

**dream**   
office REIT



*Dream Office REIT*

# Annual Information Form

March 31, 2023

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## GLOSSARY OF TERMS

When used in this annual information form, the following terms have the meanings set forth below unless expressly indicated otherwise:

**“2003 Reorganization”** means the reorganization of the business of DAM on June 30, 2003 pursuant to which substantially all of the commercial real estate division of DAM was transferred to Dream Office REIT.

**“2015 Reorganization”** means the reorganization of our management structure on April 2, 2015.

**“2021 NCIB”** has the meaning given under “General Development of the Business – Normal Course Issuer Bids”.

**“2022 MD&A”** means the management’s discussion and analysis of Dream Office REIT in respect of our 2021 financial year filed on SEDAR on February 16, 2023.

**“2022 NCIB”** has the meaning given under “General Development of the Business – Normal Course Issuer Bids”.

**“2023 NCIB”** has the meaning given under “General Development of the Business – Normal Course Issuer Bids”.

**“\$20 Million Revolving Credit Facility”** has the meaning given under “General Development of the Business – Revolving Credit Facilities”.

**“\$375 Million Revolving Credit Facility”** has the meaning given under “General Development of the Business – Revolving Credit Facilities”.

**“Adjusted Unitholders’ Equity”** means, at any time, the aggregate of: (i) the amount of unitholders’ equity; and (ii) the amount of accumulated depreciation and amortization recorded on the books and records of Dream Office REIT and its Subsidiaries in respect of their properties, in each case calculated in accordance with GAAP.

**“Administrative Services”** has the meaning given under “Real Estate Management and Advisory Services – Shared Services Agreement – Administrative Services”.

**“affiliate”** means an affiliate within the meaning of National Instrument 45-106 - *Prospectus Exemptions*.

**“AIF”** means this annual information form of Dream Office REIT.

**“ASP Plan”** has the meaning given under “General Development of the Business – Normal Course Issuer Bids”.

**“BA”** means bankers’ acceptance.

**“Board”** or **“Board of Trustees”** means the board of trustees of Dream Office REIT.

**“Business Day”** means any day other than a Saturday or a Sunday on which Schedule I Canadian chartered banks are open for business in Toronto, Ontario.

**“CBCA”** means the *Canada Business Corporations Act*, as amended.

**“CIB Facility”** has the meaning given under “General Development of the Business – Credit Facilities – Canada Infrastructure Bank Credit Facility”.

**“COVID-19”** has the meaning given under “Forward-Looking Information”.

**“DAM”** means Dream Asset Management Corporation, a corporation governed by the laws of the Province of British Columbia and a Subsidiary of Dream.

**“DAM Master Asset Transfer Agreement”** means the agreement dated June 30, 2003 between DAM and Dream Office LP pursuant to which all of the Properties held directly or indirectly by DAM were transferred to Dream Office LP.

**“Declaration of Trust”** means the amended and restated declaration of trust of Dream Office REIT dated May 8, 2014, as it may be further amended or amended and restated from time to time.

**“Demand Revolving Facility”** has the meaning given under “Recent Developments – Credit Facilities”.

**“distributable income”** means, for any period, the net income of Dream Office REIT and its applicable consolidated Subsidiaries for such period set out in its consolidated financial statements prepared as if Dream Office REIT’s only assets are units and notes of Partnership A and all amounts on deposit in the bank account maintained for the REIT A Units, as determined in accordance with GAAP, adjusted as follows: (i) depreciation and amortization (except for amortization of deferred financing costs and non-recoverable deferred maintenance, all as incurred after the formation of Dream Office REIT on June 30, 2003) and amortization of fair value debt adjustments shall be excluded; (ii) costs incurred with respect to distribution reinvestment plans, unit purchase plans, unit option plans, deferred unit plans or any other unit compensation incentive plan or similar plan shall be added back; (iii) any gains or losses on the disposition of any real property, any future income tax expenses or benefits and non-cash rental revenues recognized on a straight line basis or recognized as a result of the amortization of above or below market in-place leases recorded on an acquisition of a rental property shall be excluded, and (iv) to reflect any other adjustments determined to be appropriate by a majority of the trustees in their discretion.

**“Distributable Series B Income”** means, for any period, the net income of Dream Office REIT and its applicable consolidated Subsidiaries for such period set out in its consolidated financial statements prepared as if Dream Office REIT’s only assets are units and notes of Partnership B and all amounts on deposit in the bank account maintained for the REIT B Units, as determined in accordance with GAAP, adjusted as follows: (i) depreciation and amortization (except for amortization of deferred financing costs and non-recoverable deferred maintenance, all as incurred after the formation of Dream Office REIT on June 30, 2003) and amortization of fair value debt adjustments shall be excluded; (ii) costs incurred with respect to distribution reinvestment plans, unit purchase plans, unit option plans, deferred unit plans or any other unit compensation incentive plan or similar plan shall be added back; (iii) any gains or losses on the disposition of any real property, any future income tax expenses or benefits and non-cash rental revenues recognized on a straight line basis or recognized as a result of the amortization of above or below market in-place leases recorded on an acquisition of a rental property shall be excluded, and (iv) to reflect any other adjustments determined to be appropriate by a majority of the trustees in their discretion.

**“Distribution Date”** means with respect to a distribution of distributable income or Distributable Series B Income by us, a Business Day determined by our trustees for any calendar month to be on or about the 15th day of the following month or such other date as may be determined from time to time by our trustees or otherwise in accordance with our Declaration of Trust with respect to all distributions.

**“Distribution Record Date”** means, until otherwise determined by our trustees, the last Business Day of each month of each year, except for the month of December where the Distribution Record Date shall be December 31.

**“Dream”** means Dream Unlimited Corp., a corporation governed by the laws of the Province of Ontario.

**“Dream Impact”** means Dream Impact Trust, an open-ended real estate investment trust formed under the laws of the Province of Ontario.

**“Dream Industrial LP”** means Dream Industrial LP, a limited partnership established under the laws of the Province of Ontario of which Dream Industrial (GP) Inc. is the general partner.

**“Dream Industrial REIT”** means Dream Industrial Real Estate Investment Trust, an open-ended real estate investment trust formed under the laws of the Province of Ontario.

**“Dream Non-Competition Agreement”** means the amended and restated agreement dated April 2, 2015 between Dream, DAM, Dream Office LP and Dream Office REIT pursuant to which DAM and Dream agreed to certain non-competition arrangements with Dream Office REIT and Dream Office LP, as amended or amended and restated from time to time.

**“Dream Office General Partner”** means Dream Office (GP) Inc. a corporation incorporated under the laws of the Province of Ontario that is wholly owned by Dream Office REIT and is the general partner of Dream Office LP.

**“Dream Office LP”** means Dream Office LP, a limited partnership formed under the laws of the Province of Ontario of which Dream Office General Partner is the general partner and Partnership A, Partnership B and certain other persons are the limited partners.

**“Dream Office LP Limited Partnership Agreement”** means the amended and restated limited partnership agreement of Dream Office LP dated July 21, 2014, as it may be further amended or amended and restated from time to time.

**“Dream Office Management”** means Dream Office Management Corp., a wholly-owned Subsidiary of Dream Office Management LP existing under the laws of the Province of Ontario.

**“Dream Office Management LP”** means Dream Office Management LP, a limited partnership formed under the laws of the Province of Ontario of which Dream Office Management (GP) Inc. (a corporation owned by Dream Office LP) is the sole general partner and Dream Office LP is the sole limited partner.

**“Dream Office Management LP Limited Partnership Agreement”** means the amended and restated limited partnership agreement of Dream Office Management LP dated July 2, 2014.

**“Dream Office REIT”** or **“the Trust”** or **“we”** or **“our”** means Dream Office Real Estate Investment Trust, an open-ended real estate investment trust formed under the laws of the Province of Ontario.

**“Dream Office REIT Administrative Services Agreement”** means the amended and restated administrative services agreement dated December 31, 2007 between Dream Office REIT, Dream Office LP, Partnership A, Partnership B and Dream Office Management LP.

**“Dream Residential REIT”** means Dream Residential Real Estate Investment Trust, an open-ended real estate investment trust formed under the laws of the Province of Ontario.

**“DRIP”** means our distribution reinvestment and unit purchase plan pursuant to which holders of REIT A Units and REIT B Units were entitled to elect to have cash distributions in respect of such units automatically reinvested in additional REIT A Units and to make optional cash purchases of additional REIT A Units, which was suspended in February 2016.

**“Dundee Consolidated Properties Master Asset Transfer Agreement”** means the agreement dated June 30, 2003 between Dundee Consolidated Properties (a limited partnership wholly-owned by DAM) and Dream Office LP setting out the terms and conditions pursuant to which Dundee Consolidated Properties transferred or caused to be transferred to Dream Office LP all of the Properties held directly or indirectly by Dundee Consolidated Properties.

**“Exchange and Support Agreement”** means the amended and restated exchange and support agreement dated December 31, 2007 between Dream Office REIT, Partnership A, Partnership B, Dream Office LP and holders of exchangeable units of Dream Office LP, as amended by amendment no. 1 dated April 2, 2015, as it may be further amended or amended and restated from time to time.

**“Exchange Exercise Agreement”** means the exchange exercise agreement dated April 2, 2015 between Dream Office REIT, Dundee Corporation and DAM.

**“GAAP”** or **“IFRS”** means International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the Canadian Professional Accountants of Canada in Part I of The Canadian Professional Accountants of Canada Handbook – Accounting, as amended from time to time.

**“GHG”** has the meaning given under “General Development of the Business – Credit Facilities –Canada Infrastructure Bank Credit Facility”.

**“GLA”** means gross leaseable area.

**“Governance Agreement”** means the amended and restated governance agreement dated April 2, 2015 between Dream Office REIT, Dream Office General Partner and Dundee Corporation, as it may be further amended or amended and restated from time to time.

**“GP A Co.”** means Dream Office OTA (GP) Inc., a corporation governed by the laws of the Province of Ontario that is a wholly owned Subsidiary of Dream Office REIT.

**“GP B Co.”** means Dream Office OTB (GP) Inc., a corporation governed by the laws of the Province of Ontario that is a wholly owned Subsidiary of Dream Office REIT.

**“GRESB”** means the Global Real Estate Sustainability Benchmark.

**“Independent Trustee”** means an independent trustee for the purposes of the Declaration of Trust.

**“Individual Non-Competition Agreements”** means the agreements between Dream Office REIT, Dream Office LP and each of our trustees and officers pursuant to which such trustees and officers have agreed to certain non-competition arrangements with Dream Office REIT and Dream Office LP.

**“Industrial LP Class B Units”** has the meaning given to the term under “Indebtedness – Revolving Credit Facilities”.

**“IWBI”** has the meaning given under “General Development of the Business – Environmental, Social and Governance”.

**“Killam”** has the meaning given under “Trustees and Officers – Audit Committee”.

**“LP B Units”** means the LP Class B, Series 1 limited partnership units of Dream Office LP.

**“LP Class A Units”** means the LP Class A limited partnership units of Dream Office LP.

**“LP Class B Units”** means, collectively, the LP B Units and the LP Class B Units, Series 2.

**“LP Class B Units, Series 2”** means the LP Class B, Series 2 limited partnership units of Dream Office LP.

**“Management Services Agreement”** means the former management services agreement dated April 2, 2015 between Dream Office REIT, DAM and Dream Office LP, as amended or amended and restated from time to time, which was terminated effective as of January 1, 2019.

**“Master Asset Transfer Agreements”** means the Dundee Consolidated Properties Master Asset Transfer Agreement and the DAM Master Asset Transfer Agreement and any other agreement entered into between affiliates of DAM and Dream Office LP for the purposes of transferring the Properties to Dream Office LP in connection with the 2003 Reorganization.

**“Master Property Management Agreement”** means the master property management agreement dated June 30, 2003 between Dream Office REIT, Dream Office Management LP, Dream Office LP and DAM.

**“NI 52-109”** means National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings*.

**“NI 52-110”** means National Instrument 52-110 – *Audit Committees*.

**“Non-Resident”** means a non-resident of Canada within the meaning of the Tax Act.

**“OBCA”** means the *Business Corporations Act* (Ontario), as amended.

**“Partnership A”** means Dream Office OTA LP, a limited partnership formed under the laws of the Province of Ontario of which GP A Co. is the general partner and Dream Office REIT is the sole limited partner.

**“Partnership B”** means Dream Office OTB LP, a limited partnership formed under the laws of the Province of Ontario of which GP B Co. is the general partner and Dream Office REIT is the sole limited partner.

**“Plans”** means trusts governed by registered retirement savings plans, registered retirement income funds and deferred profit sharing plans under the Tax Act.

**“Properties”** means the commercial revenue producing properties held indirectly by Dream Office REIT through Dream Office LP and its Subsidiaries.

**“Redemption Date”** has the meaning given under “Declaration of Trust and Description of REIT Units – REIT Unit Redemption Right”.

**“Redemption Price”** has the meaning given under “Declaration of Trust and Description of REIT Units – REIT Unit Redemption Right”.

**“REIT”** means real estate investment trust.

**“REIT A Units”** means the REIT Units, Series A of Dream Office REIT, each representing an undivided beneficial interest in any distributions from Dream Office REIT derived from Dream Office REIT’s investment in securities of Partnership A.

**“REIT B Units”** means the REIT Units, Series B of Dream Office REIT, each representing an undivided beneficial interest in any distributions from Dream Office REIT derived from Dream Office REIT’s investment in securities of Partnership B.

**“REIT Exception”** means the exception under the SIFT Rules applicable to certain real estate investment trusts that satisfy certain specified conditions relating to the nature of their income and investments.

**“REIT Units”** means, collectively, the REIT A Units, the REIT B Units and the Special Trust Units, but **“REIT units”**, when units is used in lower case type, means, collectively, the REIT A Units and the REIT B Units.

**“Related Party”** means, with respect to any person, a person who is a “related party”, as that term is defined in Multilateral Instrument 61-101 – *Take-Over Bids and Special Transactions*, as such rule may be amended from time to time (and including any successor rule or policy thereto).

**“RESPs”** means trusts governed by registered education savings plans under the Tax Act.

**“RioCan”** has the meaning given under “Trustees and Officers”.

**“SEDAR”** means the System for Electronic Document Analysis and Retrieval.

**“Series C Debentures”** means the 4.074% Series C senior unsecured debentures of Dream Office REIT due January 21, 2020, which were repaid on January 21, 2020.

**“Shared Services Agreement”** means the shared services agreement dated as of January 1, 2019 between DAM, Dream Office REIT, Dream Office LP, Dream Office Management LP and Dream Office Management Corp.

**“SIFT”** means a specified investment flow-through trust or partnership for purposes of the Tax Act.

**“SIFT Rules”** means the amendments to the Tax Act enacted on June 22, 2007 which modify the tax treatment of certain publicly traded trusts and partnerships that are SIFTs and their beneficiaries and partners.

**“Special Trust Units”** means the Special Trust Units of Dream Office REIT issued to the holders of LP B Units providing rights to vote (and only a nominal economic interest) as a unitholder of Dream Office REIT.

**“Subsidiary”** means, with respect to any person (other than an individual), any other person that is controlled, directly or indirectly, by the person and, in addition to the foregoing, with respect to Dream Office REIT shall include GP A Co., GP B Co., Partnership A, Partnership B, Dream Office General Partner, Dream Office LP, Dream Office Management, Dream Office Management (GP) Inc. and Dream Office Management LP.

**“Subsidiary Security”** means securities of a Subsidiary of Dream Office REIT.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended.

“**TCFD**” has the meaning given under “General Development of the Business – Environmental, Social and Governance”.

“**Transition Fund Unit**” means a unit of interest in Dream Office REIT designated as a “Transition Fund Unit” and includes a fraction of a Transition Fund Unit.

“**Trust Liability**” has the meaning given under “Risk Factors – Unitholder Liability May Arise”.

“**TSX**” means the Toronto Stock Exchange.

“**Unitholders**” means holders of Units, but “**unitholders**”, when used in lower case type, refers to all holders of REIT Units.

“**Units**” means a unit representing an interest in the Trust (other than Special Trust Units) authorized and issued under the Declaration of Trust.

## GENERAL

Dream Office REIT owns well-located, high-quality central business district office properties primarily in downtown Toronto.

At December 31, 2022, our ownership interests included 5.4 million square feet of GLA across 29 properties, which comprise 26 active office properties (5.0 million square feet), two properties under development (0.1 million square feet) and one property held for sale (0.3 million square feet). In addition, we have a 50% interest in a joint venture arrangement that owns 220 King Street West, Toronto (11,000 square feet at our share).

Dream Office REIT is an unincorporated, open-ended real estate investment trust governed by the laws of Ontario. Dream Office REIT is a “mutual fund trust” as defined in the Tax Act but is not a “mutual fund” within the meaning of applicable Canadian securities legislation. Our head office is located at 30 Adelaide Street East, Suite 301, Toronto, Ontario, M5C 3H1.

Dream Office REIT’s investment and operating activities are limited as our operating activities are carried out by our Subsidiaries.

For simplicity, we use terms in this AIF to refer to our investments and operations as a whole. Accordingly, in this AIF, unless the context otherwise requires, when we use terms such as “we”, “us” and “our”, we are referring to Dream Office REIT and its Subsidiaries. When we use expressions such as “our investments”, “our operations” or “our business”, we are referring to the investments, operations and business of Dream Office REIT and its Subsidiaries as a whole. When we use expressions such as “our properties”, “our portfolio”, “we own” or “we invest in” in relation to the Properties, we are referring to our ownership of and investment in the Properties indirectly through our Subsidiaries. When we use expressions such as “we operate”, we are referring to Dream Office REIT’s operations through its Subsidiaries.

When we use the expression “our trustees” in this AIF, we are referring to the trustees of Dream Office REIT.

Unless otherwise specified, all information in this AIF is presented as at December 31, 2022.

## FORWARD-LOOKING INFORMATION

Certain information in this AIF may constitute “forward-looking information” within the meaning of applicable securities legislation, including but not limited to statements relating to Dream Office REIT’s objectives, strategies to achieve those objectives, its beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, future growth, results of operations, performance, business prospects and opportunities, acquisitions or divestitures, expectations regarding our sustainability goals, including our commitment to achieving net zero Scope 1 and 2, and select Scope 3 GHG emissions (operational and development) by 2035 and our commitment to report on responsible investment activities commencing in 2023, expectations regarding our maturing indebtedness, our tenant base, future maintenance and development plans and costs, capital investments, financing, the availability of financing sources, potential purchases under our 2023 NCIB, intended enhancements to Properties, income taxes, litigation and the real estate industry in general (including statements regarding our expectations for development property and unit repurchases). The forward-looking information in this AIF is presented for the purpose of providing disclosure of the current expectations of our future events or results, having regard to current plans, objectives and proposals, and such information may not be appropriate for other purposes. Forward-looking information may also include information regarding our respective future plans or objectives and other information that is not comprised of historical fact. Forward-looking information is predictive in nature and depends upon or refers to future events or conditions; as such, this AIF uses words such as “may”, “would”, “could”, “should”, “will”, “likely”,

“expect”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “project”, “estimate” and similar expressions suggesting future outcomes or events to identify forward-looking information.

Any such forward-looking information is based on information currently available to us, and is based on assumptions and analyses made by us in light of our respective experiences and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances, including but not limited to: that no unforeseen changes in the legislative and operating framework for our business will occur, including unforeseen changes to tax laws; that we will meet our future objectives and priorities; that we will have access to adequate capital to fund our future projects and plans; that our future projects and plans will proceed as anticipated; that government restrictions due to the novel coronavirus (“COVID-19”) on the ability of us and our tenants to operate their businesses at our Properties will continue to ease and will not be re-imposed in any material respects; relatively low and stable interest costs; the ability to refinance our debts as they mature; and that future market and economic conditions will occur as expected and that geopolitical events will not disrupt global economies.

However, whether actual results and developments will conform with the expectations and predictions contained in the forward-looking information is subject to a number of risks and uncertainties, many of which are beyond our control, and the effects of which can be difficult to predict. Factors that could cause actual results or events to differ materially from those described in the forward-looking information include, but are not limited to: the risk of adverse global market, economic and political conditions and health crises; economic uncertainty around prolonged inflationary pressures, economic slowdown and geopolitical issues; changes in interest rates; reduced demand for commercial real estate; risks inherent in the real estate industry; the illiquidity of real estate investments; risks associated with tenants or inability to find replacement tenants; risks relating to the geographic concentration of properties; development risk; financing risks; changes in interest rates; risks associated with joint ventures, partnerships and co-ownership agreements; changes in government regulations; tax risks; uninsured or underinsured losses; enforceability of contracts; future interest rate changes; environmental and climate change risk; we rely on DAM for certain services; loss of key personnel; potential conflicts of interest; dependence on information technology systems; cyber security risks; changes in currency exchange rates; risks associated with the structure of Dream Office REIT; and risks relating to ownership of Units including potential dilution. For a further description of these and other factors that could cause actual results to differ materially from the forward-looking information contained, or incorporated by reference, in this AIF, see the risk factors discussed under “Risk Factors” in this AIF.

