace provider where rents comprise a share of the tenant's net revenues. The remaining 521,000 square feet of leases were at a weighted average initial net rent of $34.64 per square foot, or 34.6% higher than the weighted average prior net rent per square foot on the same space, with a weighted average lease term of 6.2 years. In the Other markets region, we executed leases totalling 84,000 square feet at a weighted average initial net rent of $18.26 per square foot, or 3.8% higher than the weighted average prior net rents on the same space, with a weighted average lease term of 4.8 years. Subsequent to December 31, 2022 to today's date, the Trust has secured a further 70,000 square feet of leases in Toronto downtown at a weighted average initial net rent of $42.01 per square foot, or 25.9% higher than the weighted average prior net rent per square foot on the same space, with a weighted average lease term of 8.6 years.

To date, the Trust has secured commitments for approximately 601,000 square feet, or 83%, of 2023 full-year natural lease expiries. In Toronto downtown, 29,000 square feet, or approximately 1% of the region's gross leasable area, is currently being held intentionally vacant for retail repositioning and property improvement purposes.

We remain committed to investing in our well-located real estate portfolio in downtown Toronto to distinguish our assets and attract unique tenants. Despite supply chain and labour constraints in the construction industry, we have substantially completed the Bay Street revitalization redevelopment within the initial budget, with one façade and final work on the alley revitalization remaining to be completed.

Since 2020, our successful redevelopment program has completed two other projects on time and on budget that have significantly increased the value of the assets and delivered significant incremental income to the Trust. In Q4 2020, we completed our redevelopment of 357 Bay Street in Toronto downtown and in Q2 2021, Co-operators Place in Regina, Saskatchewan was completed. We previously took 366 Bay Street in Toronto offline to fully revitalize the asset and during Q2 2022, a negotiated termination at 67 Richmond Street West in Toronto presented an opportunity to undertake a similar project at that property.

At 67 Richmond Street West and 366 Bay Street, the development projects comprise full modernizations of the properties, including technical systems, interior lighting and elevators, along with enhanced common areas and larger floorplates. The Trust is targeting certain building and project certifications as part of the development projects. A portion of the development costs for these buildings will satisfy the terms of the Trust's unsecured non-revolving credit facility and term credit facility with the Canada Infrastructure Bank under its Commercial Building Retrofit Initiative (the "CIB Facility"), which gives the Trust access to an attractive financing program to decarbonize the properties.

During Q4 2022, we obtained zoning approval for our development at 2200-2206 Eglinton Avenue and 1020 Birchmount Road property in Scarborough, Ontario. We are currently working through the subdivision program to plan out the prospective development. The approved zoning is for 2,705,000 square feet of gross floor area, comprising 2,505,000 square feet (or 3,208 units) of residential area, and 48,000 square feet of incremental commercial space. The existing commercial buildings at the property are expected to be maintained.

As at December 31, 2022, the Trust had approximately $171.6 million of available liquidity(7), comprising $8.0 million of cash, undrawn revolving credit facilities totalling $58.6 million and undrawn amounts on our CIB Facility of $105.0 million which offers low-cost fixed-rate financing for commercial property retrofits to achieve certain energy efficiency savings and greenhouse gas emission reductions. The Trust also had $116 million of unencumbered assets(7) and a level of debt (net total debt-to-net total assets)(9) of 44.6%. Subsequent to December 31, 2022, the Trust sold 720 Bay Street in Toronto, Ontario for $135 million, the proceeds of which were used to repay drawings on the $375 million revolving credit facility. As the property was pledged against the Trust's $375 million revolving credit facility, borrowing capacity on that facility decreased by $73 million from the $350 million of borrowing capacity as at December 31, 2022 to $278 million after the sale. As a result, the sale provided $62 million of incremental liquidity.

Rising input costs and interest rates, supply chain disruptions, uncertainty about future economic trends, the impact of geopolitical conflicts and the residual effects of the COVID-19 pandemic have made it difficult for our current and prospective tenants to plan for the future. The full impact that these disruptions will have on the market for office space in the near term and the wider economy in general is unclear and difficult to predict. However, we believe that there will continue to be demand for high-quality and well-located office space in urban markets in Canada, especially in Toronto. The Trust has ample financial resources to absorb near-term operational challenges and a program to drive value in the business through capital improvements and redevelopments to deliver best-in-class boutique office space to our tenants.