In evaluating any forward-looking information contained, or incorporated by reference, in this AIF, we caution readers not to place undue reliance on any such forward-looking information. Any forward-looking information speaks only as of the date on which it was made. Unless otherwise required by applicable securities laws, we do not intend, nor do we undertake any obligation, to update or revise any forward-looking information contained, or incorporated by reference, in this AIF to reflect subsequent information, events, results, circumstances or otherwise.

## **NON-IFRS FINANCIAL MEASURES AND RATIOS**

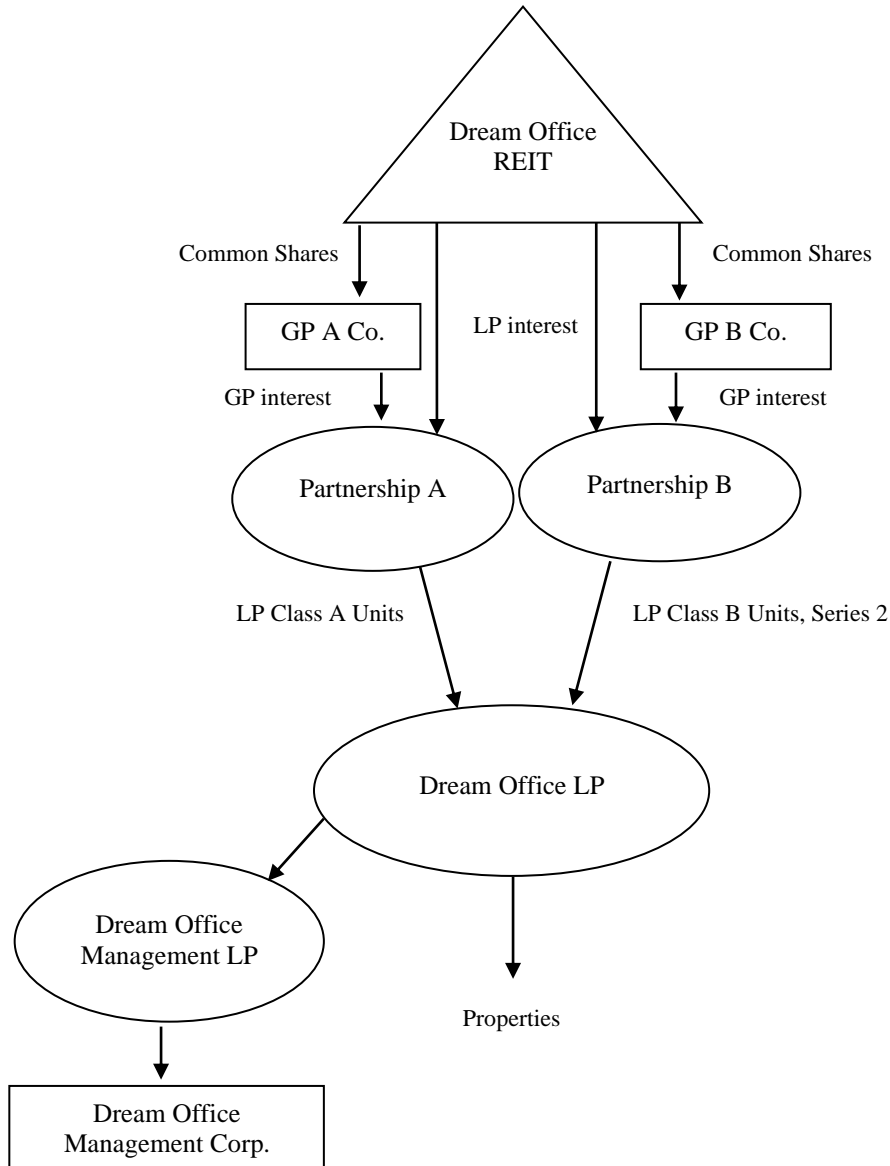
Dream Office REIT’s consolidated financial statements are prepared in accordance with IFRS. In this AIF, Dream Office REIT refers to certain non-IFRS financial measures and ratios including interest coverage ratio. This non-IFRS financial ratio is not defined by IFRS and does not have a standardized meaning under IFRS. Dream Office REIT’s method of calculating this non-IFRS financial ratio may differ from other issuers and may not be comparable with similar financial ratios presented by other issuers. Dream Office REIT has presented such non-IFRS ratio as management believes they are relevant measures of our underlying operating performance and debt management.

Non-IFRS measures should not be considered as alternatives to net income, total comprehensive income, cash flows generated from operating activities or comparable metrics determined in accordance with IFRS as indicators of Dream Office REIT's performance, liquidity, cash flow and profitability.

For additional disclosure regarding this financial ratio and, where applicable, a reconciliation to the most directly comparable measure calculated in accordance with IFRS please refer to the "Non-GAAP Financial Measures and Ratios" section in our 2022 MD&A, which information is incorporated by reference herein. The 2022 MD&A is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## OUR STRUCTURE

The following chart is a simplified illustration of our organizational structure as at December 31, 2022:




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**Notes:**

- (1) As at December 31, 2022, Michael J. Cooper and related DAM entities beneficially owned approximately 37.7% of the outstanding REIT Units. The ownership interest of Michael J. Cooper is not reflected in the above organizational chart.
- (2) Partnership A and Partnership B own all of the voting limited partnership units of Dream Office LP, which collectively represent an equity interest in Dream Office LP of approximately 90% as at December 31, 2022. The general partner of Dream Office LP is Dream Office GP, which is wholly-owned by Dream Office REIT.
- (3) Properties may be held by Dream Office LP indirectly.

Our principal Subsidiary entities are described below:

**Dream Office OTA LP (“Partnership A”)** - a limited partnership governed by the laws of Ontario. Partnership A is one of two holding entities for our interest in Dream Office LP. All of the limited partnership interests in Partnership A are held by Dream Office REIT. The general partner of Partnership A is Dream Office OTA (GP) Inc., a corporation governed by the laws of Ontario that is a wholly-owned Subsidiary of Dream Office REIT.

**Dream Office OTB LP (“Partnership B”)** - a limited partnership governed by the laws of Ontario. Partnership B is one of two holding entities for our interest in Dream Office LP. All of the limited partnership interests in Partnership B are held by Dream Office REIT. The general partner of Partnership B is Dream Office OTB (GP) Inc., a corporation governed by the laws of Ontario that is a wholly-owned Subsidiary of Dream Office REIT.

**Dream Office LP (“Dream Office LP”)** - a limited partnership governed by the laws of Ontario. Dream Office LP holds direct and indirect interests in our commercial revenue producing properties. Dream Office LP is also the entity through which Dream holds a portion of its economic interest in our business. Dream Office REIT indirectly owns all of the voting limited partnership units of Dream Office LP, while those other persons beneficially hold all of the non-voting limited partnership units of Dream Office LP.

**Dream Office Management LP (“Dream Office Management LP”)** - a limited partnership governed by the laws of Ontario. Dream Office Management LP holds all of the issued and outstanding shares of Dream Office Management. Dream Office Management LP manages substantially all of our properties and provides certain services to us, with the assistance of its wholly-owned Subsidiary, Dream Office Management. Dream Office REIT indirectly holds all of the voting units of Dream Office Management LP. The general partner of Dream Office Management LP is Dream Office Management (GP) Inc., a corporation incorporated under the laws of Ontario. Dream Office LP holds all of the limited partnership units of Dream Office Management LP, and all of the issued and outstanding shares of its general partner. Through these interests, Dream Office LP is entitled to 100% of the distributions of income from Dream Office Management LP.

**Dream Office Management Corp. (“Dream Office Management”)** - a corporation governed by the laws of Ontario. Dream Office Management assists Dream Office Management LP in managing substantially all of our properties. All of the issued and outstanding shares of Dream Office Management are held by Dream Office Management LP.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Acquisitions and Dispositions

#### Acquisitions

We did not complete any material acquisitions in 2022, 2021 and 2020.

#### Dispositions

From January 1, 2020 to December 31, 2022, we have sold the properties set out below:

Property	Ownership (%)	Disposed share of GLA (000's sq. ft.)	Sales price (\$000's) <sup>(1)</sup>	Date Disposed
Preston Centre, Saskatoon	100	62		October 16, 2020
<b>Total dispositions for the year ended December 31, 2020</b>		<b>62</b>	<b>\$12,750</b>	
<b>Total dispositions for the year ended December 31, 2021</b>		<b>-</b>	<b>-</b>	
Princeton Tower, Saskatoon	100	136		September 1, 2022
<b>Total dispositions for the year ended December 31, 2022</b>		<b>136</b>	<b>\$14,000</b>	

#### Notes:

<sup>(1)</sup> Sales price reflects gross proceeds net of adjustments and before transaction costs.

As at December 31, 2022, 720 Bay Street in Toronto downtown was classified as an asset held for sale totalling \$135,000. See "Recent Developments – 720 Bay Street".

#### Development Properties

Since 2020, our successful redevelopment program has completed two projects on time and on budget that have significantly increased the value of the assets and delivered significant incremental income to us. In the fourth quarter of 2020, we completed our redevelopment of 357 Bay Street in downtown Toronto and secured a lease for the entire building with WeWork for approximately 65,000 square feet for a term of 15 years. We invested approximately \$29 million in the property over the course of the development project which included a complete reconstruction of the building interior, all associated capital improvements and fit-outs and tenant allowances for fixtures. The development project at this property was completed on time and on budget.

In the second quarter of 2021, we completed our redevelopment of 1900 Sherwood Place in Regina, Saskatchewan and secured a lease with The Co-operators for approximately 124,000 square feet for a term of 18 years. The building was renamed "The Co-operators Place" and serves as a hub for The Co-operators' life and health insurance operations for over 650 employees. As part of the lease, we invested approximately \$26 million in leasing and value-add capital into the property over the course of the development project, which included a 13,000 square foot expansion to the building, adding substantially more parking space, replacing the heating, ventilation and air conditioning system, curtain wall upgrades at the building entrance and exterior and common area updates. The development project at this property was completed on time and on budget.

We are currently in the process of revitalizing 366 Bay Street and 67 Richmond Street West in Toronto by fully modernizing the building's systems, including technical systems, lighting and elevators, along with enhanced common areas and larger floorplates. We are targeting a LEED Gold certification, among other certifications, as part of this development project.

In the fourth quarter of 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.

We are currently reviewing our remaining portfolio with a view to unlocking value through redevelopment and intensification. 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. We have 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.

### **Bay Street Transformation**

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.

### **Zoning approval at 250 Dundas Street West**

On January 29, 2020, we received council zoning approval for our application to amend the zoning of our property at 250 Dundas Street West in downtown Toronto. The revised zoning permits us to convert the office property to a multi-use development comprising commercial office, multi-residential rental and retail components totalling over 503,000 square feet of gross floor area. The project currently contemplates replacing the existing 122,000 square foot old office building with a new Class A 49-storey residential tower with 522 residential units and an eight-storey commercial podium with 165,000 square feet of office and retail space. Total GLA including the residential component is currently estimated to be over 456,000 square feet. We are currently working with our development team and architects to evaluate the design and timing of the project. The approval is subject to satisfying customary by-law conditions and the expiration of applicable appeal periods.

### **Credit Facilities**

On November 4, 2021, our revolving credit facility with a syndicate of major Canadian and global financial institutions was increased to \$375 million (such facility, as amended from time to time, the “**\$375 Million Revolving Credit Facility**”) with the maturity date being extended to September 30, 2024. On September 12, 2022, we extended the maturity to September 30, 2025. In connection with the extension, we pledged an additional 1,337,176 units of Dream Industrial REIT as security for the \$375 Million Revolving Credit Facility.

During the second half of 2022, we converted both of our \$375 Million Revolving Credit Facility and \$20 million revolving credit facility (“**\$20 Million Revolving Credit Facility**”) to be 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 we meet, or fail to meet, the targets.

On October 3, 2022, we entered into interest rate swap arrangements in relation to borrowings under the \$375 Million Revolving Credit Facility.

On October 25, 2022, we extended the maturity date of our \$20 million Revolving Credit Facility from March 31, 2023 to March 31, 2025.

### ***Canada Infrastructure Bank Credit Facility***

On March 31, 2022, we entered into an unsecured non-revolving credit facility and term credit facility with the Canada Infrastructure Bank under its Commercial Building Retrofit Initiative (the “**CIB Facility**”). Under the CIB Facility, the Canada Infrastructure Bank will lend us up to \$112.9 million for

commercial property retrofits in order to achieve certain energy efficiency savings and greenhouse gas (“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 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 carbon dioxide, or 50.1%, per year on project completion.

For further information on our credit facilities, please refer to the “Indebtedness” section below.

### **Repayment of Series C Debentures**

On January 21, 2020, Dream Office REIT repaid the Series C Debentures with an aggregate principal amount of \$150.0 million at maturity.

### **Normal Course Issuer Bids**

In August 2020, we filed with the TSX a notice of intention to make a normal course issuer bid, which commenced on August 19, 2020 and was to remain in effect until the earlier of August 18, 2021 (the “**2021 NCIB**”), or the date on which we purchased the maximum number of REIT A Units permitted under the 2021 NCIB. Under the 2021 NCIB, we had the ability to purchase for cancellation up to a maximum of 4,106,996 REIT A Units (representing 10% of our public float of 41,069,968 REIT A Units at the time of commencement of the bid through the facilities of the TSX). Daily purchases under the 2021 NCIB were limited to 64,564 REIT A Units (representing 25% of the average daily trading volume during the six calendar months preceding the approval of the bid, being 258,256 REIT A Units per day), other than purchases pursuant to applicable block purchase exceptions. On December 9, 2020, the 2021 NCIB expired as we purchased the maximum number of REIT A Units permitted under the 2021 NCIB which consisted of 4,106,996 REIT A Units for a total cost of \$78.9 million.

In August 2021, we filed with the TSX a notice of intention to make a normal course issuer bid, which commenced on August 19, 2021 and was to remain in effect until the earlier of August 18, 2022 (the “**2022 NCIB**”), or the date on which we purchased the maximum number of REIT A Units permitted under the 2022 NCIB. Under the 2022 NCIB, we had the ability to purchase for cancellation up to a maximum of 3,676,723 REIT A Units (representing 10% of our public float of 36,767,233 REIT A Units at the time of commencement of the bid through the facilities of the TSX). Daily repurchases under the 2022 NCIB were limited to 38,579 REIT A Units (representing 25% of the average daily trading volume of the REIT A Units on the TSX during the last six calendar months being 154,317 REIT A Units per day), other than purchases pursuant to applicable block purchase exceptions. On March 15, 2022, the 2022 NCIB expired as we purchased the maximum number of REIT A Units permitted under the 2022 NCIB which consisted of 3,676,723 REIT A Units for a total cost of \$87.5 million.

In August 2022, we renewed our normal course issuer bid (the “**2023 NCIB**”), which commenced on August 19, 2022, and is to remain in effect until the earlier of August 18, 2023, or the date on which we purchase the maximum number of REIT A Units permitted under the 2023 NCIB. Under the 2023 NCIB, we have the ability to purchase for cancellation up to a maximum of 3,292,287 REIT A Units (representing 10% of our public float of 32,922,872 REIT A Units at the time of commencement of the bid through the facilities of the TSX). Daily repurchases under the 2023 NCIB are limited to 34,512 REIT A Units (representing 25% of the average daily trading volume of the REIT A Units on the TSX during the last six calendar months being 138,048 REIT A Units per day), other than purchases pursuant to applicable block purchase exceptions. As of March 29, 2023 under the 2023 NCIB, we have purchased 2,065,728 REIT A Units for cancellation at an average price of \$16.47 per REIT A Unit for a total cost of approximately \$34.0 million.

In August 2022 in connection with the NCIB renewal, we entered into an automatic securities repurchase plan (the “**ASP Plan**”) with our designated broker in order to facilitate purchases of our REIT A Units under the 2023 NCIB. The ASP Plan allowed for purchases by our broker of REIT A Units at any time including, without limitation, times when we would ordinarily not be permitted to make purchases due to regulatory restrictions or self-imposed blackout periods. Purchases by our broker were made based upon the parameters prescribed by the TSX and the terms of the parties’ written agreement. Outside of such restricted or blackout periods, REIT A Units could also be purchased in accordance with management’s discretion. The ASP Plan will terminate on August 18, 2023.

### **Equity and Debt Offerings**

We did not complete any equity or debt offerings in 2020, 2021 or 2022.

### **Environmental, Social and Governance**

In 2021, we made our inaugural submission to the GRESB<sup>(1)</sup> assessment. We achieved a five-star rating of 91/100, one of the highest ever first-year scores, placing us in the top 20% of the global benchmark.

We were also recognized as a 2021 Green Lease Leader by the Institute for Market Transformation and the U.S. Department of Energy’s Better Buildings Alliance. Green Lease Leaders is a national recognition program honouring landlords, tenants and partnering real estate practitioners from a variety of sectors that incorporate green leasing to drive high-performance and healthy buildings.

During 2021, we also obtained WELL Health-Safety Certifications from the International WELL Building Institute (“**IWBI**”). We were recognized as Canada’s largest office portfolio to be WELL Health-Safety rated by IWBI, with 25 properties totalling 4.6 million square feet, or 87%, of our gross leasable area being certified by the group.

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, we indicated our commitment to achieving net zero scope 1 and 2 and select scope 3 (operational and development) GHG emissions by the year 2035. Our 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.

In May 2022, we were 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 we were 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. Our higher score was attributable to policy updates to integrate environmental, social and governance matters throughout the Trust and align with recommendations of the Task Force on Climate-related Financial Disclosures (“**TCFD**”).

On November 21, 2022, the Dream group of companies (including the Trust, Dream Unlimited Corp., Dream Impact, Dream Industrial REIT and Dream Residential REIT) published its 2021 Sustainability Update Report, highlighting its progress in environmental, social and governance matters.

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<sup>(1)</sup> All intellectual property rights to this data belong exclusively to GRESB B.V. All rights reserved. GRESB B.V. has no liability to any person (including a natural person, corporate or unincorporated body) for any losses, damages, costs, expenses, or other liabilities suffered as a result of any use of or reliance on any of the information which may be attributed to it.

The 2021 Sustainability Update Report is available on our website. The information contained on our website and in the 2021 Sustainability Update Report is not incorporated by reference into this AIF.

## **RECENT DEVELOPMENTS**

### **Credit Facilities**

Subsequent to December 31, 2022, we disposed of a property pledged against the \$375 Million Revolving Credit Facility. As a result, our borrowing capacity on the \$375 Million Revolving Credit Facility, based on the lending value of pledged properties and units, decreased by \$73 million from \$350 million of borrowing capacity as at December 31, 2022. As of March 31, 2023 and after giving effect to the disposition of the property, the borrowing capacity on the \$375 Million Revolving Credit Facility is \$278 million.

On February 10, 2023, we entered into a \$20 million demand revolving credit facility (“**Demand Revolving Credit Facility**”) secured by a property in Saskatoon, Saskatchewan with no fixed maturity date. The Demand Revolving Credit Facility bears interest at the BA rate plus 2.00% or at the bank’s prime rate plus 0.50%.

### **Sale of 720 Bay Street**

On January 30, 2023, we completed the sale of 720 Bay Street located in Toronto, Ontario for total gross proceeds before adjustments and transaction costs of \$135 million.

### **Sale of units of Dream Industrial REIT**

On February 27, 2023, we indirectly disposed of 565,000 units of Dream Industrial REIT at a price of \$14.70 per unit, or \$8.3 million in the aggregate, on the open market. As a result of the sale, our holdings of units of Dream Industrial REIT have decreased below 10% of the issued and outstanding voting units of Dream Industrial REIT.

### **Current Discussions Regarding Acquisitions and Dispositions**

Consistent with our past practices and in the normal course of business we are engaged in discussions with respect to possible acquisitions of new properties and dispositions of existing properties in our portfolio. However, there can be no assurance that any of these discussions will result in a definitive agreement and, if they do, what the terms or timing of any acquisition or disposition would be. We expect to continue current discussions and actively pursue other acquisition, investment and disposition opportunities.

## **DESCRIPTION OF THE BUSINESS**

### **Objectives**

We are committed to:

- Managing our business and assets to provide both yield and growth over the longer term;
- Driving superior risk-adjusted returns and growth in our net asset value by investing in our assets through upgrades, intensification and redevelopment, and selectively disposing of assets with lower long-term return potential;
- Building and maintaining a strong, flexible and resilient balance sheet; and
- Maintaining a REIT status that satisfies the REIT Exception under the SIFT legislation.

## Competitive Conditions

A description of the competitive conditions relevant to our business is set out in the 2022 MD&A under “Risks and Our Strategy to Manage – Competition”. The disclosure in that section is incorporated by reference into this AIF.

## REAL ESTATE PORTFOLIO

Dream Office REIT is a premier office landlord in downtown Toronto that owns and manages 29 Properties totalling approximately 5.4 million square feet as at December 31, 2022. We have carefully curated an investment portfolio of high-quality assets in irreplaceable locations in one of the finest office markets in the world. We intend to enhance these Properties to elevate their desirability to tenants and investors and improve the overall community experience. In addition, we have a joint venture arrangement which owns a 50% interest in 220 King Street West, Toronto (11,000 square feet at our share).

Additional data and information regarding the geographic distribution of our investment properties are set out on page 6 of our 2022 MD&A and a comprehensive list of all of our properties as of December 31, 2022 are set out on page 45 of our 2022 MD&A, which disclosure is incorporated by reference into this AIF. The 2022 MD&A has been filed and is available under our profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The following table outlines the contributions to total annualized gross rental revenue of our top ten largest tenants as at December 31, 2022. Our top ten tenants have a weighted average lease term of 6.0 years.

		Gross rental revenue (%)	Owned area (thousands of sq. ft.)	Owned area (%)	Credit rating <sup>(1)</sup>
1	Government of Canada	9.4	334	6.7	AAA/A-1+
2	Government of Ontario	6.6	278	5.5	A+/A-1
3	International Financial Data Services	3.6	137	2.7	N/R
4	U.S. Bank National Association	2.6	185	3.7	AA-/A-1+
5	State Street Trust Company	2.6	82	1.6	AA-/A/A-1+
6	Co-operators Life Insurance	2.4	119	2.4	A-
7	Medcan Health Management Inc.	2.3	69	1.4	N/R
8	International Language Academy of Canada	2.2	86	1.7	N/R
9	WeWork	2.2	65	1.3	CCC+
10	Veeva Software Solutions	1.6	54	1.1	N/R
	<b>Total</b>	<b>35.5</b>	<b>1,409</b>	<b>28.1</b>	

<sup>(1)</sup> Credit ratings are obtained from Standard & Poor’s Rating Services Inc. and may reflect the parent’s or guarantor’s credit rating.  
N/R – not rated

## ASSESSMENTS OF THE PROPERTIES

### Environmental Site Assessments

Environmental legislation and policies have become increasingly stringent over the years. Such environmental laws provide a range of potential liabilities, including potentially significant penalties, and potential liability for the costs of removal or remediation of certain hazardous or toxic substances released on, to, in or from our properties or disposed of in any other location. The presence of such substances, if any, may also adversely affect our ability to sell or redevelop such real estate or to borrow using such real estate as collateral, and could potentially also result in civil claims by private plaintiffs.

Phase I environmental site assessments (also known as environmental audits) of each of the Properties have previously been performed by independent environmental consultants from time to time as necessary. Such assessments may have been performed in connection with financing activities with respect to the Properties or the due diligence process in connection with our purchase of Properties. Phase

I environmental site assessments were conducted to identify actual and potential site contamination and non-compliance with environmental laws and regulations based on a review of available historical and current records, interviews with available site personnel and a visual inspection of the relevant property. A Phase I environmental site assessment is a limited review and evaluation of the environmental condition of a property, which does not involve soil sampling or groundwater analysis, unless required by the consultant. When a Phase I environmental site assessment identifies any substantial potential issues, including noncompliance with material environmental laws or regulations, further assessment is carried out, including, in some cases, Phase II site assessments which involve intrusive investigations, such as soil or water sampling and analyses.

We believe that the current estimated cost of remediation or capital expenditures with respect to actual or potential environmental conditions would not have a material adverse effect on our results of operations, business, prospects and financial condition.

We have policies and procedures in place to review and monitor environmental matters relating to our properties, and the Compensation, Health and Environmental Committee of our Board has oversight over these matters. Our operating policies require us to conduct a Phase I environmental audit of real properties proposed to be acquired by us, subject to certain limited exceptions. We will continue to make appropriate capital and operating expenditures to ensure compliance with environmental laws and regulations.

### **Building Condition Assessments**

Building condition assessments of each of the Properties have previously been performed by independent engineering consultants from time to time as necessary. Such assessments may have been performed in connection with financing activities with respect to the Properties or the purchase of properties that are not currently in our portfolio. Building condition assessments are based on a visual walk-through for the purpose of assessing and documenting the existing condition of each of the Properties, with specific attention to the exterior building envelope, but also including structural, mechanical, electrical, roofing and site elements. The building condition assessment reports catalogue repair work, deferred maintenance and capital maintenance that were observed during on-site reviews of the Properties and provide an opinion of probable costs that could be anticipated for capital requirements relating to deferred maintenance and capital replacement which may be expected during the following ten years.

As part of our annual asset review program, we monitor the appropriate level of repairs and maintenance and capital expenditures to ensure that the Properties remain competitive. We manage capital expenditures prudently and maintain the physical improvements of the Properties in good condition. We also expend capital on upgrades where appropriate, especially if we believe that such spending will accelerate lease-up of vacant space and assist in the retention of expiring tenancies.

### **INDEBTEDNESS**

For the year ended December 31, 2022, our interest coverage ratio (a non-IFRS financial measure) was 2.5 times. For more information, see page 32 of our 2022 MD&A. As at the same date, our variable rate debt was 19.8% of total debt and the average term to maturity of our total debt was 3.1 years. For more information on our financing, see page 21 of our 2022 MD&A.

The following table summarizes the composition of the existing debt in place in our portfolio as at December 31, 2022. All dollar amounts are expressed in thousands of dollars.

	Weighted average effective interest rates <sup>(1)</sup>		Maturity dates <sup>(2)</sup>	Debt amount	
	December 31, 2022	December 31, 2021		December 31, 2022	December 31, 2021
<b>Fixed rate</b>					
Mortgages	3.84%	3.71%	2023-2029	\$ 943,426	\$ 973,739
Credit facilities	5.21%	—	2025-2027	157,914	—
<b>Total fixed rate debt</b>	<b>4.03%</b>	<b>3.71%</b>		<b>1,101,340</b>	<b>973,739</b>
<b>Variable rate</b>					
Mortgages	6.51%	2.19%	2023	110,572	110,358
Credit facilities	6.59%	2.36%	2025	160,871	199,176
<b>Total variable rate debt</b>	<b>6.56%</b>	<b>2.30%</b>		<b>271,443</b>	<b>309,534</b>
<b>Total debt</b>	<b>4.53%</b>	<b>3.37%</b>		<b>\$ 1,372,783</b>	<b>\$ 1,283,273</b>

<sup>(1)</sup> The effective interest rate method includes the impact of financing costs and fair value adjustments on assumed debt.

<sup>(2)</sup> As at December 31, 2022.

Our current debt profile is balanced with staggered maturities over the next eight years and credit facility maturities over the next 26 years. The following tables summarize our debt maturity profile, excluding debt in joint ventures, as at December 31, 2022. All dollar amounts are expressed in thousands of dollars:

	Mortgages		Revolving Credit facilities		Total	
	Outstanding balance due at maturity	Weighted average interest rate	Outstanding balance due at maturity	Weighted average interest rate	Outstanding balance due at maturity	Weighted average interest rate
	Debt maturities					
2023	\$ 250,715	5.16%	\$ —	—	\$ 250,715	5.16%
2024	73,369	3.44%	—	—	73,369	3.44%
2025	225,340	3.57%	311,781	5.89%	537,121	4.92%
2026	81,005	3.10%	—	—	81,005	3.10%
2027	171,185	4.13%	—	—	171,185	4.13%
2028+	210,400	3.66%	7,915	2.15%	218,315	3.60%
<b>Subtotal before undernoted items</b>	<b>\$ 1,012,014</b>	<b>4.03%</b>	<b>\$ 319,696</b>	<b>5.80%</b>	<b>\$ 1,331,710</b>	<b>4.45%</b>
Scheduled principal repayments on non-matured debt (2022-2029)	44,803	—	—	—	44,803	—
<b>Subtotal before undernoted items</b>	<b>\$ 1,056,817</b>	<b>4.00%</b>	<b>\$ 319,696</b>	<b>5.80%</b>	<b>\$ 1,376,513</b>	<b>4.42%</b>
Unamortized financing costs	(2,819)		(911)		(3,730)	
<b>Debt per consolidated financial statements</b>	<b>\$ 1,053,998</b>	<b>4.12%</b>	<b>\$ 318,785</b>	<b>5.91%</b>	<b>\$ 1,372,783</b>	<b>4.53%</b>

## Mortgage Financing

Our properties currently serve as security for mortgage loan facilities from a number of lenders. In some cases, a group of properties may serve as security for mortgage loans from a single lender. In some cases, there is recourse to the assets of Dream Office LP.

## Credit Facilities

As at December 31, 2022, we had two secured revolving credit facilities, the \$375 Million Revolving Credit Facility and the \$20 Million Revolving Credit Facility, and the unsecured, non-revolving CIB Facility. On February 10, 2023, we entered into a new secured \$20 million Demand Revolving Credit Facility.

### *\$375 Million Revolving Credit Facility*

On November 4, 2021, the \$375 Million Revolving Credit Facility was increased to \$375 million and the maturity date was extended to September 30, 2024. On September 12, 2022, we extended the maturity to

September 30, 2025. The \$375 Million Revolving Credit Facility interest rate is in the form of rolling one-month BAs bearing interest at the BA rate plus 1.70% or at the bank's prime rate plus 0.70%. In addition, we negotiated a sustainability-linked pricing adjustment relating to 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. We pledged an additional 1,337,176 units of Dream Industrial REIT as security in connection with the extension. As at December 31, 2022, the \$375 Million Revolving Credit Facility was secured by first-ranking charges on five investment properties, 13,751,268 Class B limited partnership units of Dream Industrial LP ("**Industrial LP Class B Units**") and 1,337,176 units of Dream Industrial REIT.

On October 3, 2022, we entered into interest rate swap arrangements in relation to borrowings under the \$375 Million Revolving Credit Facility whereby we fixed the annual rate on \$150 million of the outstanding drawings at 5.37% (at current pricing for BA drawings under the facility) for five years.

We have an accordion option of up to \$100 million additional borrowing capacity on the \$375 Million Revolving Credit Facility if additional assets are pledged as security, subject to lender approval. As at December 31, 2022 the amount available to be drawn under the \$375 Million Revolving Credit Facility was \$40.2 million.

#### *\$20 Million Revolving Credit Facility*

On March 1, 2021, the maturity date of the \$20 Million Revolving Credit Facility was extended by two years to March 31, 2023. On October 25, 2022, we further extended the maturity of the \$20 Million Revolving Credit Facility to March 31, 2025. The interest rate remained at the bank's prime rate plus 0.85%. In addition, we negotiated a sustainability-linked pricing adjustment on the same basis as the \$375 Million Revolving Credit Facility. The \$20 Million Revolving Credit Facility is secured by 4,800,587 Industrial LP Class B Units. As at December 31, 2022, the amount available under the \$20 Million Revolving Credit Facility was \$18.4 million.

#### *Demand Revolving Facility*

On February 10, 2023, we entered into a new secured \$20 million Demand Revolving Credit Facility. See "Recent Developments – Credit Facilities".

#### *CIB Facility*

On March 31, 2022, we entered into an unsecured non-revolving credit facility and term credit facility with the Canada Infrastructure Bank under its Commercial Building Retrofit Initiative. As at December 31, 2022, the amount available under the \$112.9 million CIB Facility was \$105.0 million.

#### *General*

Dream Office REIT has complete discretion on the use of borrowings, which includes but is not limited to: repayment of debt, investment in existing or future properties and/or unit repurchases. The terms of Dream Office REIT's credit facilities do not limit Dream Office REIT's ability to determine or revise its distribution policy in the future.

The amounts available and drawn under all our credit facilities as at December 31, 2022 and December 31, 2021 are as follows, expressed in thousands of dollars:

							December 31, 2022
Facility	Maturity date	Interest rates on drawings	Face interest rate	Borrowing capacity	Drawings	Amount available	
Formula-based maximum not to exceed \$375,000 <sup>(1)</sup>	September 30, 2025	BA + 1.70% or prime + 0.70%	5.89%	\$ 350,368	\$ (310,191)	\$ 40,177	
Formula-based maximum not to exceed \$20,000 <sup>(2)</sup>	March 31, 2025	Prime + 0.85%	7.30%	20,000	(1,592)	18,408	
Canada Infrastructure Bank credit facility	March 31, 2027 <sup>(3)</sup>	2.15%	2.15%	112,870	(7,913)	104,957	
			5.80%	\$ 483,238	\$ (319,696)	\$ 163,542	

<sup>(1)</sup> The \$375 Million Revolving Credit Facility is secured by five investment properties, 13,751,268 Industrial LP Class B Units and 1,337,176 units of Dream Industrial REIT.

<sup>(2)</sup> The \$20 Million Revolving Credit Facility is secured by 4,800,587 Industrial LP Class B Units.

<sup>(3)</sup> Non-revolving availability period. Subsequent to the availability period, the CIB Facility will convert to a 20-year amortizing term credit facility.

							December 31, 2021
Facility	Maturity date	Interest rates on drawings	Face interest rate	Borrowing capacity	Drawings	Letters of credit	Amount available
Formula-based maximum not to exceed \$375,000 <sup>(1)</sup>	September 30, 2024	BA + 1.70% or prime + 0.70%	2.14%	\$ 375,000	\$ (200,215)	(2,430)	\$ 172,355
Formula-based maximum not to exceed \$20,000 <sup>(2)</sup>	March 31, 2023	BA + 2.00% or prime + 0.85%	n/a	20,000	—	—	20,000
			2.14%	\$ 395,000	\$ (200,215)	(2,430)	\$ 192,355

<sup>(1)</sup> As at December 31, 2021, the \$375 Million Revolving Credit Facility was secured by five investment properties and 13,751,268 Industrial LP Class B Units.

<sup>(2)</sup> As at December 31, 2021, the \$20 Million Revolving Credit Facility was secured by 4,800,587 Industrial LP Class B Units.

n/a – not applicable

Subsequent to December 31, 2022, we disposed of a property pledged against the \$375 Million Revolving Credit Facility. As a result, our borrowing capacity on the \$375 Million Revolving Credit Facility, based on the lending value of pledged properties and units, decreased by \$73 million from \$350 million of borrowing capacity as at December 31, 2022. As of March 31, 2023 and after giving effect to the disposition of the property, the borrowing capacity on the \$375 Million Revolving Credit Facility is \$278 million.

### Additional Financing

We may seek additional financing with one or more financial institutions from time to time. Such financing will be used for general trust purposes, which may include the funding of our operations or future property acquisitions.

### TRUSTEES AND OFFICERS

Pursuant to the Declaration of Trust, Dream Office REIT may have between five and 12 trustees at any given time and a majority of our trustees must be resident Canadians. Dream Office REIT currently has seven trustees, the majority of who are resident Canadians.

Each of our trustees is required to exercise the powers and discharge the duties of his or her office honestly and in good faith with a view to the best interests of Dream Office REIT and its unitholders and, in connection with doing so, exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The following table sets forth, as at March 31, 2023, the name, province or state and country of residence, position with Dream Office REIT and principal occupation for each of our trustees and executive officers. Trustees of Dream Office REIT hold office until the next annual meeting of our unitholders or until their successors are elected or appointed.

<b>Name, Province or State and Country of Residence</b>	<b>Position/Title</b>	<b>Independent</b>	<b>Principal Occupation</b>
Amar Bhalla <sup>(2)</sup> Ontario, Canada	Trustee (since June 7, 2022)	Yes	President of Capit Investment Corp., a private real estate company
Donald K. Charter <sup>(1)(2)(3)</sup> Ontario, Canada	Trustee (since June 30, 2003)	Yes	Business Executive
Michael J. Cooper Ontario, Canada	Trustee (since June 30, 2003); Chairman and Chief Executive Officer of the Trust	No	President and Chief Responsible Officer of Dream and founder of DAM, a real estate company, and Chair and Chief Executive Officer of the Trust
P. Jane Gavan Ontario, Canada	Trustee (since May 17, 2018)	No	President, Asset Management of Dream, a real estate company and Chief Executive Officer of Dream Residential REIT
Dr. Kellie Leitch <sup>(2)(3)</sup> Mississippi, United States	Trustee (since March 21, 2016)	Yes	Associate Professor; Chief, Pediatric Orthopaedic Surgery, The University of Mississippi
Karine MacIndoe <sup>(1)(3)</sup> Ontario, Canada	Trustee (since May 7, 2015)	Yes	Corporate Director
Qi Tang <sup>(1)</sup> Ontario, Canada	Trustee (since June 7, 2021)	Yes	Chief Financial Officer, Skyservice Business Aviation Inc.
Jay Jiang Ontario, Canada	Chief Financial Officer of the Trust	-	Chief Financial Officer of the Trust and Executive Vice President, Corporate Development and Strategy of Dream and DAM
Gordon Wadley Ontario, Canada	Chief Operating Officer of the Trust	-	Chief Operating Officer of the Trust and Executive Vice President, Commercial Properties of Dream and DAM

**Notes:**

- (1) Member of the Audit Committee.  
(2) Member of the Governance, Environmental and Nominating Committee.  
(3) Member of the Compensation, Health and Safety Committee.

Each of the foregoing has held his or her present principal occupation, or other offices with the same company or its predecessors or affiliates, for the past five years except for:

- Ms. P. Jane Gavan who assumed the role of Chief Executive Officer of Dream Residential REIT on February 24, 2022.
- Mr. Gordon Wadley who assumed the role of Chief Operating Officer of Dream Office REIT on February 20, 2020 and who prior to February 20, 2020 was Senior Vice President, Commercial

Properties at Dream Office REIT. Mr. Wadley also holds the role of Executive Vice President, Commercial Properties with Dream and DAM;

- Dr. Kellie Leitch who previously held the role of Member of Parliament for Simcoe-Grey until 2019; and
- Ms. Qi Tang who previously held the role of Senior Vice President and Chief Financial Officer of RioCan Real Estate Investment Trust (“**RioCan**”) until May 2021.

As at December 31, 2022, our trustees and executive officers beneficially owned, or controlled or directed, directly or indirectly, as a group, 14,430,715 REIT A Units, which represent approximately 31% of the outstanding REIT A Units, and 5,233,823 Special Trust Units, which represent 100% of the outstanding Special Trust Units. On a combined basis, our trustees and executive officers beneficially owned, or controlled or directed, directly or indirectly, as a group, 19,664,538 REIT Units as at December 31, 2022, which represents approximately 38% of the outstanding REIT Units.

The services of additional personnel are provided by Dream Office Management LP, with the assistance of its wholly-owned Subsidiary, Dream Office Management, to support the executive officers of Dream Office REIT in fulfilling their duties. In addition, DAM provides certain additional services to Dream Office REIT pursuant to the Shared Services Agreement. See “Real Estate Management and Advisory Services – Shared Services Agreement” below.

## **Committees**

The Board currently has three committees: the Audit Committee, the Governance, Environmental and Nominating Committee, and the Compensation, Health and Safety Committee. The corporate governance guidelines in National Policy 58-201 – *Corporate Governance Guidelines* recommend that an issuer’s nominating committee and compensation committee be composed entirely of “independent” directors, within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. Our Declaration of Trust also requires that committees of the trustees be composed of a majority of “Independent Trustees”. As defined in the Declaration of Trust, an “Independent Trustee” is any trustee who is independent for board purposes within the meaning of section 1.4 of NI 52-110 of the Canadian securities regulators or any successor instrument, rule or policy. Our Declaration of Trust requires that a majority of the trustees on each of these committees be resident Canadians. Each member of a committee shall serve on such committee until such member resigns from such committee or otherwise ceases to be a trustee. Please see our most recent management information circular for a description of the committees of the Board.

## **Audit Committee**

NI 52-110 and the Declaration of Trust require the Board to have an Audit Committee consisting of at least three trustees, each of whom must be independent and “financially literate”. NI 52-110 requires that, subject to limited exceptions, every member of the Audit Committee be “independent” for purposes of NI 52-110 and the Declaration of Trust requires that the Chair of the Audit Committee be selected from the group of Independent Trustees who are resident Canadians appointed to serve on the Audit Committee. The Board has adopted a charter of the Audit Committee, a copy of which is attached as Schedule A to this AIF.