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CAPITAL HIGHLIGHTS

KEY FINANCIAL PERFORMANCE METRICS		As at
(unaudited)	**December 31, 2022**	December 31, 2021
Financing		
Weighted average face rate of interest on debt (period-end)[10]	**4.42%**	3.28%
Interest coverage ratio (times)[11]	**2.5**	3.0
Net total debt-to-normalized adjusted EBITDAFV ratio (years)[12]	**10.4**	9.8
Level of debt (net total debt-to-net total assets)[9]	**44.6%**	41.8%
Average term to maturity on debt (years)	**3.1**	3.6
Undrawn credit facilities, available liquidity and unencumbered assets		
Undrawn credit facilities (in millions)	**$ 163.5**	$ 192.4
Available liquidity (in millions)[7]	**171.6**	201.1
Unencumbered assets (in millions)[8]	**115.7**	178.3
Capital (period-end)		
Total number of REIT A and LP B units (in millions)[13]	**51.3**	53.3
Net asset value ("NAV") per unit[14]	**$ 31.36**	$ 31.49

See footnotes at end.

- **NAV per unit[14]:** As at December 31, 2022, our NAV per unit decreased to $31.36 compared to $31.49 at December 31, 2021. The decrease in NAV per unit relative to December 31, 2021 is driven by fair value losses on investment properties in both regions due to adjusting valuation assumptions and marking to appraisals received from qualified external valuation professionals partially offset by incremental income from our investment in Dream Industrial REIT, cash flow retention (FFO net of distributions) and the effect of accretive unit repurchases under our NCIB program during the year. As at December 31, 2022, equity per the consolidated financial statements was $1.5 billion.
- **Investment property disposition:** On January 30, 2023, subsequent to year-end, the Trust completed the sale of 720 Bay Street in Toronto, Ontario for total gross proceeds before adjustments and transaction costs of $135.0 million.
- **Interest rate swaps**: During the quarter the Trust entered into fixed-for-variable interest rate swaps to fully fix the interest rate on a $64.9 million mortgage at a blended rate of 5.14% and for $150 million of its drawings under the $375 million revolving credit facility at a rate of 5.37% at current pricing for bankers' acceptance draws under the facility for a period of five years.
- **Credit facility extension**: On October 25, 2022, the Trust extended the maturity of the existing $20 million revolving credit facility from March 31, 2023 to March 31, 2025. The interest rate is at the bank's prime rate plus 0.85%. In addition, the Trust negotiated a sustainability-linked pricing adjustment relating to greenhouse gas ("GHG") intensity and green building certifications with pricing for the facility decreasing or increasing by up to five basis points for meeting, or failing to meet, the targets. The Trust pledged an additional 1,337,176 Dream Industrial REIT units as security in connection with the extension.
- **Demand revolving credit facility**: On February 10, 2023, subsequent to year-end, the Trust entered into a $20 million demand revolving credit facility secured by a property in Saskatoon, Saskatchewan with no fixed maturity. The demand revolving credit facility bears interest at the BA rate plus 2.00% or at the bank's prime rate plus 0.50%.

"We remain focused on maintaining ample liquidity and a stable balance sheet in times of market uncertainty," said Jay Jiang, Chief Financial Officer of Dream Office REIT. *"The sale of 720 Bay for $135 million closed on January 30, 2023 and has created additional flexibility to repay debt and repurchase our units on an opportunistic basis."*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE UPDATE

On March 31, 2022, the Trust entered into the CIB Facility, under which the Canada Infrastructure Bank will lend the Trust up to $112.9 million for commercial property retrofits in order to achieve certain energy efficiency savings and GHG emission reductions. The non-revolving portion of the CIB Facility is available until the earlier of March 31, 2027 or the completion of all funded projects, at which point the aggregate drawings are converted to a 20-year amortizing term credit facility with an amended rate based on the GHG emission reductions achieved.