The Audit Committee is responsible for monitoring Dream Office REIT’s systems and procedures for financial reporting and internal controls and the performance of Dream Office REIT’s external auditor. It is responsible for reviewing certain public disclosure documents prior to their approval by the full Board and release to the public including, among others, Dream Office REIT’s quarterly and annual financial statements and management’s discussion and analysis. The Audit Committee is also responsible for recommending to the Board the firm of chartered professional accountants to be nominated for appointment as the external auditor, and for approving the assignment of any non-audit work to be

performed by the external auditor. The Audit Committee meets regularly in private session with Dream Office REIT's external auditor, without management present, to discuss and review specific issues as appropriate. The Audit Committee met four times in 2022.

At March 31, 2023, the Audit Committee was comprised of the following three trustees: Donald Charter Karine MacIndoe and Qi Tang (Chair), each of whom is an Independent Trustee. The Board has determined that each of the members of the Audit Committee is "financially literate" within the meaning of NI 52-110.

### ***Relevant Education and Experience***

Each member of the Audit Committee possesses considerable education and experience relevant to the performance of his or her responsibilities as an Audit Committee member.

Mr. Donald Charter is the Independent Lead Trustee of Dream Office REIT. Mr. Charter has extensive senior executive leadership and board level experience in a number of sectors including financial services, mining, real estate as well as oil and gas. He is currently focused on 3Cs Corporation, his consulting and investment firm and corporate directorships (having been involved in several corporate boards and having sat on and chaired a number of audit, compensation, governance, special, independent and strategic committees). He is currently a director of two other public companies: director of International Petroleum Corporation and director of Lundin Mining Corporation. He is also the Chairman of HGC Holding, a private company, which through HGC Investments is an employee-owned alternative asset management firm currently managing The HGC Fund. Mr. Charter's executive leadership experience includes President and CEO of a public mining company and the Chairman and CEO of a large national financial services company. Mr. Charter is a graduate of McGill University with degrees in Economics and Law. He has completed the Institute of Corporate Directors, Directors Education Program.

Ms. Karine MacIndoe is a corporate director and has over 25 years of professional experience, mostly in real estate and capital markets, and nine years of public board experience. She is currently also on the boards of Killam Apartment REIT ("**Killam**") (TSX:KMP.UN) and Dream Impact Trust (TSX:MPCT.UN), which is Canada's first publicly traded company focused on impact investing through environmental sustainability, attainable and affordable housing, and inclusive communities. Her sub-committee responsibilities include chairing the Audit Committees of Dream Impact Trust and Killam, serving on the Audit Committee at Dream Office REIT, Compensation Committees at Killam and Dream Office REIT, and the Governance, Compensation and Environmental Committee at Dream Impact Master GP Inc. Prior to these board roles, Ms. MacIndoe was a Managing Director and Senior Equity Research Analyst at BMO Capital Markets covering Real Estate and REITs across all property types (retail, office, industrial, multi-residential, seniors housing and hotels). During her 10+ year career at BMO she was consistently ranked as a top analyst in the Brendan Wood Canadian Equity Research Survey; both for the quality of her research and strength of client relationships. Her prior work experience also includes M&A Advisory at NM Rothschild & Sons, and management of sales planning at Canadian Airlines International. Ms. MacIndoe has a Master of Business Administration from the Richard Ivey School of Business (graduated an Ivey Scholar) and a Bachelor of Commerce from the University of Calgary (Honor Society).

Ms. Qi Tang is the Chief Financial Officer of Skyservice Business Aviation Inc. Prior to joining Skyservice, she was the Chief Financial Officer and Senior Vice President of RioCan. Prior to her joining RioCan, Ms. Tang held the positions of Vice President Finance & Accounting for Dream Global REIT, CFO for Symphony Senior Living Inc., Vice President Strategic Planning and Forecasting for Chartwell Retirement Residences, and in various progressive roles at KPMG and Waterfront Toronto. Ms. Tang is a CPA, CA and CFA and holds a Master of Science in Accounting degree from the University of Saskatchewan. Ms. Tang is a member of the Board of Governors for the Sterling Hall School in Toronto and is also a community member of the Capital Development Advisory Committee for the North York General Hospital Board of Governors in Toronto.

### ***Pre-Approval Policies and Procedures***

The Audit Committee Charter requires that all non-audit services to be provided to Dream Office REIT or any of its Subsidiaries by the external auditor or any of its affiliates are subject to pre-approval by the Audit Committee; however, the Audit Committee may delegate such responsibility to one or more of its members.

### ***Auditor's Fees***

The aggregate fees billed by PricewaterhouseCoopers LLP, Dream Office REIT's external auditor, or fees accrued by Dream Office REIT in 2022 and 2021 for professional services are presented below:

	Year ended December 31, 2022	Year ended December 31, 2021
<b>Audit fees<sup>(1)</sup></b>		
Audit of consolidated financial statements	\$ 295,000	\$ 276,500
Review of interim consolidated financial statements	99,000	93,500
<b>Audit-related fees<sup>(2)</sup></b>		
Audit and review of Dream Office REIT's subsidiaries	50,000	65,000
Acquisition and disposition-related fees	3,000	-
<b>Tax fees<sup>(3)</sup></b>		
Tax fees (advisory and compliance)	25,200	18,700
<b>All other fees<sup>(4)</sup></b>	-	-
<b>Total</b>	<b>\$ 472,200</b>	<b>\$ 453,700</b>

#### **Notes:**

(1) "Audit fees" are aggregate fees relating to the audit and review of our consolidated financial statements.

(2) "Audit-related fees" are aggregate fees billed by our external auditor in 2022 and 2021 for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit fees" in the table above.

(3) "Tax fees" include the aggregate fees paid to the external auditor for tax compliance, tax advice, tax planning and advisory services.

(4) "All other fees" are aggregate fees billed in 2022 and 2021 for products and services provided by our external auditor, other than the services reported under "Audit fees", "Audit-related fees" and "Tax fees" in the table above.

### **Term of Office**

Our trustees will be elected at each annual meeting of our unitholders for a term expiring at the conclusion of the next annual meeting or until their successors are elected or appointed and will be eligible for re-election. A trustee appointed by the trustees between meetings of unitholders or to fill a vacancy will be appointed for a term expiring at the conclusion of the next annual meeting of our unitholders or until his or her successor is elected or appointed and will be eligible for election or re-election.

Our Declaration of Trust provides that a trustee may resign upon written notice to us and a trustee may be removed with or without cause by a majority of the votes cast at a meeting of unitholders called for that purpose or with cause by two-thirds of the remaining trustees.

A vacancy occurring among our trustees may be filled by resolution of the remaining trustees, so long as they constitute a quorum, or by the unitholders at a meeting of the unitholders.

### **Independent Trustee Matters**

In addition to requiring the approval of a majority of our trustees, the approval of at least a majority of our Independent Trustees who have no interest in the matter is required with respect to any decision:

- to make a material change to the Plan of Arrangement (as defined in the Declaration of Trust);
- to permit Dream Office LP to make a material change to any of the Master Property Management Agreement, the Dream Office REIT Administrative Services Agreement or the Dream Office Management LP Limited Partnership Agreement, change the fees payable thereunder, if any, renew the Master Property Management Agreement or the Dream Office REIT Administrative Services Agreement at the end of their respective terms, or appoint a substitute for Dream Office Management LP after the end of the term of the Master Property Management Agreement, or to permit any material change to the Governance Agreement, and any change to the provisions of such agreements relating to Independent Trustee approval shall be deemed to be such a material change;
- to enter into any agreement or transaction in which any Related Party has a material interest or make a material change to any such agreement or transaction;
- relating to a claim by or against any Related Party;
- relating to a claim in which the interests of a Related Party differ from the interests of Dream Office REIT;
- to permit Dream Office LP to acquire any real or other property in which a Related Party has an interest or to sell any interest in any real or other property to a Related Party;
- granting REIT Units under any unit incentive or unit compensation plan approved by the trustees and, if required, by the Unitholders or awarding any right to acquire or other right or interest in the REIT Units or securities convertible into or exchangeable for REIT Units under any plan approved by the trustees and, if required, by the Unitholders;
- to approve or enforce any agreement entered into by Dream Office REIT or its Subsidiaries with a trustee who is not an Independent Trustee or an associate thereof, with a Related Party, or with Dream Office Management LP or any successor as property manager under the Master Property Management Agreement;
- recommending to the holders of the Units to increase the number of trustees serving on the Board of Trustees or authorizing the trustees to change the number of trustees from time to time; and
- a change to the compensation of any officer or employee of Dream Office REIT.

## **Cease Trade Orders, Bankruptcies, Penalties and Sanctions**

### ***Corporate Cease Trade Orders and Bankruptcies***

None of the trustees or executive officers of Dream Office REIT are, as at the date of this AIF, or have been within the 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. None of the trustees or executive officers of Dream Office REIT are, and to the best of Dream Office REIT's knowledge, no unitholder holding a sufficient number of the Trust's securities to affect materially the control of Dream Office REIT is, or have been within the 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation

relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

### ***Individual Bankruptcies***

None of the trustees or executive officers of Dream Office REIT, and to the best of Dream Office REIT’s knowledge, no unitholder holding a sufficient number of the Trust’s securities to affect materially the control of Dream Office REIT, have, within the 10 years prior to the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold the assets of that individual.

### ***Penalties or Sanctions***

None of the trustees or executive officers of Dream Office REIT, and to the best of Dream Office REIT’s knowledge, no unitholder holding a sufficient number of the Trust’s securities to affect materially the control of Dream Office REIT, have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or have entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

### **Conflict of Interest Restrictions and Provisions**

The Declaration of Trust contains “conflict of interest” provisions similar to those applicable to corporations under section 132 of the OBCA which serve to protect unitholders without creating undue limitations on us. Given that our trustees and officers are engaged in a wide range of real estate and other business activities, our Declaration of Trust requires each of our trustees or officers to disclose to us if he or she is a party to a material contract or transaction or proposed material contract or transaction with us or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with us. Such disclosure is required to be made by a trustee: (i) at the first meeting of the trustees or the Investment Committee, as the case may be, at which a proposed contract or transaction is considered; (ii) if the trustee was not then interested in a proposed contract or transaction, at the first such meeting after a trustee becomes so interested; (iii) if the trustee becomes interested after a contract is made or a transaction is entered into, at the first such meeting after the trustee becomes so interested; or (iv) at the first meeting after an interested party becomes a trustee. Disclosure is required to be made by an officer as soon as the officer becomes aware that a contract or transaction or proposed contract or transaction is to be, or has been, considered by the trustees, as soon as the officer becomes aware of his or her interest in a contract or transaction or, if not currently one of our officers, as soon as such person becomes one of our officers. In the event that a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by our trustees or unitholders, that trustee or officer is required to disclose in writing to the trustees or request to have entered into the minutes of the meeting of the trustees the nature and extent of his or her interest forthwith after the trustee or officer becomes aware of the contract or transaction or proposed contract or transaction. In any case, a trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to his or her remuneration for serving as our trustee, officer, employee or agent or one for indemnity under the indemnity provisions of our Declaration of Trust or the purchase of liability insurance.

Our Declaration of Trust contains provisions to address potential conflicts of interest arising between us and any Related Party. In particular, our trustees are required to obtain a valuation in respect of any real

property that Dream Office LP intends to purchase from or sell to a Related Party prepared by a valuator engaged by, and prepared under the supervision of, a committee of two or more Independent Trustees who have no interest in such transaction. In addition, Dream Office REIT will not permit Dream Office LP to effect a transaction with a Related Party unless the transaction is determined to be on commercially reasonable terms by, and is approved by, a majority of our Independent Trustees who have no interest in such transaction.

### **Individual Non-Competition Agreements**

The Declaration of Trust requires each of our trustees to enter into a non-competition agreement with us. The Individual Non-Competition Agreements provide that each of our trustees and officers and any personal holding company thereof will be prohibited from directly or indirectly acquiring an ownership interest in any real property which meets the investment criteria of Dream Office LP, unless such investment opportunity has first been offered to Dream Office LP in accordance with the terms of the Individual Non-Competition Agreement. The investment criteria of Dream Office LP are set out in its investment guidelines. See “Investment Guidelines and Operating Policies — Investment Guidelines of Dream Office LP”.

The above investment restriction will only apply to real properties located in Canada and will not apply to investments in vacant land, residential housing, multi-residential housing units, residential condominium units, nursing homes or retirement homes. This investment restriction will not apply to any of our trustees or officers, or any personal holding company thereof, with respect to any real property investment made in connection with or as a condition of their securing a property, facilities or leasing management assignment with respect to such investment; provided that if the investment: (i) equals or exceeds \$25 million; or (ii) equals or exceeds \$10 million and results in the trustee or officer, or a personal holding company thereof, acquiring a 10% or greater interest in the property, Dream Office LP will be offered the right to co-invest with the trustee or officer, or the personal holding company thereof, on an equal basis. Further, this investment restriction will not apply to: (i) passive real estate investments made by the trustee or officer, or a personal holding company thereof, which are each less than \$10 million and represent less than a 25% interest in the real property; (ii) investments in properties that do not meet the investment criteria of Dream Office LP, as set out in the Dream Office LP Limited Partnership Agreement; (iii) investments in any property that will be used personally for office space; (iv) investments in any property that will be used by the trustee or officer as his or her personal residence; (v) investments that were owned by the trustee or officer, or a personal holding company or an affiliate of a personal holding company thereof, on the date of the applicable Individual Non-Competition Agreement; (vi) investments made on behalf of fiduciary, managed or client accounts; (vii) investments that result from the realization of a loan secured by the property; and (viii) investments made by any personal holding company, or any of such company’s affiliates, which are public companies or any subsidiaries or affiliates of such public companies (other than DAM and its direct subsidiaries).

The Individual Non-Competition Agreements provide that our trustees or officers will no longer be bound by their terms when such trustee or officer, as applicable, ceases to be one of our trustees or officers.

### **Governance of Dream Office REIT**

Dream Office REIT’s investment and operating activities are limited because our operating business is carried on by Dream Office LP, one of our Subsidiary entities. Dream Office LP holds direct and indirect interests in our commercial revenue producing properties, and carries out all of our property investment activities, as well as operating activities such as the leasing, developing and mortgaging of our properties. Dream Office General Partner is the general partner of Dream Office LP and, as such, directs the activities of Dream Office LP.

In order to govern certain aspects of the relationship between Dream Office REIT and Dream Office LP, Dream Office REIT entered into the Governance Agreement with, among other parties, Dream Office General Partner. This agreement contains provisions governing, among other things, the election of the

directors of Dream Office General Partner. In particular, pursuant to the Governance Agreement, Dream Office REIT will:

- appoint the board of directors of Dream Office General Partner and ensure that at all times up to one less than a majority of the directors of Dream Office General Partner shall be appointed in accordance with the recommendations of the Governance, Compensation and Environmental Committee of the Board; and
- ensure that at all times a majority of the directors of Dream Office General Partner are not trustees of Dream Office REIT.

In addition, Dream Office General Partner will not, without the approval of our trustees or any committee of our trustees, authorize the issuance of any units of Dream Office LP to any person, other than to Partnership A or Partnership B or to a holder of its LP B Units pursuant to the distribution reinvestment feature of the Dream Office LP Limited Partnership Agreement.

The Governance Agreement requires Dream Office General Partner to obtain the approval of our trustees in order to make any change to the distribution policy of Dream Office LP.

Pursuant to the Governance Agreement, Dream Office REIT will not transfer any of the shares of Dream Office General Partner without the approval of at least 66<sup>2</sup>/<sub>3</sub>% of the votes cast at a meeting of unitholders of Dream Office REIT called for such purpose.

The foregoing description is not complete and is subject to, and qualified in its entirety by reference to the Governance Agreement, a copy of which has been filed by Dream Office REIT on SEDAR at [www.sedar.com](http://www.sedar.com).

## **REAL ESTATE MANAGEMENT AND ADVISORY SERVICES**

### **Shared Services Agreement**

#### *Property Management Services*

The Shared Services Agreement provides that we will act as property manager for DAM's income properties in Canada for an annual fee generally equal to 3.5% of the gross revenue generated by each property under management, subject to certain typical exclusions from gross revenue, provided that for certain specific properties owned by DAM that have shared property management contracts with a third party property manager, the property management fee is 1.75% of the gross revenue generated by such properties. We also provide certain asset management, construction management and leasing management services in respect of DAM's income properties in Canada. We are reimbursed for our expenses incurred in providing such services.

The provisions of the Shared Services Agreement relating to property management and related services survive for a term of five years commencing effective as of January 1, 2019 and ending on December 31, 2024 and will be renewable for further five year terms unless and until terminated in accordance with the terms of the Shared Services Agreement. We may terminate these provisions of the Shared Services Agreement at any time upon at least 180 days prior written notice. At least 12 months prior to the end of each term, DAM must cause the directors of DAM who are "independent" (within the meaning of such term pursuant to section 1.4 of National Instrument 52-110 – Audit Committees) of Dream Office REIT to review the performance of Dream Office Management LP. Following such review, DAM has the right to terminate these provisions of the Shared Services Agreement at the end of the term, provided that (i) the independent directors approve such termination by a resolution passed by an affirmative vote of not less than two-thirds of such independent directors; and (ii) DAM provides Dream Office Management LP with at least nine months' prior written notice of such termination. Otherwise, these provisions of the Shared Services Agreement are automatically renewed for a subsequent five-year term.

### *Development Management Services*

The Shared Services Agreement provides that DAM will be the development manager for each of our development projects for 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 of the development upon completion, without any promote or other incentive fees. We and DAM will enter into specific agreements governing each development project at the commencement of the project.

The provisions of the Shared Services Agreement relating to development management services survive for a term of five years commencing effective as of January 1, 2019 and ending on December 31, 2024 and will be renewable for further five year terms unless and until terminated in accordance with the terms of the Shared Services Agreement. DAM may terminate these provisions of the Shared Services Agreement at any time upon 180 days prior written notice, provided that such termination shall not affect the provision of services to an on-going development project which may be terminated only in accordance with the termination provisions of the agreement governing such project entered into at the commencement of such project. At least 12 months prior to the end of each term, the trustees of Dream Office REIT who are “independent” (within the meaning of such term pursuant to section 1.4 of National Instrument 52-110 – Audit Committees) of DAM must review the performance of DAM. Following such review, we have the right to terminate these provisions of the Shared Services Agreement at the end of the term, provided that (i) the independent trustees approve such termination by a resolution passed by an affirmative vote of not less than two-thirds of such independent trustees; and (ii) we provide DAM with at least nine months’ prior written notice of such termination. Otherwise, these provisions of the Shared Services Agreement are automatically renewed for a subsequent five-year term.

### *Administrative Services*

The Shared Services Agreement provides that we and DAM will provide each other with services (the “**Administrative Services**”), such as the use of office space and equipment, management advisory services, legal and regulatory, tax advisory, acquisition, disposition and financing advisory and execution services, debt and treasury financing strategy and execution services, communications, governance and risk management, shareholder/unitholder relations, accounting, insurance, information technology and payroll services and other such other administrative and support services as may be requested from time to time. The Administrative Services are provided on an as-needed and cost-recovery basis. Either DAM or Dream Office REIT may terminate the Administrative Services provisions of the Shared Services Agreement at any time upon at least 180 days prior written notice.

The foregoing description is not complete and is subject to, and qualified in its entirety by reference to the Shared Services Agreement, a copy of which has been filed by Dream Office REIT on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Property Management**

As of the date of this AIF, all but one of the Properties are managed by Dream Office Management LP, a wholly-owned Subsidiary of Dream Office LP, with the assistance of its wholly-owned Subsidiary, Dream Office Management. The property in which the Trust has a joint venture interest is managed by a third-party property manager.

The terms under which Dream Office Management LP manages the non-co-owned Properties are governed by the Master Property Management Agreement. The Master Property Management Agreement provides that Dream Office Management LP, directly or indirectly with the prior approval of Dream Office LP, may delegate specific aspects of its obligations under the Master Property Management Agreement, provided that such delegation will not relieve Dream Office Management LP of its obligations under the Master Property Management Agreement. Dream Office Management LP has entered into a sub-management agreement with Dream Office Management pursuant to which Dream

Office Management has agreed to assist Dream Office Management LP in carrying out the services required to be provided under the Master Property Management Agreement.

In addition to providing property management services to Dream Office LP, Dream Office Management LP also provides general administrative services to Dream Office REIT, Partnership A, Partnership B and Dream Office LP pursuant to the Dream Office REIT Administrative Services Agreement. Dream Office Management LP has entered into sub-administrative services agreements with Dream Office Management pursuant to which Dream Office Management has agreed to assist Dream Office Management LP in carrying out the services required to be provided under the Dream Office REIT Administrative Services Agreement.

### **Dream Non-Competition Agreement**

The Dream Non-Competition Agreement prohibits Dream, DAM and each of their respective subsidiaries from directly or indirectly acquiring an ownership interest in a Restricted Property (as defined in the Dream Non-Competition Agreement and described below) unless such investment opportunity has first been offered to Dream Office LP in accordance with the terms of the Dream Non-Competition Agreement. See “Investment Guidelines and Operating Policies — Investment Guidelines of Dream Office LP”.

The above investment restriction applies to a Restricted Property which is defined as a commercial office property located in Canada including any mixed use property where a substantial portion of the property is used for commercial office purposes and any portfolio including such office properties, but does not include vacant land, residential housing, multi-residential housing units, residential condominium units, hotels (except to the extent that DAM intends to repurpose such hotel for use as an office building), retail shopping centres (except to the extent that DAM intends to repurpose such shopping centre for use as an office building), industrial properties (except to the extent that DAM intends to repurpose such industrial property for use as an office building), nursing homes or retirement homes or any combination of the foregoing exceptions. This investment restriction will not apply to Dream or its Subsidiaries with respect to any real property investment made in connection with or as a condition of their securing a property, facilities or leasing management assignment with respect to such investment; provided that if the investment (i) equals or exceeds \$25 million; or (ii) equals or exceeds \$10 million and results in Dream or its Subsidiary acquiring a 10% or greater interest in the property, Dream Office LP will be offered the right to co-invest with Dream or its Subsidiary, as the case may be, on an equal basis. Further, this investment restriction will not apply to (i) passive real estate investments made by Dream or any Subsidiary which are each less than \$10 million and represent less than a 25% interest in the real property, (ii) *bona fide* investments in any property that will be used as office space primarily by Dream or any Subsidiary, (iii) investments that were already owned by Dream or any Subsidiary, (iv) *bona fide* investments made on behalf of fiduciary, managed or client accounts, and (v) *bona fide* investments that result from the realization of a loan secured by the property.

In addition, Dream Office LP has the first right to acquire a minimum 50% interest in any commercial office property (or interest in such property if the entire property is not available for purchase, and including mixed use properties where a substantial portion represents commercial office space) and portfolios of such properties in Canada identified by DAM or its subsidiaries for purchase, as principal, or which any client of DAM or any subsidiary intends to acquire, to the extent that DAM or any subsidiary can, acting in good faith, control or direct the opportunity to acquire such 50% interest.

The Dream Non-Competition Agreement provides that Dream and its Subsidiaries will no longer be bound by the terms of the Dream Non-Competition Agreement upon the termination of the provisions of the Shared Services Agreement pursuant to which DAM provides us with Administrative Services (unless the Shared Services Agreement is terminated by notice from DAM, in which case the parties will no longer be bound 90 days following the date of termination of the Shared Services Agreement) or, in the case of a Subsidiary of Dream, when such person is no longer a Subsidiary of Dream.

The foregoing description is not complete and is subject to, and qualified in its entirety by reference to the Dream Non-Competition Agreement, a copy of which has been filed by Dream Office REIT on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Trade-Mark License Agreement**

DAM has granted us a royalty-free, non-transferable license to use the “Dream Office” and “Dream Office REIT” trademarks in Canada and the United States pursuant to a trade-mark license agreement. This agreement terminates automatically upon termination of the provisions of the Shared Services Agreement pursuant to which DAM provides us with Administrative Services.

### **EMPLOYEES**

As at December 31, 2022, Dream Office REIT and its Subsidiaries had 256 employees.

### **INVESTMENT GUIDELINES AND OPERATING POLICIES**

Dream Office REIT’s investment and operating activities are limited because our operating business is carried out by Dream Office LP. The investment guidelines governing our investments in real estate and other assets and the operating policies governing our business exist at the Dream Office LP level and are set out below under the headings “Investment Guidelines and Operating Policies – Investment Guidelines of Dream Office LP” and “Investment Guidelines and Operating Policies – Operating Policies of Dream Office LP”.

#### **Investment Guidelines of Dream Office REIT**

Pursuant to the Declaration of Trust, Dream Office REIT’s assets may be invested only in accordance with the following investment guidelines:

- (a) Dream Office REIT will only invest in units and notes of Partnership A and Partnership B and shares of each of Dream Office General Partner and the general partners of Partnership A and Partnership B, amounts receivable in respect of such units, notes and shares, cash and similar deposits in a Canadian chartered bank or trust company and, subject to certain limitations summarized in (b) below, such other investments as the trustees of Dream Office REIT deem advisable from time to time; and
- (b) Dream Office REIT will not make or permit a Subsidiary to make any investment that would result in:
  - (i) the REIT Units being disqualified for investment by Plans or RESPs;
  - (ii) Dream Office REIT being liable under the Tax Act to pay a tax imposed under either paragraph 122(1)(b) or Part XII.2 of the Tax Act; or
  - (iii) Dream Office REIT ceasing to qualify as a “mutual fund trust”, “real estate investment trust” or a “registered investment” for purposes of the Tax Act.

Pursuant to the Declaration of Trust, the investment guidelines set forth above may only be amended with the approval of at least 66<sup>2</sup>/<sub>3</sub>% of the votes cast at a meeting of unitholders of Dream Office REIT called for that purpose except for certain amendments that may be undertaken by a majority of the trustees of Dream Office REIT including a majority of the Independent Trustees pursuant to the Declaration of Trust.

#### **Investment Guidelines of Dream Office LP**

The Dream Office LP Limited Partnership Agreement provides for certain restrictions on investments which may be made by or on behalf of Dream Office LP. These investment guidelines are set out below.

- (a) Notwithstanding any other provision set out below, Dream Office LP shall not make any investment that would result in:
  - (i) REIT Units being disqualified for investment by Plans or RESPs;
  - (ii) Dream Office REIT, Partnership A or Partnership B being liable under the Tax Act to pay a tax imposed under paragraph 122(1)(b) of the Tax Act; or
  - (iii) Dream Office REIT ceasing to qualify as a “mutual fund trust”, a “registered investment” or a “real estate investment trust” for purposes of the Tax Act;
- (b) Dream Office LP shall not invest in or acquire securities of a Canadian real estate investment trust unless:
  - (i) the activities of the real estate investment trust are focused on acquiring, holding, maintaining, improving, leasing or managing primarily office and industrial revenue producing properties; and
  - (ii) in the case of any proposed investment or acquisition which would result in Dream Office LP owning beneficially more than 10% of the outstanding units of such real estate investment trust (the “**acquired trust**”), the investment is made for the purpose of subsequently effecting the merger or combination of the business and assets of Dream Office LP and the acquired trust or for otherwise ensuring that Dream Office LP will control the business and operations of the acquired trust;
- (c) Dream Office LP shall not invest in raw land (except for the acquisition of properties adjacent to existing properties of Dream Office LP for the purpose of renovation or expansion of existing facilities where the total cost of all such investments does not exceed 5% of the Adjusted Unitholders’ Equity of Dream Office REIT);
- (d) Dream Office LP may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred by Dream Office REIT and secured by a mortgage on such property) up to 25% of the Adjusted Unitholders’ Equity of Dream Office REIT in investments or transactions which do not comply with the investment guidelines of Dream Office LP, so long as the investment does not contravene (a) above;
- (e) Subject to the qualifications in (d) above, Dream Office LP shall only invest in office and industrial revenue producing properties located within Canada; and
- (f) Dream Office LP shall not invest in hotels or buildings with unsold residential condominium units except in cases where Dream Office LP is buying the entire condominium building.

For the purpose of the foregoing restrictions, the assets, liabilities and transactions of a Subsidiary wholly owned by Dream Office LP will be deemed to be those of Dream Office LP on a proportionate consolidated basis. In addition, any references in the foregoing to an investment in real property will be deemed to include an investment in a joint venture arrangement that holds real property.

Pursuant to the Dream Office LP Limited Partnership Agreement, no amendment to the investment guidelines set forth above or operating policies set forth below under “– Operating Policies of Dream Office LP” or any other material change to such agreement may be made without the approval of 66<sup>2</sup>/<sub>3</sub>% of the votes cast by the limited partners entitled to vote at a meeting called for such purpose or the written approval of holders holding more than 66<sup>2</sup>/<sub>3</sub>% of the outstanding limited partnership units entitled to vote. The Declaration of Trust provides that Dream Office REIT will not agree to or approve any material change to the Dream Office LP Limited Partnership Agreement without the approval of at least 66<sup>2</sup>/<sub>3</sub>% of the votes cast at a meeting of unitholders of Dream Office REIT called for such purpose.

## **Operating Policies of Dream Office REIT**

The Declaration of Trust provides that our operations and affairs must be conducted in accordance with the following operating policies and that we will not permit any Subsidiary to conduct its operations and affairs other than in accordance with the following operating policies:

- (a) (i) any written instrument creating an obligation which is or includes the granting by Dream Office REIT of a mortgage; or
- (ii) to the extent our trustees determine to be practicable and consistent with their fiduciary duty to act in the best interests of the unitholders, any written instrument which in the judgment of our trustees is a material obligation;

must, in each case, contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort will not be had to, nor will recourse or satisfaction be sought from the private property of any of the trustees, unitholders, annuitants or beneficiaries under a plan of which a unitholder acts as a trustee or carrier or officers, employees or agents of Dream Office REIT, but that only property of Dream Office REIT or a specific portion thereof will be bound;

- (b) Dream Office REIT will not underwrite, sell or market, or participate in the underwriting, selling or marketing of securities other than REIT Units and other securities of Dream Office REIT; and
- (c) Dream Office REIT will only guarantee the obligations of its wholly-owned Subsidiaries (other than Dream Office General Partner or any other wholly-owned Subsidiaries of Dream Office REIT that are general partners in partnerships that are not wholly-owned by Dream Office REIT), provided that Dream Office REIT may guarantee the obligations of Dream Office LP or Dream Office General Partner, and any other wholly-owned Subsidiaries of Dream Office REIT that are general partners in partnerships that are not wholly-owned by Dream Office REIT if Dream Office REIT has received an unqualified legal opinion that Dream Office REIT's guarantee of the obligations of Dream Office LP or Dream Office General Partner and any other wholly-owned Subsidiaries of Dream Office REIT that are general partners in partnerships that are not wholly-owned by Dream Office REIT, as the case may be, will not cause Dream Office REIT to cease to qualify as a "mutual fund trust" for the purposes of the Tax Act.

Pursuant to the Declaration of Trust, the operating policies set forth above may only be amended with the approval of a majority of the votes cast at a meeting of unitholders of Dream Office REIT called for that purpose.

## **Operating Policies of Dream Office LP**

The Dream Office LP Limited Partnership Agreement provides that the operations and affairs of Dream Office LP must be conducted in accordance with the following operating policies and that Dream Office LP will not permit any Subsidiary to conduct its operations and affairs other than in accordance with the following operating policies:

- (a) Dream Office LP will not lease or sublease to any person any real property, premises or space where that person and its affiliates would, after the contemplated lease or sublease, be leasing or subleasing real property, premises or space having a fair market rental in excess of 15% of the Adjusted Unitholders' Equity of Dream Office REIT; provided, however, that this limitation will not apply to the renewal of a lease or sublease existing on the effective date of the 2003 Reorganization;
- (b) Dream Office LP shall not enter into any transaction involving the purchase of lands or land and improvements thereon and the leasing thereof back to the vendor where the fair market value net of encumbrances of the property being leased to the vendor together with all other property being

leased by Dream Office LP to the vendor and its affiliates is in excess of 15% of the Adjusted Unitholders' Equity of Dream Office REIT;

- (c) the limitations referred to in paragraphs (a) and (b) will not apply where the lessee or sublessee is, or where the lease or sublease is guaranteed by:
  - (i) the Government of Canada, the Government of the United States, the Government of any province or territory of Canada, any state of the United States, any municipality or city in Canada or the United States, or any agency or crown corporation thereof;
  - (ii) any corporation which has securities outstanding that have received and continue to hold an investment grade rating from a recognized credit rating agency at the time the lease or sublease is entered into, or at the time other satisfactory leasing or pre-leasing arrangements (as determined by Dream Office General Partner in its discretion) were entered into that is not less than A low or its equivalent; or
  - (iii) a Canadian chartered bank or a trust company or insurance company registered or licensed federally or under the laws of a province of Canada;
- (d) Dream Office LP may engage in construction or development of real property provided such real property is not a brownfield site and otherwise meets the investment guidelines and operating policies of Dream Office LP;
- (e) title to each real property shall be held by and registered in the name of Dream Office LP, Dream Office General Partner or a corporation or other entity wholly-owned, directly or indirectly, by Dream Office LP or jointly-owned, directly or indirectly, by Dream Office LP with joint venturers; provided that where land tenure will not provide fee simple title, Dream Office LP, Dream Office General Partner or a corporation or other entity wholly-owned, directly or indirectly, by Dream Office LP or jointly-owned, directly or indirectly, by Dream Office LP with joint venturers shall hold a land lease as appropriate under the land tenure system in the relevant jurisdiction;
- (f) Dream Office LP shall not directly or indirectly guarantee any indebtedness or liabilities of any kind of a third party, except guarantees of indebtedness existing on the effective date of the 2003 Reorganization and guarantees of indebtedness assumed or incurred by a partnership, limited partnership, co-ownership or other joint venture in which Dream Office LP or a Subsidiary of Dream Office LP is a party and the other party or parties thereto is or are required to give up its or their respective interest in the property of such partnership, limited partnership, co-ownership or other joint venture as a result of such party's failure to honour its proportionate share of the indebtedness assumed or incurred by the partnership, limited partnership, co-ownership or other joint venture. In addition, Dream Office LP will not directly or indirectly guarantee any indebtedness or liabilities of any person if doing so would contravene paragraph (a) of the investment guidelines of Dream Office LP as set forth above under "Investment Guidelines and Operating Policies — Investment Guidelines of Dream Office LP";
- (g) except for assets acquired pursuant to the Master Asset Transfer Agreements, Dream Office LP will have conducted an engineering survey of each real property it intends to acquire with respect to the physical condition thereof, including required capital replacement programs;
- (h) except for assets acquired pursuant to the Master Asset Transfer Agreements, Dream Office LP will obtain and maintain at all times insurance coverage in respect of potential liabilities of Dream Office LP and the accidental loss of value of the assets of Dream Office LP from risks, in amounts, with such insurers, and on such terms as Dream Office General Partner considers appropriate, taking into account all relevant factors including the practices of owners of comparable properties;

- (i) except for assets acquired pursuant to the Master Asset Transfer Agreements, Dream Office LP shall have conducted a Phase I environmental audit of each real property to be acquired by it, excluding properties where there is no requirement to obtain a Phase I environmental audit in order to obtain Canada Mortgage and Housing Corporation financing for the real property, and, if the Phase I environmental audit report recommends that further environmental audits be conducted, Dream Office LP shall have conducted such further environmental audits, in each case by an independent and experienced environmental consultant; such audit as a condition to any acquisition shall be satisfactory to Dream Office General Partner; and
- (j) Dream Office LP will maintain a ratio of net income before non-controlling interest, interest expense, gain/(loss) on disposal of rental property, provision for impairment of rental property, depreciation, amortization and income taxes of Dream Office LP to interest expense under all indebtedness of Dream Office LP of no less than 1.4 times.

For the purpose of the foregoing policies, the assets, liabilities and transactions of a corporation, trust, partnership or other entity in which Dream Office LP has an interest will be deemed to be those of Dream Office LP on a proportionate consolidated basis. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint venture arrangement.

Pursuant to the Dream Office LP Limited Partnership Agreement, no amendment to the investment guidelines or operating policies set forth above or any other material change to such agreement may be made without the approval of 66<sup>2</sup>/<sub>3</sub>% of the votes cast by the limited partners entitled to vote at a meeting called for such purpose or the written approval of holders holding more than 66<sup>2</sup>/<sub>3</sub>% of the outstanding limited partnership units entitled to vote. The Declaration of Trust provides that Dream Office REIT will not agree to or approve any material change to the Dream Office LP Limited Partnership Agreement without the approval of at least 66<sup>2</sup>/<sub>3</sub>% of the votes cast at a meeting of unitholders of Dream Office REIT called for such purpose.

## **DISTRIBUTION POLICY**

The following outlines the distribution policy of Dream Office REIT as contained in the Declaration of Trust but is not intended to be a complete description. You should refer to the Declaration of Trust for the full text of our distribution policy. Our distribution policy may be amended only with the approval of a majority of the votes cast at a meeting of unitholders of Dream Office REIT.

### **General**

Our cash distribution rate since our July 2017 distribution (paid on August 15, 2017) has been \$0.08333 per REIT A Unit per month (\$1.00 per REIT A Unit annualized).

Holders of REIT A Units receive cash distributions from Dream Office REIT derived from Dream Office REIT's investment in Partnership A. Holders of REIT B Units receive cash distributions from Dream Office REIT derived from Dream Office REIT's investment in Partnership B. DAM holds part of its equity investment in our business in the form of LP B Units and receives cash distributions from Dream Office LP derived from the distributable income of Dream Office LP. See "Description of Dream Office LP — Distributions".

We make monthly cash distributions to holders of REIT A Units and holders of REIT B Units. The amount of each distribution is equal to one-twelfth of such percentage of distributable income and Distributable Series B Income on an annual basis as the trustees of Dream Office REIT in their sole discretion determine would be in the best interests of Dream Office REIT to distribute. See the definitions of "distributable income" and "Distributable Series B Income" in the Glossary of Terms in this AIF. Distributions in respect of a month are paid on or about each Distribution Date to unitholders of record as at the close of business on the corresponding Distribution Record Date. This means that the distribution

for any month is generally paid to unitholders of record at the close of business on the last day of the month on or about the 15th day of the following month.

Holders of LP B Units are entitled to receive distributions from Dream Office LP *pro rata* with distributions made by us on REIT A Units and REIT B Units. If our trustees determine that it would be in our best interests, they may reduce for any period the percentage of such distributable income and Distributable Series B Income to be distributed to the applicable unitholders, which will result in corresponding reduction in distributions on LP B Units. Our cash distribution rate since our July 2017 distribution (paid on August 15, 2017) has been \$0.08333 per LP B Unit per month.

In addition, on December 31 of each year, we will make payable to such unitholders, and such unitholders will have an enforceable right to payment on such date of, a distribution of sufficient net realized capital gains, net income, and net recapture income for the taxation year ending on that date, net of any capital losses or non-capital losses recognized on or before the end of such year such that we will not be liable for ordinary income taxes for such year, net of tax refunds. The payment of such amounts shall be made on or before the following January 15th. Our trustees are required to take all necessary steps to ensure that the amount and timing of distributions on each REIT A Unit and REIT B Unit are the same. We also pay distributions on the Special Trust Units, although they are nominal.

Where our trustees determine that we do not have available cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable on the due date for such payment, the payment may, at the option of our trustees, include the issuance of additional REIT A Units and REIT B Units, as the case may be, or fractions of such REIT A Units and REIT B Units, as the case may be, if necessary, having a fair market value as determined by our trustees equal to the difference between the amount of such distribution and the amount of cash which has been determined by our trustees to be available for the payment of such distribution in the case of REIT A Units and REIT B Units, respectively. Notwithstanding the foregoing, distributions on the Special Trust Units will only be made in cash.

Unless our trustees determine otherwise, immediately after any *pro rata* distribution of additional units to holders of REIT A Units and REIT B Units, the number of the outstanding REIT A Units and REIT B Units, respectively, will automatically be consolidated such that each of such holders will hold after the consolidation the same number of REIT A Units and REIT B Units, respectively, as such holder held before the distribution of additional units. Each unit certificate representing the number of units prior to the distribution of additional units will be deemed to represent the same number of units after the non-cash distribution of additional units and the consolidation. In no case will REIT A Units be consolidated with REIT B Units or vice versa.

Notwithstanding the foregoing, where tax is required to be withheld from a unitholder's share of the distribution, the consolidation will result in such unitholder holding that number of units equal to (i) the number of units held by such unitholder prior to the distribution plus the number of units received by such unitholder in connection with the distribution (net of the number of whole and part units withheld on account of withholding taxes) multiplied by (ii) the fraction obtained by dividing the aggregate number of units outstanding prior to the distribution by the aggregate number of units that would be outstanding following the distribution and before the consolidation if no withholding were required in respect of any part of the distribution payable to any unitholder. Such unitholder will be required to surrender the unit certificates, if any, representing such unitholder's original units, in exchange for a unit certificate representing such unitholder's post-consolidation units.