During 2022, the Trust, jointly with Dream Unlimited Corp., Dream Impact Trust and Dream Industrial REIT, unveiled its Net Zero by 2035 Action Plan. Under the plan, the Trust has indicated its commitment to achieving net zero scope 1 and 2 and select scope 3 (operational and development) GHG emissions by the year 2035. The Trust's plan to meet this goal includes transitioning to lower carbon energy sources; increasing building energy efficiency; on-premises energy generation, where possible; and the purchasing of carbon offsets.

During the second half of 2022, we drew $7.9 million on our CIB Facility. These draws represented 80% of the costs to date for capital retrofits at certain downtown Toronto properties for projects to reduce the operational carbon emissions in these buildings by an estimated 1,200 tonnes of CO_2, or 50.1%, per year on project completion.

In May 2022, the Trust was awarded a Platinum Level award by the Green Lease Leader program during the Better Buildings, Better Plants Summit by the Institute for Market Transformation and the U.S. Department of Energy's Better Buildings Alliance, for ambitious building energy reduction and social impact goals. This is the first year that the Platinum Level award was implemented, and the Trust is one of the few applicants to achieve the highest level of recognition.

During 2022, we made our second submission to the GRESB assessment. We again achieved a five-star rating with a score of 92/100, an improvement from our prior year score of 91/100. Our higher score is attributable to policy updates to integrate ESG matters throughout the Trust and our work to align with the recommendations of the Task Force on Climate-related Financial Disclosures.

The Trust has also converted both of its revolving credit facilities to sustainability-linked credit facilities. The amended revolving credit facilities have certain performance targets relating to GHG intensity and green building certifications, with pricing for the facilities decreasing or increasing based on whether the Trust meets, or fails to meet, the targets.

CONFERENCE CALL

Management will host a conference call to discuss the results tomorrow, February 17, 2023 at 10:00 a.m. (ET). To access the conference call, please register at this link: https://register.vevent.com/register/BI1a5208fa14dc429f931477da61006868. Once registered participants will receive an email with dial-in details, including a unique PIN. A taped replay of the conference call and the webcast will be archived for 90 days and can be accessed from the events page of our website at www.dreamofficereit.ca.

OTHER INFORMATION

Information appearing in this press release is a selected 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 is a premier office landlord in downtown Toronto with over 3.5 million square feet owned and managed. We have carefully curated an investment portfolio of high-quality assets in irreplaceable locations in one of the finest office markets in the world. For more information, please visit our website at www.dreamofficereit.ca.

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FOOTNOTES

(1) Excludes joint ventures that are equity accounted at the end of each period.

(2) Excludes properties under development, properties held for sale and joint ventures that are equity accounted at the end of each period.

(3) Occupancy figures as at December 31, 2022 exclude 720 Bay Street in Toronto, which was classified as an asset held for sale. Were 720 Bay Street included in the year-end occupancy figures, total portfolio in-place occupancy would have been 81.9% and in-place and committed occupancy would have been 85.1%. In Toronto downtown, in-place occupancy would have been 84.0% and in-place and committed occupancy would have been 88.6%.

(4) FFO is a non-GAAP financial measure. The most directly comparable financial measure to FFO is net income. The tables included in the Appendices section of this press release reconcile FFO for the three months ended December 31, 2022 and December 31, 2021 to net income. For further information on this non-GAAP financial measure please refer to the statements under the heading "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" in this press release.

(5) Comparative properties NOI is a non-GAAP financial measure. The most directly comparable financial measure to comparative properties NOI is net rental income. The tables included in the Appendices section of this press release reconcile comparative properties NOI for the three months ended December 31, 2022 and December 31, 2021 to net rental income. For further information on this non-GAAP financial measure please refer to the statements under the heading "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" in this press release.

(6) Diluted FFO per unit is a non-GAAP ratio. Diluted FFO per unit is calculated as FFO (a non-GAAP financial measure) divided by weighted average number of units. For further information on this non-GAAP ratio, please refer to the statements under the heading "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" in this press release. A description of the determination of the weighted average number of units can be found in the management's discussion and analysis of the financial condition and results of operations of the Trust for the three months and year ended December 31, 2022, dated February 16, 2023 ("the MD&A for the fourth quarter of 2022") in the section "Supplementary Financial Measures and Other Disclosures" under the heading "Weighted average number of units".