#### **DECLARATION OF TRUST AND DESCRIPTION OF REIT UNITS**

Dream Office REIT is governed by the Declaration of Trust and, unless earlier terminated in accordance with the Declaration of Trust, it shall continue in full force and effect so long as any property of Dream Office REIT is held by the trustees. Unitholders have all of the material protections, rights and remedies a

shareholder would have under the CBCA, except for (i) the right to dissent and be paid the fair value of its units that would be available if Dream Office REIT were a corporation governed by the CBCA and Dream Office REIT were to effect certain transactions, including amending its constating documents to add, change or remove any provisions restricting or constraining the issue, transfer of ownership of shares or to add, change or remove any restriction on the activities that Dream Office REIT may carry on; selling, leasing or exchanging all or substantially all its property; or carrying out a going-private transaction or squeeze-out transaction (as such terms are defined in the CBCA or the regulations thereunder); (ii) the right to apply to a court to order the liquidation or dissolution of Dream Office REIT; and (iii) the ability to bring “oppression” or “derivative” actions. The protections, rights and remedies available to a unitholder are contained in the Declaration of Trust. The following is a summary, which does not purport to be complete, of certain terms of the Declaration of Trust and the REIT Units. You should refer to the Declaration of Trust for the full text of its provisions and a complete description of the REIT Units.

The Declaration of Trust authorizes the issuance of an unlimited number of three classes of units: REIT units, Special Trust Units and Transition Fund Units. The REIT units are initially divided into and issuable in two series: REIT A Units and REIT B Units. The Special Trust Units may only be issued to holders of LP B Units and will not be transferable separately from LP B Units to which they relate, and will be used to provide voting rights with respect to Dream Office REIT to persons holding LP B Units. The Special Trust Units may only be transferred to permitted transferees of LP B Units. There are currently no Transition Fund Units outstanding. Dream Office REIT does not intend to issue any additional Transition Fund Units and, accordingly, we have not described the terms of such units in this AIF.

On December 16, 2004, the *Trust Beneficiaries’ Liabilities Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any act, default, obligation or liability of the trust if, when the act or default occurs or the liability arises, (i) the trust is a reporting issuer under the *Securities Act* (Ontario), and (ii) the trust is governed by the laws of Ontario. Dream Office REIT is a reporting issuer under the *Securities Act* (Ontario) and is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

### **REIT A Units and REIT B Units**

Each REIT A Unit and REIT B Unit represents an undivided beneficial interest in Dream Office REIT and in distributions made by Dream Office REIT, whether of net income, net realized capital gains or other amounts and, in the event of our termination or winding up, in our net assets remaining after the satisfaction of all our liabilities. No REIT A Unit or REIT B Unit will have preference or priority over any other. The distribution entitlement of the REIT A Units and the REIT B Units is derived from different sources. In the case of the REIT A Units, the distribution entitlement is derived from the securities of Partnership A held by Dream Office REIT and, in the case of the REIT B Units, the distribution entitlement is derived from the securities of Partnership B held by Dream Office REIT. Notwithstanding the foregoing, our trustees will take all necessary steps to ensure that the timing, amount and nature of the distributions on the REIT A Units and the REIT B Units will be the same.

Each REIT A Unit and REIT B Unit entitles the holder thereof to one vote for each whole REIT A Unit or REIT B Unit, as the case may be, held at all meetings of unitholders of Dream Office REIT. Each REIT B Unit is convertible at any time at the option of the holder into one fully-paid and non-assessable REIT A Unit.

Issued and outstanding REIT Units may be subdivided or consolidated from time to time by our trustees with the approval of a majority of our unitholders. Unitholder approval will not be required for an automatic consolidation as described under “Distribution Policy”.

No certificates will be issued for fractional REIT Units and fractional REIT Units will not entitle the holders thereof to vote, except to the extent such fractional REIT Units represent in the aggregate one or

more whole REIT Units. The REIT Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of such act or any other legislation. Furthermore, Dream Office REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on nor intend to carry on the business of a trust company.

### **Special Trust Units**

The Special Trust Units are not transferable separately from the LP B Units to which they relate. The Special Trust Units will automatically be transferred upon a transfer of the corresponding LP B Units. In addition, as LP B Units are surrendered for REIT B Units or otherwise exchanged by the holder, the corresponding Special Trust Units will be automatically redeemed by Dream Office REIT for a nominal amount and will be immediately cancelled. Each Special Trust Unit entitles the holder thereof to the number of votes at any meeting of unitholders which is equal to the number of REIT B Units which may be obtained upon the surrender of the LP B Unit to which the Special Trust Unit relates. Accordingly, holders of Special Trust Units are currently entitled to one vote for each Special Trust Unit held at all meetings of unitholders of Dream Office REIT. The Special Trust Units entitle the holders thereof to receive nominal amounts as distributions and upon the liquidation, dissolution or winding-up of Dream Office REIT, although the Special Trust Units rank equally and rateably without discrimination, preference or priority, with the REIT A Units and REIT B Units in respect of distributions and on the liquidation, dissolution or winding-up of Dream Office REIT. Holders of Special Trust Units are not entitled to receive a certificate evidencing ownership of such units.

### **Issuance of REIT Units**

We may allot and issue new REIT Units from time to time as our trustees determine, including for cash, through public offerings, through rights offerings to existing unitholders (i.e., in which unitholders receive rights to subscribe for new REIT Units in proportion to their existing holdings of REIT Units, which rights may be exercised or sold to other investors) or through private placements (i.e., offerings to specific investors which are not made generally available to the public or existing unitholders). In certain instances, we may issue new REIT Units as consideration for, or in connection with, the acquisition of new properties or assets. The price or the value of the consideration for which new REIT Units may be issued will be determined by our trustees in their sole discretion, generally in consultation with investment dealers or brokers who may act as underwriters or agents in connection with offerings of REIT Units. We may issue new REIT B Units only pursuant to the terms of the Exchange and Support Agreement. See “Description of Dream Office LP — Partnership Units”. We may issue Special Trust Units only in tandem with LP B Units. Unitholders do not have any pre-emptive rights whereby additional REIT Units we propose to issue are first offered to existing unitholders.

### **Purchase of REIT Units**

We may from time to time purchase for cancellation REIT A Units and REIT B Units at a price per REIT A Unit or REIT B Unit, as applicable, and on a basis determined by our trustees in accordance with applicable securities legislation and the rules and policies of any applicable stock exchange.

### **REIT Unit Redemption Right**

REIT units are redeemable at any time on demand by the holders thereof by sending a notice to us at our head office in a form approved by our trustees and completed and executed in a manner satisfactory to our trustees, who may require supporting documentation as to identity, capacity or authority. A unitholder not otherwise holding a fully registered REIT Unit certificate who wishes to exercise the redemption right will be required to obtain a redemption notice from his or her investment dealer or other intermediary who will be required to deliver the completed redemption form to us. Upon receipt by us of a written redemption notice and other documents that may be required, all in a manner satisfactory to our trustees, a holder of REIT units shall cease to have any rights with respect to the tendered REIT units, including any right to receive any distributions thereon which are declared payable after receipt of the redemption notice

by us and the holder thereof shall be entitled to receive a price per REIT unit (the “**Redemption Price**”) of a series equal to the lesser of:

- (a) 90% of the “market price” of the REIT units of such series on the principal market on which the REIT units of such series are quoted for trading on the trading day prior to the day on which the REIT units of such series were surrendered to us for redemption (the “**Redemption Date**”); and
- (b) 100% of the “closing market price” of the REIT units of such series on the principal market on which the REIT units of such series are quoted for trading on the Redemption Date.

For the purposes of this calculation, the “market price” in respect of REIT units of a series shall be an amount equal to the 20-day weighted average of the closing price of the REIT units of such series for each of the trading days on which there was a closing price; provided that if the applicable exchange or market does not provide a closing price, but only provides the highest and lowest prices of the REIT units of such series traded on a particular day, the “market price” shall be an amount equal to the average of the highest and lowest prices for each of the trading days on which there was a trade; and provided further that if there was trading on the applicable exchange or market for fewer than five of the 20 trading days, the “market price” shall be the weighted average of the following prices established for each of the 20 trading days: (i) the weighted average of the last bid and last asking prices of the REIT units of such series for each day on which there was no trading; (ii) the closing price of the REIT units of such series for each day on which there was trading if the exchange or market provides a closing price; and (iii) the weighted average of the highest and lowest prices of the REIT units of such series for each day that there was trading if the exchange or market does not provide a closing price but provides only the highest and lowest prices of the REIT units of such series traded on a particular day.

If a unitholder is not entitled to receive cash upon redemption of REIT units as a result of the limitations in (b) or (c) below, the Redemption Price will be equal to the fair market value of the REIT units as determined by our trustees.

The “closing market price” in respect of REIT units of a series shall be (i) an amount equal to the closing price of the REIT units of such series if there was a trade on the date and the exchange or market provides a closing price; (ii) an amount equal to the weighted average of the highest and lowest prices of the REIT units of such series if there was trading and the exchange or other market does not provide a closing price but provides only the highest and lowest trading prices of the REIT units of such series traded on a particular day; or (iii) the weighted average of the last bid and last asking prices of the REIT units of such series if there was no trading on that date.

For the purposes of determining the Redemption Price for any REIT B Units tendered for redemption where the REIT B Units are not listed for trading on any stock exchange or market, the foregoing rules for determining the Redemption Price for the REIT units will be modified and, in particular, the Redemption Price for the REIT B Units will be based upon the relevant price (the market price or closing market price, as the case may be) of the REIT A Units.

The aggregate Redemption Price payable by us in respect of any REIT units tendered for redemption during any calendar month will be satisfied by way of a cheque drawn on a Canadian chartered bank or a trust company in Canadian funds, payable no later than the last day of the calendar month following the month in which the REIT units were tendered for redemption, provided that the entitlement of unitholders to receive cash upon the redemption of their REIT units is subject to the limitations that:

- (a) the total amount payable by us in respect of such REIT units and all other REIT units tendered for redemption in the same calendar month shall not exceed \$50,000, provided that our trustees may, in their sole discretion, waive such limitation in respect of all REIT units tendered for redemption in any particular calendar month;

- (b) at the time such REIT units are tendered for redemption, the outstanding REIT units of the applicable series (or, in the case of REIT B Units where that series is not listed, the REIT A Units) shall be listed for trading or quoted on a stock exchange or market which our trustees consider, in their sole discretion, provides representative fair market value prices for the REIT units of such series; and
- (c) the normal trading of outstanding REIT units of the applicable series (or, in the case of REIT B Units where that series is not listed, the REIT A Units) is not suspended or halted on any stock exchange on which the REIT units of such series are listed (or, if not listed on a stock exchange, on any market on which the REIT units of such series are quoted for trading) on the Redemption Date for the REIT units of such series or for more than five trading days during the ten day trading period commencing immediately after the Redemption Date for the REIT units of such series.

The payment of the Redemption Price in cash in respect of REIT A Units and REIT B Units will be derived from different sources. In the case of REIT A Units, the payment of the Redemption Price in cash will be satisfied solely from the bank account maintained for the benefit of holders of REIT A Units. The payment of the Redemption Price for REIT B Units will be satisfied solely from the bank account maintained for the benefit of holders of REIT B Units.

If a unitholder is not entitled to receive cash upon the redemption of REIT units as a result of the foregoing limitations in (b) and (c) above, then each REIT unit tendered for redemption shall, subject to obtaining all applicable regulatory approvals, be redeemed by way of a distribution *in specie* of Subsidiary Securities. The fair market value of such Subsidiary Securities would be equal to the product of the Redemption Price per unit payable by us and the number of REIT A Units tendered. However, no Subsidiary Securities with a fair market value of less than \$100 will be distributed and, where the fair market value of Subsidiary Securities to be received by the former holder of REIT A Units upon redemption *in specie* would otherwise include a Subsidiary Security with a fair market value of less than a multiple of \$100, such amount will be rounded down to the next lowest multiple of \$100 and the excess will be paid in cash.

If a unitholder is not entitled to receive cash upon the redemption of REIT units as a result of the limitation in (a) above, the holder will receive a combination of cash and, subject to obtaining all applicable regulatory approvals, Subsidiary Securities, determined in accordance with our Declaration of Trust.

It is anticipated that the redemption right described above will not be the primary mechanism for holders of REIT units to dispose of their REIT units. Subsidiary Securities which may be distributed to unitholders *in specie* in connection with a redemption will not be listed on any stock exchange, no market is expected to develop and such securities may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws. The Subsidiary Securities so distributed may not be qualified investments for Plans or RESPs, depending upon the circumstances at the time.

Special Trust Units are redeemable for a nominal amount in the event of the surrender, exchange or sale to Dream Office REIT of the related LP B Units.

### **Meetings of Unitholders**

Our Declaration of Trust provides that meetings of unitholders must be called and held for the election or removal of trustees, the appointment or removal of our auditor, the approval of amendments to our Declaration of Trust (except as described below under “Declaration of Trust and Description of REIT Units — Amendments to the Declaration of Trust and Other Documents”), the sale of our assets as an entirety or substantially as an entirety (other than as part of an internal reorganization of our assets as approved by our trustees) and our termination. Meetings of unitholders will be called and held annually

within 180 days after the end of the fiscal year for the election of our trustees and appointment of our auditor.

Our trustees have the power at any time to call special meetings of unitholders at such time and place in Canada as our trustees determine. Unitholders holding in the aggregate not less than 5% of the votes attaching to all outstanding REIT Units (on a fully diluted basis) may requisition our trustees in writing to call a special meeting of unitholders and our trustees shall, subject to certain limitations, call a meeting of unitholders. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Unitholders have the right to obtain a list of unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the CBCA.

Unitholders may attend and vote at all meetings of the unitholders either in person or by proxy and a proxyholder need not be a unitholder. Two persons present in person or represented by proxy and representing in the aggregate at least 10% of the votes attaching to all outstanding REIT Units (on a fully diluted basis) shall constitute a quorum for the transaction of business at all such meetings. In the case of a meeting of the holders of a series of REIT A Units, a quorum shall consist of unitholders who hold in the aggregate at least 10% of the votes attaching to all outstanding REIT Units of such series. If no quorum is present at any meeting of unitholders when called, the meeting, if convened on the requisition of unitholders, will be dissolved and otherwise will be adjourned for not less than 10 days, and at the adjourned meeting, the unitholders then present in person or represented by proxy will form the necessary quorum.

Our Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of unitholders.

### **Limitation on Non-Resident Ownership**

In order for Dream Office REIT to maintain its status as a mutual fund trust under the Tax Act, it must not be established or maintained primarily for the benefit of Non-Residents. Accordingly, our Declaration of Trust provides that at no time may Non-Residents be the beneficial owners of more than 49% of the REIT units or 49% of the Special Trust Units then outstanding. Our trustees may require declarations as to the jurisdictions in which beneficial owners of REIT Units are resident or declarations from unitholders as to whether such REIT Units are held for the benefit of Non-Residents. We monitor ownership of REIT units which are held by Non-Residents by periodically obtaining and reviewing unit ownership reports from our transfer agent or other service providers.

If our trustees become aware that the beneficial owners of more than 49% of the REIT units or more than 49% of the Special Trust Units then outstanding are, or may be, Non-Residents or that such a situation is imminent, our trustees may make a public announcement thereof and shall not accept a subscription for REIT Units from or issue or register a transfer of REIT Units to a person unless the person provides a declaration that he or she is not a Non-Resident and does not hold his or her REIT Units for the benefit of a Non-Resident. If, notwithstanding the foregoing, our trustees determine that more than 49% of the REIT units or more than 49% of the Special Trust Units then outstanding are beneficially owned by Non-Residents, our trustees may send a notice to Non-Resident holders of REIT Units and holders of REIT Units for the benefit of Non-Residents, chosen in inverse order to the order of acquisition or registration or in such other manner as our trustees may consider equitable and practicable, requiring them to sell or redeem, within a specified period of not more than 60 days, all or a portion of their REIT Units. If the holders of REIT Units receiving such notice have not sold or redeemed the specified number of REIT Units or provided our trustees with satisfactory evidence that they are not Non-Residents and do not hold their REIT Units for the benefit of a Non-Resident within such period, our trustees may, on behalf of such holder of REIT Units, and shall have the power of attorney of such holder to, sell or redeem such REIT Units, and, in the interim, the voting and distribution rights attached to such REIT Units shall be suspended. Upon such sale or redemption, the affected holders shall cease to be holders of the REIT Units

and their rights shall be limited to receiving the net proceeds of such sale upon surrender of the certificates representing such REIT Units.

### **Amendments to the Declaration of Trust and Other Documents**

Our Declaration of Trust may be amended or altered from time to time. Certain amendments (including our termination) require approval by at least  $66\frac{2}{3}\%$  of the votes cast at a meeting of unitholders called for such purpose. Other amendments to our Declaration of Trust require approval by a majority of the votes cast at a meeting of the unitholders called for such purpose.

The following amendments require the approval of at least  $66\frac{2}{3}\%$  of the votes cast by the unitholders at a meeting called for that purpose:

- (a) an exchange, reclassification or cancellation of all or part of the REIT Units;
- (b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the REIT Units, including, without limiting the generality of the foregoing,
  - (i) the removal or change of rights to distributions; or
  - (ii) the addition or removal of or change to conversion privileges, redemption privileges, voting, transfer or pre-emptive rights;
- (c) the creation of new rights or privileges attaching to certain of the REIT Units; and
- (d) any change to the existing constraints on the issue, transfer or ownership of the REIT Units.

In addition, the Declaration of Trust provides that Dream Office REIT will not agree to or approve any material change to the Dream Office LP Limited Partnership Agreement, the limited partnership agreements governing Partnership A and Partnership B or the Exchange and Support Agreement without the approval of at least  $66\frac{2}{3}\%$  of the votes cast at a meeting of unitholders of Dream Office REIT called for such purpose. However, no unitholder approval will be required to approve any change to the Dream Office LP Limited Partnership Agreement for the purposes of providing a distribution reinvestment entitlement to holders of LP B Units that is substantially equivalent to that provided by the DRIP to holders of REIT A Units.

A majority of our trustees, including a majority of the Independent Trustees, may, without the approval of the unitholders, make certain amendments to the Declaration of Trust, including amendments:

- (a) for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over (i) our trustees or Dream Office REIT; (ii) the status of Dream Office REIT as a “mutual fund trust”, “unit trust”, “real estate investment trust” and a “registered investment” under the Tax Act; or (iii) the distribution of REIT Units;
- (b) which, in the opinion of our trustees, acting reasonably, are necessary to maintain the rights of the unitholders set out in our Declaration of Trust;
- (c) to remove any conflicts or inconsistencies in our Declaration of Trust or to make minor corrections which are, in the opinion of our trustees, necessary or desirable and not prejudicial to the unitholders;
- (d) which, in the opinion of our trustees, are necessary or desirable as a result of changes in taxation or other laws or the administration or enforcement thereof;

- (e) for any purpose (except one in respect of which a unitholder vote is specifically otherwise required) which, in the opinion of our trustees, is not prejudicial to unitholders and is necessary or desirable;
- (f) deemed necessary or desirable to ensure that Dream Office REIT has not been established nor maintained primarily for the benefit of persons who are not resident Canadians; and
- (g) to implement a distribution reinvestment plan or any amendments to such plan.

### **Effect of Termination**

Upon our termination, our liabilities shall be discharged forthwith, our net assets shall be liquidated and the proceeds of such liquidation shall be distributed to our unitholders. Such distribution may be made in cash, as a distribution in kind, or both, all as our trustees in their sole discretion may determine. Subject to applicable law, each holder of a REIT A Unit will be entitled to receive an amount per REIT A Unit equal to the holder's *pro rata* share of our assets derived from Partnership A. Each holder of a REIT B Unit will be entitled to receive an amount per REIT B Unit equal to the holder's *pro rata* share of our assets derived from Partnership B. Each holder of a Special Trust Unit will be entitled to receive a nominal amount upon liquidation. On our termination, our trustees will be required to take all reasonable steps to ensure that the amount and timing of any distribution in respect of each REIT A Unit and REIT B Unit are the same.

Pursuant to our Declaration of Trust, the termination of Dream Office REIT, other than on the expiry of its term, requires approval by at least 66<sup>2</sup>/<sub>3</sub>% of the votes cast at a meeting of the unitholders called for that purpose.

### **Take-Over Bids**

Our Declaration of Trust contains provisions to the effect that if a take-over bid, as defined under the *Securities Act* (Ontario), is made for the REIT Units and not less than 90% of the REIT Units (including REIT Units issuable upon the surrender or exchange of any securities for REIT Units but not including any REIT Units held at the date of the take-over bid by or on behalf of the offeror or affiliates and associates of the offeror) have been or are legally required to be taken up and paid for by the offeror, the offeror will be entitled to acquire the REIT Units held by the remaining unitholders who did not accept the take-over bid by requiring such unitholders to elect (a) to transfer their REIT Units to the offeror on the terms on which the offeror acquired the REIT Units of the offerees who accepted the take-over bid or (b) to demand payment of the fair value of the REIT Units.

In addition, as required by the TSX, holders of REIT A Units have certain protections in the event a take-over bid is made for LP B Units and/or REIT B Units. These protections are contained in our Declaration of Trust and the Dream Office LP Limited Partnership Agreement. They provide that, for the purposes of the take-over bid provisions of the *Securities Act* (Ontario), an acquisition of LP B Units and/or REIT B Units (other than a treasury issuance) by a person other than Dundee Corporation or any of its affiliates, or the initial holder thereof, will be considered an acquisition of REIT A Units, and, in order for any transfer of such units by any person to be effective: (a) an acquiror of such units must comply with the provisions of Part XX of the *Securities Act* (Ontario) as if such units were REIT A Units, to the extent such provisions are applicable; and (b) the transfer will be subject to the prior approval of the TSX if the transfer would, under applicable securities legislation, have required the same offer or a follow-up offer to be made to holders of REIT A Units if the transfer had been of REIT A Units rather than LP B Units or REIT B Units.

The terms of our Declaration of Trust and the Dream Office LP Limited Partnership Agreement would permit sales of LP B Units and/or REIT B Units to be made on a basis which is exempt from the take-

over bid rules as, in such circumstances, the protections referred to in the preceding paragraph would not be available under applicable legislation.

### **Information and Reports**

We will furnish, in accordance with and subject to applicable securities legislation, to unitholders our consolidated financial statements (including quarterly and annual consolidated financial statements) and other reports as are from time to time required by applicable law, including forms needed for the completion of unitholders' tax returns under the Tax Act and equivalent provincial legislation.

Prior to each annual or any special meeting of unitholders, our trustees will provide the unitholders (along with notice of such meeting) all such information as is required by applicable law and our Declaration of Trust to be provided to such holders.

## **DESCRIPTION OF DREAM OFFICE LP**

### **General**

Dream Office LP is a limited partnership formed under the laws of the Province of Ontario. Dream Office LP holds our direct and indirect interests in all of the Properties.

### **Dream Office General Partner**

Dream Office General Partner is the general partner of Dream Office LP. Dream Office General Partner is a wholly-owned Subsidiary of Dream Office REIT. P. Jane Gavan, Jay Jiang and Robert Hughes are currently the directors of Dream Office General Partner. A majority of the directors of Dream Office General Partner cannot be the same individuals as our trustees.

### **Partnership Units**

Dream Office LP is authorized to issue an unlimited number of two classes of limited partnership units, the LP Class A Units and the LP Class B Units, and such other classes of partnership interests as Dream Office General Partner may decide from time to time. The LP Class B Units are issuable in two series: LP B Units and LP Class B Units, Series 2. Partnership A holds the LP Class A Units, DAM and its affiliates hold the LP B Units and Partnership B holds the LP Class B Units, Series 2.

The LP B Units, together with the accompanying Special Trust Units, except as otherwise noted, have economic and voting rights equivalent in all material respects to the REIT A Units and REIT B Units. In particular, subject to certain limitations contained in the Dream Office LP Limited Partnership Agreement and the Exchange and Support Agreement, each LP B Unit entitles the holder thereof to receive a distribution from Dream Office LP equal to the amount of a distribution we declare on a REIT B Unit, or, if no such distribution is declared, on a REIT A Unit. Additional principal terms of the LP B Units are as follows: (i) the LP B Units may be surrendered or, if such surrender cannot be effected, indirectly exchanged, on a one-for-one basis (subject to customary anti-dilution provisions) for REIT B Units at the option of the holder, at any time unless our trustees determine, acting reasonably this would cause a significant risk to Dream Office REIT's status as a "unit trust", "mutual fund trust", "real estate investment trust" or "registered investment" under the Tax Act; (ii) each LP B Unit will be accompanied by a Special Trust Unit which will entitle the holder thereof to receive notice of, to attend and to vote at all meetings of unitholders (except in respect of LP B Units previously surrendered or exchanged); (iii) except as required by law and in certain specified circumstances where the rights of a holder of LP B Units are affected, holders of the LP B Units are not entitled to vote at any meeting of the limited partners of Dream Office LP, and (iv) the LP B Units, may not be transferred, subject to certain limited exceptions.

Pursuant to the Declaration of Trust and the Exchange and Support Agreement, if an offer, issuer bid, takeover bid or similar transaction with respect to the REIT A Units and/or the REIT B Units is proposed

by us or is proposed to us or holders of REIT A Units and/or REIT B Units and is recommended by our trustees, or is otherwise effected or to be effected with the consent or approval of our trustees, and the LP B Units are not acquired by Dream Office LP or exchanged for REIT B Units, Dream Office REIT will, expeditiously and in good faith, take all such actions and do all such things as are necessary or desirable to enable and permit holders of those LP B Units to participate in such offer to the same extent and on an economically equivalent basis as the holders of REIT A Units and/or REIT B Units, without discrimination. Without limiting the generality of the foregoing, Dream Office REIT will, expeditiously and in good faith, ensure that holders of LP B Units may participate in all such offers without being required to surrender such units for withdrawal or exercise their right to exchange such units (or, if so required, to ensure that any such surrender or exchange will be effective only upon, and will be conditional upon, the closing of the offer and only to the extent necessary to tender to or deposit under the offer). Pursuant to the Exchange Exercise Agreement, each of DAM and Dundee Corporation agreed, on its own behalf and on behalf of its Subsidiaries, to waive their rights described above in this paragraph in the case of an unsolicited offer, take-over bid or similar transaction, even if it is recommended by the Board of Trustees of Dream Office REIT, provided that Dream Office REIT uses its commercially reasonable efforts to cause the actions referred to above to occur. In the case of offers, issuer bids, take-over bids or similar transactions which are not effected or to be effected with the consent or approval of our trustees, Dream Office REIT will take such actions only to the extent possible in the circumstances.

Pursuant to the 2003 Reorganization, DAM and its affiliate subscribed for 6,909,245 LP B Units of Dream Office LP, which were subsequently transferred to two wholly-owned Subsidiaries of Dundee Corporation in July 2006. In April 2015 DAM was issued 4,850,000 LP B Units in connection with the 2015 Reorganization. Currently, DAM holds, directly and indirectly, 5,233,823 LP B Units representing 100% of the outstanding LP B Units. The LP B Units may also be issued in respect of other acquisitions made by Dream Office LP from time to time, with the consent of all of the holders of LP B Units.

Pursuant to the Exchange Exercise Agreement, each of DAM and Dundee Corporation agreed with Dream Office REIT to permit Dream Office REIT to require, in certain circumstances, Dundee Corporation or DAM or any of their respective subsidiaries to exercise their rights to obtain REIT A Units upon the exchange of the exchangeable limited partnership units of Dream Office LP held by such parties in the event of certain fundamental transactions affecting Dream Office REIT, including if there occurs or is about to occur any amalgamation, merger, arrangement, take-over bid, material transfer or sale of REIT A Units or rights or other securities of Dream Office REIT or interests therein or thereto or there occurs or is about to occur any direct or indirect sale of all or substantially all of the consolidated assets of Dream Office REIT, or similar transaction involving Dream Office REIT or a Subsidiary of Dream Office REIT.

The LP Class B Units, Series 2 have terms similar to those attached to the LP B Units, except that the holders of LP Class B Units, Series 2: (i) are not entitled to receive REIT B Units in the event of a full or partial surrender of the LP Class B Units, Series 2 or upon the liquidation, dissolution or winding up of Dream Office LP; (ii) are not entitled to elect to reinvest the cash distributions payable on the LP Class B Units, Series 2 in additional LP Class B Units, Series 2 or to elect to receive a loan from Dream Office LP in an amount equal to the cash distributions payable on the LP Class B Units, Series 2; and (iii) are entitled to receive notice of, to attend and vote at all meetings of the partners of Dream Office LP, but will not be entitled to receive notice of, to attend or vote at meetings of the unitholders. Partnership B holds all of the issued and outstanding LP Class B Units, Series 2.

The LP Class A Units have terms substantially similar to those attached to the LP Class B Units, Series 2. Partnership A owns all of the issued and outstanding LP Class A Units.

The Exchange and Support Agreement will not terminate as long as DAM or its Subsidiaries continue to hold exchangeable limited partnership units.

## **Rights of First Offer**

Pursuant to a purchase agreement dated April 2, 2015 between Dream Office REIT and DAM, Dream Office LP, Partnership A and Partnership B, Dream Office REIT granted DAM a right of first offer in respect of 18,551,855 units of Dream Industrial REIT issuable upon the exchange of exchangeable partnership units of Dream Industrial LP currently held by Dream Office REIT and a number of Dream Office REIT's Subsidiaries.

## **Amendments to Dream Office LP Limited Partnership Agreement**

Pursuant to the Dream Office LP Limited Partnership Agreement, no amendment to the investment guidelines or operating policies set forth above or any other material change to such agreement may be made without the approval of 66<sup>2</sup>/<sub>3</sub>% of the votes cast by the limited partners entitled to vote at a meeting called for such purpose or the written approval of holders holding more than 66<sup>2</sup>/<sub>3</sub>% of the outstanding limited partnership units entitled to vote.

## **Distributions**

Dream Office LP will distribute to Dream Office General Partner and to the limited partners holding LP Class A Units and LP Class B Units their *pro rata* portions of distributable income as set out below. Distributions will be made forthwith after Dream Office General Partner determines the distributable income of Dream Office LP and determines its expenses for acting as general partner, which shall take place no later than the 10th day of each month. Distributable income will represent, in general, all of Dream Office LP's cash on hand that is derived from any source (other than amounts received in connection with the subscription for additional interests in Dream Office LP) and that is determined by Dream Office General Partner not to be required in connection with the business of Dream Office LP. The amount of distributable income that will be distributed to the limited partners of Dream Office LP will be the amount of distributable income which remains after the distribution of (a) an amount to Dream Office General Partner sufficient to reimburse it for its expenses incurred in performing its duties and obligations under the Dream Office LP Limited Partnership Agreement; (b) an amount to the holders of LP Class A Units and LP Class B Units, Series 2 sufficient to allow Dream Office REIT, Partnership A and Partnership B to pay their expenses on a timely basis; and (c) an amount to Dream Office General Partner equal to 0.1% of the balance of the distributable income of Dream Office LP remaining after the distributions in (a) and (b) have been made. However, holders of LP B Units will be entitled to receive distributions on each such unit equal to the amount of the distribution declared on each REIT B Unit or, if no such distribution is declared, on each REIT A Unit. The record date and the payment date for any distribution declared on the LP B Units will be the same as those for the REIT B Units or REIT A Units, as the case may be.

Beneficial holders of LP B Units have the right to elect to reinvest all or a portion of distributions payable on limited partnership units of Dream Office LP on the same economic terms as participants in our DRIP. Such holders may reinvest such distributions in LP B Units, REIT B Units or, subject to regulatory approval, REIT A Units, or any combination thereof. If any of such holders elects to reinvest all or a portion of its distributions, it will receive a bonus distribution of 4% of the amount elected to be reinvested, which bonus distribution will be reinvested in the units that it elects to receive. On February 18, 2016, we announced the suspension of our DRIP to eliminate dilution and to preserve value. DAM, currently the only holder of LP B Units, has agreed not to exercise its reinvestment rights while our DRIP is suspended.

## **Allocation of Net Income and Losses**

Dream Office LP's income or loss for tax purposes for a fiscal year will be allocated to Dream Office General Partner and to each person who was a limited partner of Dream Office LP in that year in the manner provided below. At the end of each fiscal year, Dream Office General Partner will be allocated taxable income of Dream Office LP, as determined in accordance with the Tax Act, in an amount equal to the aggregate of (a) all of the amounts paid to Dream Office General Partner as reimbursement for its

expenses in performing its duties and obligations under Dream Office LP Limited Partnership Agreement and (b) all distributions from Dream Office LP that it has received during that year. After giving effect to the allocation of taxable income to Dream Office General Partner, each person who was a limited partner of Dream Office LP at any point during that year will be allocated taxable income or losses of Dream Office LP, as determined in accordance with the Tax Act, in an amount based on the total sum of the cash distributions received by that limited partner with respect to that fiscal year. However, if, with respect to a given fiscal year, no cash distribution is made by Dream Office LP to its limited partners, or Dream Office LP has a loss for tax purposes, the income or loss, as the case may be, for tax purposes of Dream Office LP for that fiscal year will be allocated to each person who was a limited partner at any time in such fiscal year in the proportion determined by Dream Office General Partner.

### **Functions and Powers of Dream Office General Partner**

Subject to the provisions of the Dream Office LP Limited Partnership Agreement, Dream Office General Partner is authorized to carry out the business of Dream Office LP with the full power and exclusive authority to administer, manage, control and operate the operations and affairs of Dream Office LP and the business of Dream Office LP and to bind Dream Office LP. In addition, Dream Office General Partner has all of the power and authority for and on behalf of Dream Office LP to do or cause to be done any act, take any proceeding, make any decision and execute and deliver any instrument, deed, agreement or document on behalf of Dream Office LP permitted by the Dream Office LP Limited Partnership Agreement and involving matters or transactions which are necessary for or incidental to carrying on the business of Dream Office LP. Dream Office General Partner is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Dream Office LP and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and as would the director of a corporation in comparable circumstances. Dream Office General Partner is not entitled to dissolve Dream Office LP, wind up its affairs or effect a sale of all or substantially all of Dream Office LP's assets except in accordance with the provisions of the Dream Office LP Limited Partnership Agreement.

The Dream Office LP Limited Partnership Agreement provides that all material transactions and agreements involving Dream Office LP must be approved by Dream Office General Partner's board of directors.

### **Restrictions on the Authority of Dream Office General Partner**

The authority of Dream Office General Partner is limited in certain respects by the Dream Office LP Limited Partnership Agreement. For example, Dream Office General Partner is prohibited, without the prior approval of the limited partners given by special resolution, from selling or otherwise disposing of all or substantially all of the assets of Dream Office LP. Dream Office General Partner has also agreed to certain limitations on its powers in the Governance Agreement. See "Trustees and Officers - Governance of Dream Office REIT".

### **Reimbursement of Dream Office General Partner**

Dream Office LP will reimburse Dream Office General Partner for all expenses incurred by Dream Office General Partner in the performance of its duties as general partner under the Dream Office LP Limited Partnership Agreement on behalf of Dream Office LP.

### **Limited Liability**

Dream Office General Partner will operate and carry on the business of Dream Office LP and conduct the affairs of Dream Office LP in a manner so as to ensure to the greatest extent possible the limited liability of its limited partners. However, limited partners may lose their limited liability in certain circumstances.

## RISK FACTORS

Risks inherent in an investment in our REIT A Units include but are not limited to the following:

### ***Our Operations May Be Affected by Adverse Global Market, Economic and Political Conditions, Health Crises and Other Events Beyond our Control***

Adverse Canadian and global market, economic and political conditions, including dislocations and volatility in the credit markets and general global economic uncertainty, unexpected or ongoing geopolitical events, including disputes between nations, war, terrorism or other acts of violence, could have a material adverse effect on our business, results of operations and financial condition with the potential to impact, among others: (i) the value of our properties; (ii) the availability or the terms of financing that we have or may anticipate utilizing; (iii) our ability to make principal and interest payments on, or refinance, any outstanding debt when due; (iv) the occupancy rates in our properties; and (v) the ability of our tenants to enter into new leasing transactions or to satisfy rental payments under existing leases.

### ***Continued Economic Uncertainty Around Prolonged Inflationary Pressures, Economic Slowdown and Geopolitical Issues Could Adversely Affect our Operations and Financial Condition***

Uncertainty over whether the economy will be adversely affected by inflation or stagflation, and the systemic impact of volatile energy costs and geopolitical issues, may contribute to increased market volatility. Such economic uncertainties and market challenges, which may result from a continued or exacerbated general economic slowdown of the Canadian economy and other economies elsewhere, and their effects could materially and adversely affect the Trust's ability to generate revenues, thereby reducing its operating income and earnings. A difficult operating environment could also have a material adverse effect on the ability of the Trust to maintain occupancy rates at its properties, which could harm the Trust's financial condition. Under such economic conditions, the Trust's tenants may be unable to meet their rental payments and other obligations due to the Trust, which could have a material adverse effect on the Trust's financial position.

Further increases to inflation or prolonged inflation above central banks' targets could lead to further increases to interest rates by central banks, which could have a more pronounced negative impact on any variable rate debt the Trust is subject to or incurs in the future and on its results of operations. Similarly, during periods of high inflation, annual rent increases may be less than the rate of inflation on a continual basis. Substantial inflationary pressures and increased costs may have an adverse impact on the Trust's tenants if increases in their operating expenses exceed increases in revenue. This may adversely affect the tenants' ability to pay rent, which could negatively affect the Trust's financial condition.

The Trust is also subject to the risk that if the real estate market ceases to attract the same level of capital investment in the future that it attracts at the time of its real estate purchases, or the number of investors seeking to acquire properties decreases, the value of the Trust's investments may not appreciate or may depreciate. Accordingly, the Trust's operations and financial condition could be materially and adversely affected to the extent that an economic slowdown or downturn occurs, is prolonged or becomes more severe.

### ***Changes in Interest Rates Could Adversely Affect our Cash Flows and our Ability to Pay Distributions and Make Interest Payments***

We require extensive financial resources to implement our strategy. When concluding financing agreements or extending such agreements, we depend on our ability to agree on terms and interest payments that will not impair our desired profit, and on amortization schedules that do not restrict our ability to pay distributions. In addition to existing variable rate portions of our financing agreements, we may enter into future financing agreements with variable interest rates. There is a risk that interest rates will continue to increase. A further increase in interest rates could result in a significant increase in the amount paid by us and our Subsidiaries to service debt, resulting in a decrease in distributions to Unitholders, and could materially adversely affect the trading price of the Units. Increases in interest rates generally cause a decrease in demand for properties. Higher interest rates and more stringent borrowing

requirements, whether mandated by law or required by banks, could have a material adverse effect on our ability to sell any of our Properties. In addition, increasing interest rates may put competitive pressure on the levels of distributable income paid by us to Unitholders, increasing the level of competition for capital faced by us, which could have a material adverse effect on the trading price of the Units.

***Reduced Demand For Commercial Real Estate Could Adversely Affect our Operations and Financial Position***

The COVID-19 pandemic and the corresponding government and private responses have materially affected us. Changes to work dynamics, including changes from on-site work to off-site or work from home type arrangements, and a reduction in visitor traffic in the downtown areas in the regions where our properties are located, have had a negative impact in the demand by tenants for commercial real estate. These factors have also negatively affected certain of our revenue streams, including parking revenues. The duration and scope of these factors will depend on future developments, which are highly uncertain and cannot be predicted, including the effects of new strains of COVID-19 or of any other pandemic or epidemic, the stability of the Canadian economy, and other factors. It is uncertain whether tenant demand for commercial real estate and visitor traffic in downtown areas where we operate will recover to, or surpass, pre-COVID-19 levels. Accordingly, the Trust's operations and financial condition could be materially and adversely affected to the extent that reduced demand by tenants for commercial real estate is prolonged or becomes more severe.

***Risks Inherent in the Real Estate Industry May Affect Our Financial Performance***

Real estate ownership is generally subject to numerous risks, including changes in general economic conditions (including market interest rates and the availability of mortgage financings and other types of credit), local economic conditions (such as an oversupply of office and other commercial properties or a reduction in demand for real estate in the area), the attractiveness of properties to potential tenants or purchasers, competition with other landlords with similar available space, the ability of the owner to provide adequate maintenance at competitive costs and other factors.

Our portfolio of properties generates income through rent payments made by our tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. Furthermore, the terms of any subsequent lease may be less favourable than the existing lease. Our cash flows and financial position would be adversely affected if a number of tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the Properties were not able to be leased on economically favourable lease terms. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting our investment may be incurred. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of the lease of such tenant and, thereby, cause a reduction in the cash flow available to us.