(7) Available liquidity is a non-GAAP financial measure. The most directly comparable financial measure to available liquidity is undrawn credit facilities. The tables included in the Appendices section of this press release reconcile available liquidity to undrawn credit facilities as at December 31, 2022 and December 31, 2021. For further information on this non-GAAP financial measure please refer to the statements under the heading "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" in this press release.

(8) Unencumbered assets is a supplementary financial measure. For further information on this supplementary financial measure, please refer to the statements under the heading "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" in this press release.

(9) Level of debt (net total debt-to-net total assets) is a non-GAAP ratio. Net total debt-to-net total assets comprises net total debt (a non-GAAP financial measure) divided by net total assets (a non-GAAP financial measure). The tables in the Appendices section reconcile net total debt and net total assets to total debt and total assets, the most directly comparable financial measures to these non-GAAP financial measures, respectively, as at December 31, 2022 and December 31, 2021. For further information on this non-GAAP ratio and these non-GAAP financial measures, please refer to the statements under the heading "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" in this press release.

(10) Weighted average face rate of interest on debt is calculated as the weighted average face rate of all interest-bearing debt balances excluding debt in joint ventures that are equity accounted.

(11) Interest coverage ratio (times) is a non-GAAP ratio. Interest coverage ratio comprises trailing 12-month adjusted EBITDAFV (a non-GAAP financial measure) divided by trailing 12-month interest expense on debt. The tables in the Appendices section reconcile adjusted EBITDAFV to net income for the three months and years ended December 31, 2022 and December 31, 2021. For further information on this non-GAAP ratio and this non-GAAP financial measure, please refer to the statements under the heading "Non-GAAP Financial Measures and Ratios and Supplementary Financial Measures" in this press release.

(12) Net total debt-to-normalized adjusted EBITDAFV ratio (years) is a non-GAAP ratio. Net total debt-to-normalized adjusted EBITDAFV comprises net total debt (a non-GAAP financial measure) divided by normalized adjusted EBITDAFV (a non-GAAP financial measure). Normalized adjusted EBITDAFV comprises adjusted EBITDAFV (a non-GAAP financial measure) adjusted for NOI from sold properties in the quarter. For further information on this non-GAAP ratio and these non-GAAP financial measures, please refer to the statements under the heading "Non-GAAP Financial Measures and Ratios and Supplementary Financial Measures" in this press release.

(13) Total number of REIT A and LP B units includes 5.2 million LP B Units which are classified as a liability under IFRS.

(14) NAV per unit is a non-GAAP ratio. NAV per unit is calculated as Total equity (including LP B Units) (a non-GAAP financial measure) divided by the total number of REIT A and LP B units outstanding as at the end of the period. Total equity (including LP B Units) is a non-GAAP measure. The most directly comparable financial measure to total equity (including LP B Units) is equity. The tables included in the Appendices section of this press release reconcile total equity (including LP B Units) to equity as at December 31, 2022 and December 31, 2021. For further information on this non-GAAP financial measure please refer to the statements under the heading "Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures" in this press release.

NON-GAAP FINANCIAL MEASURES, RATIOS AND SUPPLEMENTARY FINANCIAL 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 FFO, comparative properties NOI, available liquidity, adjusted EBITDAFV, and total equity (including LP B Units or subsidiary redeemable units) and non-GAAP ratios, including diluted FFO per unit, level of debt (net total debt-to-net total assets), interest coverage ratio, net total debt-to-normalized adjusted EBITDAFV and NAV per unit, as well as other measures discussed elsewhere in this release. These non-GAAP financial measures and ratios are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. The Trust has presented such non-GAAP financial measures and non-GAAP ratios as Management believes they are

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relevant measures of the Trust's underlying operating and financial performance. Certain additional disclosures such as the composition, usefulness and changes, as applicable, of the non-GAAP financial measures and ratios included in this press release are expressly incorporated by reference from the MD&A for the fourth quarter of 2022 and can be found under the section "Non-GAAP Financial Measures and Ratios" and respective sub-headings labelled "Funds from operations and diluted FFO per unit", "Comparative properties NOI", "Level of debt (net total debt-to-net total assets)", "Net total debt-to-normalized adjusted EBITDAFV ratio (years)", "Interest coverage ratio (times)", "Available liquidity", and " NAV per Unit". In this press release, the Trust also discloses and discusses certain supplementary financial measures, including unencumbered assets. The composition of supplementary financial measures included in this press release are expressly incorporated by reference from the MD&A for the fourth quarter of 2022 and can be found under the section "Supplementary financial measures and ratios and other disclosures". The MD&A for the fourth quarter of 2022 is available on SEDAR at www.sedar.com under the Trust's profile and on the Trust's website at www.dreamofficereit.ca under the Investors section. Non-GAAP financial 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, leverage, cash flow, and profitability. Reconciliations for FFO, comparative properties NOI, available liquidity, adjusted EBITDA, and total equity (including LP B Units) to the nearest comparable IFRS measure are contained at the end of this press release.

FORWARD-LOOKING INFORMATION

This press release may contain forward-looking information within the meaning of applicable securities legislation, including, but not limited to, statements regarding our objectives and strategies to achieve those objectives; our plans to improve the quality of our buildings and rental rates in the Toronto downtown region, and to reposition our assets in the Other markets region to improve occupancy and liquidity; expectations and plans for repositioning certain properties, including space held vacant for future occupancy; the effect of building improvements on tenant experience and building quality and performance; our expectations regarding future demand for office space in urban markets in Canada and the desirability of our portfolio to tenants and employees; our ability to achieve building and project certifications; our development, redevelopment and intensification plans and timelines, our commitment to invest in our downtown Toronto portfolio and retrofit our properties in the Bay Street corridor, and the effect of these plans on the value and quality of our portfolio; our future capital requirements and cost to complete development projects; the expectation that development costs for certain projects will satisfy the terms of the Canada Infrastructure Bank credit facility, allowing access to low-cost fixed-rate financing for such projects; our ability to increase building performance and achieve certain energy efficiency and greenhouse gas reduction goals, including in respect of specific properties and of retrofits made in connection with the Canada Infrastructure Bank's credit facility; our commitment to achieve net zero scope 1 and 2 and select scope 3 (operational and development) greenhouse gas emissions by 2035; our ability to align with the recommendations of the Task Force on Climate-Related Financial Disclosures; the stability and flexibility of our balance sheet; the expected repayment of debt and repurchasing of our units on an opportunistic basis; our asset management strategies, including in respect of capital allocation and investments, and prospective leasing activity and our overall financial performance, profitability and liquidity for future periods and years. Forward-looking statements generally can be identified by words such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "could", "likely", "plan", "project", "budget", or "continue" or similar expressions suggesting future outcomes or events. 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, including in respect of real estate; mortgage and interest rates and regulations; inflation; risks related to a potential recession economic slowdown in certain of the jurisdictions in which we operate and the effect inflation and any such recession economic slowdown may have on market conditions and lease rates; the uncertainties around the availability, timing and amount of future equity and debt financings; development risks including construction costs, the project timings and the availability of labour; NOI from development properties on completion; the impact of the COVID-19 pandemic on the Trust; the effect of government restrictions on leasing and building traffic; employment levels; the uncertainties around the timing and amount of future financings; leasing risks, including those associated with the ability to lease vacant space; rental rates on future leasing; and interest and currency rate fluctuations.

Our objectives and forward-looking statements are based on certain assumptions, which include but are not limited to: that the general economy remains stable; our interest costs will be relatively low and stable; that we will have the ability to refinance our debts as they mature; inflation and interest rates will not materially increase beyond current market expectations; conditions within the real estate market remain consistent; the timing and extent of current and prospective *tenants' return to the office; our future projects and plans will proceed as anticipated; that government restrictions due to COVID-19 on the ability of us and our tenants to operate their businesses at our properties will not be re-imposed in any material respects; competition for acquisitions remains consistent with the current climate; and that the capital markets continue to provide ready access to equity and/or debt to fund our future projects and plans. 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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APPENDICES

Funds from operations and diluted FFO per unit

The table below reconciles FFO to net income (the most directly comparable financial measure) for the three months ended December 31, 2022 and December 31, 2021.

	Three months ended December 31,	
	2022	2021
Net income (loss) for the period	**$ (82,607)**	$ 26,881
Add (deduct):		
Share of net loss (income) from investment in Dream Industrial REIT	**1,806**	(26,075)
Share of FFO from investment in Dream Industrial REIT	**6,209**	5,640
Depreciation and amortization	**2,904**	2,880
Recovery attributable to sale of investment properties(1)	**(732)**	(3)
Interest expense on subsidiary redeemable units	**1,309**	1,309
Fair value adjustments to investment properties	**99,142**	283
Fair value adjustments to investment properties held in joint ventures	**3**	3
Fair value adjustments to financial instruments and DUIP included in G&A expenses	**(9,322)**	10,288
Internal leasing costs	**383**	543
Principal repayments on finance lease liabilities	**(13)**	(13)
Deferred income taxes expense	**228**	15
FFO for the period	**$ 19,310**	$ 21,751
Diluted weighted average number of units(2)	**52,457**	54,553
Diluted FFO per unit	**$ 0.37**	$ 0.40

(1) Includes both continuing and discontinued operations.

(2) Diluted weighted average number of units includes the weighted average of all REIT A Units, LP B Units, vested but unissued and unvested deferred trust units and associated income deferred trust units.

Comparative properties NOI

The table below reconciles comparative properties NOI to net rental income (the most directly comparable financial measure) for the three months ended December 31, 2022 and December 31, 2021.

	Three months ended				Change in weighted average occupancy %	Change in in-place net rents %
	December 31, 2022	December 31, 2021	Change Amount	Change %		
Toronto downtown	**$ 20,721**	$ 20,879	$ (158)	(0.8)	(4.2)	4.3
Other markets	**5,705**	5,520	185	3.4	3.2	(2.8)
Comparative properties NOI	**26,426**	26,399	27	0.1	(1.6)	1.8
Co-operators Place	**1,332**	1,346	(14)			
Properties under development	**38**	160	(122)			
Property management and other service fees	**626**	405	221			
Provisions net of government support	**(296)**	(856)	560			
Straight-line rent	**231**	60	171			
Amortization of lease incentives	**(2,855)**	(2,782)	(73)			
Lease termination fees and other	**381**	113	268			
Property held for sale	**1,428**	1,433	(5)			
Sold properties	**31**	244	(213)			
Net rental income	**$ 27,342**	$ 26,522	$ 820	3.1		

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Adjusted EBITDAFV

The table below reconciles Adjusted EBITDAFV to net income (the most directly comparable financial measure) for the three months and years ended December 31, 2022 and December 31, 2021.

	Three months ended		Year ended	
	December 31, 2022	December 31, 2021	**December 31, 2022**	December 31, 2021
Net income (loss) for the period	**$ (82,607)**	$ 26,881	**$ 63,641**	$ 154,207
Add (deduct):				
Interest – debt	**15,081**	10,926	**51,836**	43,372
Interest – subsidiary redeemable units	**1,309**	1,309	**5,234**	5,234
Current and deferred income taxes expense (recovery), net	**193**	15	**672**	(203)
Depreciation on property and equipment	**79**	212	**430**	897
Fair value adjustments to investment properties	**99,142**	283	**95,171**	(47,926)
Fair value adjustments to financial instruments	**(9,104)**	10,297	**(60,834)**	29,922
Share of net loss (income) from investment in Dream Industrial	**1,806**	(26,075)	**(60,237)**	(90,645)
Distributions earned from Dream Industrial REIT	**4,656**	4,656	**18,622**	18,622
Share of net loss from investment in joint ventures	**112**	25	**532**	340
Non-cash items included in investment properties revenue(1)	**2,624**	2,722	**10,481**	11,217
Provisions net of government support	**296**	856	**1,709**	482
Lease termination fees and other	**(381)**	(113)	**(1,233)**	(836)
Net loss (gain) on transactions and other items(2)	**(349)**	540	**1,890**	3,732
Adjusted EBITDAFV for the period	**$ 32,857**	$ 32,534	**$ 127,914**	$ 128,415

(1) Includes adjustments for straight-line rent and amortization of lease incentives.
(2) Includes both continuing and discontinued operations.

Interest coverage ratio (times)

The table below calculates the interest coverage ratio for the trailing 12-month periods ended December 31, 2022 and December 31, 2021:

	For the trailing 12-month period ended	
	December 31, 2022	December 31, 2021
Trailing 12-month Adjusted EBITDAFV	**$ 127,914**	$ 128,415
Trailing 12-month interest expense on debt	**$ 51,836**	$ 43,372
Interest coverage ratio (times)	**2.5**	3.0

Level of debt (net total debt-to-net total assets)

The table below reconciles net total debt to total debt (the most directly comparable measure) and net total assets to total assets (the most directly comparable measure) as at December 31, 2022 and December 31, 2021.

	Amounts included in condensed consolidated financial statements	
	December 31, 2022	December 31, 2021
Non-current debt	**$ 1,106,816**	$ 1,206,734
Current debt	**265,967**	76,539
Total debt	**1,372,783**	1,283,273
Less: Cash on hand	**(6,811)**	(5,556)
Net total debt	**$ 1,365,972**	$ 1,277,717
Total assets	**3,066,892**	3,065,560
Less: Cash on hand	**(6,811)**	(5,556)
Net total assets	**$ 3,060,081**	$ 3,060,004
Net total debt-to-net total assets	**44.6%**	41.8%

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Available liquidity

The table below reconciles available liquidity to undrawn credit facilities (the most directly comparable financial measures) as at December 31, 2022 and December 31, 2021.

		As at
	December 31, 2022	December 31, 2021
Cash and cash equivalents	**8,018**	8,763
Undrawn revolving credit facilities	**$ 58,585**	$ 192,355
Undrawn CIB Facility	**104,957**	—
Available liquidity	**$ 171,560**	$ 201,118

Net total debt-to-normalized adjusted EBITDAFV ratio (years)

The table below calculates the annualized net total debt-to-normalized adjusted EBITDAFV as at December 31, 2022 and December 31, 2021:

	December 31, 2022	December 31, 2021
Non-current debt	**$ 1,106,816**	$ 1,206,734
Current debt	**265,967**	76,539
Total debt	**1,372,783**	1,283,273
Less: Cash on hand[(1)]	**(6,811)**	(5,556)
Net total debt	**$ 1,365,972**	$ 1,277,717
Adjusted EBITDAFV – quarterly	**32,857**	32,534
Less: NOI of disposed properties for the quarter	**(31)**	(4)
Normalized adjusted EBITDAFV – quarterly	**$ 32,826**	$ 32,530
Normalized adjusted EBITDAFV – annualized	**$ 131,304**	$ 130,120
Net total debt-to-normalized adjusted EBITDAFV ratio (years)	**10.4**	9.8

(1) Cash on hand represents cash on hand at period-end, excluding cash held in co-owned properties and joint ventures that are equity accounted.

Total equity (including LP B Units)

The table below reconciles total equity (including LP B Units) to total equity for the years ended December 31, 2022 and December 31, 2021:

				Unitholders' equity
	December 31, 2022		December 31, 2021	
	Number of Units	**Amount**	Number of Units	Amount
Unitholders' equity	**46,110,593**	**$ 1,842,010**	48,034,754	$ 1,883,653
Deficit	**—**	**(321,769)**	—	(338,593)
Accumulated other comprehensive income	**—**	**11,933**	—	3,268
Equity per consolidated financial statements	**46,110,593**	**1,532,174**	48,034,754	1,548,328
Add: LP B Units	**5,233,823**	**78,193**	5,233,823	128,909
Total equity (including LP B Units)	**51,344,416**	**$ 1,610,367**	53,268,577	$ 1,677,237
NAV per unit		**$ 31.36**		$ 31.49