Certain significant obligations (e.g., property taxes, maintenance costs, mortgage payments, insurance costs and related charges) must be made throughout the period of ownership of real property, regardless of whether or not a property is producing sufficient income to pay such expenses. As at December 31, 2022, we had outstanding indebtedness of approximately \$1.4 billion. A portion of the cash flow generated by the Properties will be devoted to servicing such debt, and there can be no assurance that these properties will continue to generate sufficient cash flow from operations to meet required interest and principal payments. If we are unable or unwilling to meet mortgage payments on any property, or other lender requirements on such property or project level debt, the mortgage lender may exercise its rights of foreclosure or sale and/or seek repayment from the corporate sponsor where parental recourse guarantees have been provided to the lender.

In order to retain desirable rentable space and to generate adequate revenue over the long term, we must maintain or, in some cases, improve each property's condition to meet market demand. Maintaining a rental property in accordance with market standards can entail significant costs, which we may not be able

to pass on to our tenants. Numerous factors, including the age of the relevant building structure, the material and substances used at the time of construction, or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment or modernization. If the actual costs of maintaining or upgrading Properties exceed our estimates, or if hidden defects are discovered during maintenance or upgrading which are not covered by insurance or contractual warranties, or if we are not permitted to raise the rents due to legal constraints, we will incur additional and unexpected costs. If competing properties of a similar type are built in the area where one of our Properties is located or similar properties located in the vicinity of one of our properties are substantially refurbished, the income derived from and the value of such Property could be reduced. Any failure by us to undertake appropriate maintenance and refurbishment work in response to the factors described above could materially adversely affect the rental income that we earn from such Properties. Any such event could have a material adverse effect on our cash flows, financial condition and results of operations and our ability to make distributions on the Units.

In the course of acquiring a property, undisclosed defects in design or construction or other risks might not have been recognized or correctly evaluated during the pre-acquisition due diligence process. These circumstances could lead to additional costs and could have an adverse effect on our proceeds from sales and rental income of the relevant properties.

***The Illiquidity of Real Estate Investments May Limit Our Ability to Vary Our Portfolio in Response to Changing Economic or Investment Conditions***

An investment in real estate is relatively illiquid. Such illiquidity will tend to limit our ability to vary our portfolio promptly in response to changing economic or investment conditions. In recessionary times it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and during an economic recession we may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for us to dispose of properties at lower prices in order to generate sufficient cash for operations and making distributions.

***Tenants May Not Renew Leases or We May Be Unable to Find Replacement Tenants***

Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. Furthermore, the terms of any subsequent lease may be less favourable than those of the existing lease. Our cash flows and financial position would be adversely affected if our tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in our properties could not be leased on economically favourable lease terms. In the event of default by a tenant, we may experience delays or limitations in enforcing our rights as lessor and incur substantial costs in protecting our investment. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of the lease of the tenant and thereby cause a reduction in the cash flows available to us.

***Our Properties and Tenants May be Geographically Concentrated***

Currently, principally all of our properties are located in Canada, with a concentration in Toronto, Ontario and, as a result, are impacted by economic and other factors specifically affecting the real estate markets in Toronto, Ontario and the rest of Canada. These factors may differ from those affecting the real estate markets in other regions. Due to the concentrated nature of our properties, a number of our properties could experience any of the same conditions at the same time. If real estate conditions in Toronto, Ontario and the rest of Canada decline relative to real estate conditions in other regions, our cash flows and financial condition may be more adversely affected than those of companies that have more geographically diversified portfolios of properties.

***We May be Subject to Development Risk***

As we continue to implement our longer term strategy, which includes expanding our redevelopment and intensification activities at our properties in Toronto, we will be more exposed to development risks as a

result of our increased participation in real estate development projects, including mixed-use development projects, residential condominiums, rental apartments and office developments. These risks include:

- (a) the potential insolvency of a developer;
- (b) a developer's failure to use advanced funds in payment of construction costs;
- (c) construction or other unanticipated delays;
- (d) incurring construction costs before ensuring rental revenues will be earned from the project;
- (e) cost over-runs on the project;
- (f) the failure of tenants to occupy and pay rent in accordance with lease arrangements; and
- (g) the inability to achieve forecasted rates of return.

Such risks are minimized by generally not commencing construction until satisfactory levels of pre-leasing/sales are achieved. We also plan to undertake redevelopment and intensification projects with DAM and other established developers. In addition, we plan to use a staggered approach in our development program to avoid unnecessary concentration of development projects in a single period of time so as to manage our development risk exposure and properly allocate our capital and personnel resources. Our risk exposure is further mitigated by our Dream Office LP Limited Partnership Agreement, which limits the amount we are able to commit to development activity at any one time to no more than 25% of unitholders' equity adjusted for accumulated depreciation and amortization.

***Failure to Refinance Existing Indebtedness or Obtain New Debt on Acceptable Terms May Limit Our Ability to Grow Our Portfolio***

We require access to capital to maintain our properties as well as to fund our growth strategy and significant capital expenditures. There is no assurance that capital, whether new financings needed to grow and expand our operations or refinancings of existing Properties, will be available when needed or on favourable terms. Our access to third-party financing will be subject to a number of factors, including general market conditions; the market's perception of our growth potential; our current and expected future earnings; our cash flow and cash distributions, and cash interest payments; and the market price of our REIT units. Future financing may take many forms, including debt or equity financing which could alter the current debt-to-equity ratio or which could be dilutive to our unitholders.

A significant portion of our financing is debt. Accordingly, we are subject to the risks associated with debt financing, including the risk that our cash flows will be insufficient to meet required payments of principal and interest or that financial or operating performance of a financed property or project does not meet the lender's terms and conditions, and that, on maturities of such debt, we may not be able to refinance the outstanding principal under such debt or that the terms of such refinancing will be more onerous than those of the existing debt. If we are unable to refinance debt at maturity on terms acceptable to us or at all, we may be forced to dispose of one or more of our properties on disadvantageous terms, which may result in losses and could alter our debt-to-equity ratio or be dilutive to unitholders. Such losses could have a material adverse effect on our financial position or cash flows.

The degree to which we are leveraged could have important consequences to our operations. A high level of debt will reduce the amount of funds available for the payment of distributions to unitholders and any interest payments on our debentures that we may issue from time to time; limit our flexibility in planning for and reacting to changes in the economy and in the industry, and increase our vulnerability to general adverse economic and industry conditions; limit our ability to borrow additional funds, dispose of assets, encumber our assets and make potential investments; place us at a competitive disadvantage compared to other owners of similar real estate assets that are less leveraged and, therefore, may be able to take advantage of opportunities that our indebtedness would prevent us from pursuing; make it more likely

that a reduction in our borrowing base following a periodic valuation (or redetermination) could require us to repay a portion of then outstanding borrowings; and impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general trust or other purposes.

### ***Leverage and Restrictive Covenants May Limit our Flexibility***

We have third-party debt service obligations pursuant to our indebtedness. A high level of debt will reduce the amount of funds available for the payment of distributions to unitholders and any interest payments on debentures that we may issue from time to time and could have important consequences to unitholders, including: (i) limiting our ability to obtain additional debt financing for working capital, capital expenditures or acquisitions in the future; (ii) reducing our flexibility in planning for and reacting to changes in the economy and in the industry, and increasing our vulnerability to general adverse economic and industry conditions; (iii) a portion of our cash flow from operations will be dedicated to the payment of the principal of and/or interest on indebtedness, thereby reducing funds available for future operations; and (iv) certain of our borrowings may be at variable rates of interest, which exposes us to the risk of increased interest rates. In addition, a high level of debt increases the likelihood of a reduction in our borrowing base following a periodic valuation (or redetermination), which could require us to repay a portion of then outstanding borrowings.

Certain of our competitors may operate on a less leveraged basis, and therefore could have greater financing flexibility than us and be able to take advantage of opportunities that our indebtedness may prevent us from pursuing. Our ability to make scheduled payments of interest on and to refinance our indebtedness will depend upon our future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels and financial, competitive, business and other factors, many of which are beyond our control. These factors might inhibit us from refinancing indebtedness at all or on favourable terms, which could have a negative impact on our ability to make distributions on the REIT Units.

We may need to refinance indebtedness as principal amounts become due, and there can be no assurance that we will be able to do so or will be able to do so on terms as favourable as those currently in place with respect to the indebtedness. If we are unable to refinance our indebtedness, or are only able to refinance our indebtedness on less favourable terms, this may have a material adverse effect on our financial position, or distributable income. This, in turn, could result in the reduction or suspension of cash distributions to unitholders.

Certain of our indebtedness contains restrictive covenants that may limit the discretion of management with respect to certain business matters. These covenants place restrictions upon, among other things, our ability to (i) incur additional indebtedness, (ii) create liens or other encumbrances, (iii) pay distributions or certain other payments, investments, loans and guarantees, (iv) sell or otherwise dispose of assets, and (v) merge or consolidate with another entity. In addition, our indebtedness may contain property or project level operating performance or financial covenants that require us to maintain certain financial ratios and financial condition tests. Failure to comply with such obligations could result in an event of default which, if not cured or waived, could result in acceleration of the relevant indebtedness. If any indebtedness was to be accelerated, there can be no assurance that our assets would be sufficient to repay that indebtedness in full. If an event of default under any indebtedness was to occur, distributions may be suspended.

### ***Changes in Government Regulations may Affect our Investment in our Properties***

We are subject to numerous laws and regulations governing the ownership and leasing of real property, building and zoning requirements, employment standards, environmental matters, taxes and other matters. If we fail to comply with existing or future laws or regulations, we may be subject to governmental or judicial fines or sanctions, while incurring substantial legal fees and costs. In addition, our capital expenses could increase due to compliance or remediation measures that may be required if we are found to be noncompliant with any existing or future laws or regulations. In addition, it is possible that future

changes in applicable federal, provincial, state, local or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting us (including with retroactive effect). Any changes in the laws to which we are subject could materially adversely affect the rights and title in and to the Properties and the revenues we are able to generate from our investments. It is not possible to predict whether there will be any further changes in the regulatory regime(s) to which we are subject or the effect of any such change in our investments.

***An Investment in Securities of Dream Office REIT is Subject to Certain Tax Considerations***

There can be no assurance that Canadian federal income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the holders of REIT A Units. If Dream Office REIT ceases to qualify as a “mutual fund trust” or “registered investment” under the Tax Act, the income tax considerations applicable to Dream Office REIT would be materially and adversely different in certain respects, including that REIT A Units may cease to be qualified investments for Plans and RESPs. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

Our Declaration of Trust provides that, having regard to the present intention of the trustees to allocate, distribute and make payable to unitholders all of the income and net realized capital gains of Dream Office REIT and any other applicable amounts so that Dream Office REIT will not have any liability for tax under Part I of the Tax Act in any taxation year, a sufficient amount of Dream Office REIT’s net income and net realized capital gains will be distributed each year to unitholders, in cash or otherwise, in order to eliminate Dream Office REIT’s liability for tax under Part I of the Tax Act. Where such amount of net income and net realized capital gains in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains may be distributed to unitholders in the form of additional REIT A Units. Unitholders will generally be required to include an amount equal to the fair market value of those REIT A Units in their taxable income, in circumstances where they do not directly receive a cash distribution.

Although we are of the view that all expenses to be claimed by Dream Office REIT, Partnership A, Partnership B and Dream Office LP will be reasonable and deductible, that the cost amount and capital cost allowance claims of entities indirectly owned by Dream Office REIT will have been correctly determined and that the allocation of Dream Office LP’s income for purposes of the Tax Act among its partners is reasonable, there can be no assurance that the Tax Act, or the interpretation of the Tax Act will not change, or that the Canada Revenue Agency will agree. If the Canada Revenue Agency successfully challenges the deductibility of such expenses or the allocation of such income, Dream Office LP’s allocation of taxable income to Partnership A and Partnership B, and indirectly the taxable income of Dream Office REIT and the unitholders, will increase or change.

Certain proposed amendments to the Tax Act would have the effect of denying the deductibility of net interest and financing expenses in certain circumstances, including the computation of taxable income by a trust. If these proposed amendments are enacted as proposed, the amount of interest and finance expenses deducted by the Trust may be reduced and/or the Trust may be required to include in its income its share of denied net interest and financing expenses of its subsidiary partnerships.

The extent to which distributions will be non-taxable in the future will depend in part on the extent to which entities indirectly owned by Dream Office REIT are able to deduct capital cost allowance relating to the Properties held by them.

We will endeavour to ensure that the REIT A Units continue to be qualified investments for Plans and RESPs; however, there can be no assurance that this will be so. REIT A Units will cease to be qualified investments for Plans and RESPs if Dream Office REIT ceases to qualify as a mutual fund trust and its registration as a registered investment under the Tax Act is revoked. In addition, Subsidiary Securities received on a redemption in specie of REIT A Units may not be qualified investments for Plans and RESPs. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

Certain properties within the Dream Office LP portfolio were acquired on a tax deferred basis. Accordingly, Dream Office LP's tax cost in certain properties will be less than the fair market value of those properties. If one or more of those properties are disposed of, the gain recognized by Dream Office LP for tax purposes will be in excess of that which it could have realized if it had acquired the properties with a tax cost equal to their fair market values. In addition, any disposition by us or one of our subsidiary entities of real estate located in the United States will be potentially subject to United States tax.

The SIFT Rules applies to a trust that is a SIFT or a partnership that is a SIFT. Dream Office REIT and Dream Office LP will not be considered to be SIFTs for the purposes of these rules because Dream Office REIT expects to qualify and continue to qualify for the REIT Exception and Dream Office LP and each of our Subsidiaries expect to qualify and continue to qualify either as an "excluded subsidiary entity" or a "portfolio investment entity" within the meaning of the Tax Act. However, there can be no assurance that Canadian federal income tax laws respecting the taxation of income trusts and other flow-through entities will not be changed in a manner that adversely affects Dream Office REIT or that subsequent investments or activities undertaken by Dream Office REIT will not result in it failing to qualify for the REIT Exception and being subject to the SIFT Rules. In the event that the SIFT Rules applies to Dream Office REIT, the impact to holders of Units will depend in part on the status of the Unitholder and, in part on the amount of income distributed which would not be deductible by Dream Office REIT in computing its income in a particular year, and on what portions of Dream Office REIT's distributions constitute "non-portfolio earnings", other than income and returns of capital.

#### ***Competition in the Office Market May Adversely Affect Our Financial Performance***

The real estate market in Canada is highly competitive and fragmented, and we compete for real property acquisitions with individuals, corporations, institutions and other entities that may seek real property investments similar to those we desire. An increase in the availability of investment funds or an increase in interest in real property investments may increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them. If competing properties of a similar type are built in the area where one of our properties is located or if similar properties located in the vicinity of one of our properties are substantially refurbished, the net rental income derived from and the value of such property could be reduced.

Numerous other developers, managers and owners of properties will compete with us in seeking tenants. To the extent that our competitors' own properties that are in better locations, of better quality or less leveraged than the properties owned by us, they may be in a better position to attract tenants who might otherwise lease space in our properties. To the extent that our competitors are better capitalized or financially stronger, they would be in a better position to withstand an economic downturn. The existence of competition for tenants could have an adverse effect on our ability to lease space in our properties and on the rents charged or concessions granted, and could materially and adversely affect our cash flows, operating results and financial condition.

#### ***Investments in Real Estate Properties Through Joint Venture, Partnership and Co-Ownership Agreements May Restrict Our Ability to Deal with Those Properties or Expose Us to Liability***

We are a participant in a co-ownership and a joint venture with third parties in respect of two of the Properties. A co-ownership or a joint venture involves certain additional risks, including, (i) the possibility that such co-owners or joint venturers may at any time have economic or business interests or goals that will be inconsistent with ours or take actions contrary to our instructions or requests or to our policies or objectives with respect to our real estate investments, (ii) the risk that such co-owners or joint venturers could experience financial difficulties or seek the protection of bankruptcy, insolvency or other laws, which could result in additional financial demands on us to maintain and operate such properties or repay the co-owners' or joint venturers' share of property debt guaranteed by us or for which we will be liable and/or result in our suffering or incurring delays, expenses and other problems associated with obtaining court approval of co-ownership decisions, (iii) the risk that such co-owners or joint venturers may, through their activities on behalf of or in the name of, the co-ownerships or joint venture, expose or

subject us to liability, and (iv) the need to obtain co-owners' or joint venturers' consents with respect to certain major decisions, including the decision to distribute cash generated from such properties or to refinance or sell a property. In addition, the sale or transfer of interests in the co-ownership or the joint venture may be subject to rights of first refusal or first offer and certain of the co-ownership or partnership agreements may provide for buy-sell or similar arrangements. Such rights may be triggered at a time when we may not desire to sell but may be forced to do so because we do not have the cash to purchase the other party's interests. Such rights may also inhibit our ability to sell an interest in a property within the time frame or otherwise on the basis we desire. The investment by Dream Office LP in properties through co-ownership agreements is subject to the investment guidelines set out in "Investment Guidelines and Operating Policies — Investment Guidelines of Dream Office LP".

***Investments in, and Profits and Cash Flows from, Properties May be Lost in the Event of Uninsured or Underinsured Losses to Properties or Losses from Title Defects***

We carry general liability, umbrella liability and excess liability insurance with limits that are typically obtained for similar real estate portfolios in Canada and otherwise acceptable to our trustees. For the property risks we carry "All Risks" property insurance including but not limited to, flood, earthquake and loss of rental income insurance (with a 24 month indemnity period). We also carry Boiler and Machinery insurance covering all boilers, pressure vessels, HVAC systems and equipment breakdown. There are, however, certain types of risks (generally of a catastrophic nature such as from war or nuclear accident) which are uninsurable under any insurance policy. Furthermore there are other risks that are not economically viable to insure at this time. We have insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements. Should an uninsured or underinsured loss occur, we could lose our investment in, and anticipated profits and cash flows from, one or more of the Properties, but we would continue to be obligated to repay any recourse mortgage indebtedness on such properties. We may carry, or may cause to be carried, title insurance on certain of our real estate assets but will not necessarily insure all titles. If a loss occurs resulting from a title defect with respect to a property where there is no title insurance or the loss is in excess of insured limits, we could lose all or part of our investment in, and anticipated profits and cash flows from, such property.

***Our Ability to Enforce Contracts May be Limited***

From time to time we enter into contracts with third parties who make representations and warranties to us with respect to certain matters or agree to indemnify us if certain circumstances should occur. There can be no assurance that we will be fully protected in the event of a breach of such representations and warranties or if such circumstances should occur or that such party will be in a position to indemnify us in any such event. We may not be able to successfully enforce an indemnity contained in an agreement against such party or any such indemnity may not be sufficient to fully indemnify us from third party claims. In addition, we may be subject to undisclosed liability to third parties and such liability may be material, which could negatively impact our financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders.

***Environmental Contamination on Properties May Expose Us to Liability and Adversely Affect Our Financial Performance***

As an owner of real property, we are subject to various federal, provincial, state and municipal laws relating to environmental matters. Such laws provide a range of potential liability, including potentially significant penalties, and potential liability for the costs of removal or remediation of certain hazardous substances. The presence of such substances, if any, could adversely affect our ability to sell or redevelop such real estate or to borrow using such real estate as collateral and, potentially, could also result in civil claims against us. In order to obtain financing for the purchase of a new property through traditional channels, we may be requested to arrange for an environmental audit to be conducted. Although such an audit provides us and our lenders with some assurance, we may become subject to liability for undetected pollution or other environmental hazards on our properties against which we cannot insure, or against

which we may elect not to insure where premium costs are disproportionate to our perception of relative risk.

We have formal policies and procedures to review and monitor environmental exposure. These policies include the requirement to conduct a Phase I environmental audit before acquiring any real property or any interest therein.

Some of the Properties have tenants that use hazardous or toxic substances or create waste. In addition, asbestos containing materials, underground storage tanks, petroleum hydrocarbons and lead paint are known to be present at certain of the Properties. Where circumstances so warrant, designated substance surveys and/or Phase II environmental assessments are conducted to determine the presence and/or extent of these or any other materials or potential environmental hazards. If appropriate, we remediate such situations. Notwithstanding the above, we are not aware of any environmental conditions with respect to any of the Properties that we believe would involve material expenditure by us.

Insurance to protect against certain environmental liability is in place in respect of certain of the Properties with a limit of \$5 million per claim and a \$10 million aggregate claim limit during the term of coverage (which is three years expiring in 2025). In addition, certain of the existing tenant leases in respect of the Properties specify that the tenant will conduct its business in accordance with environmental laws and regulations and be responsible for any liabilities arising out of infractions to such laws and regulations.

We will make the necessary capital and operating expenditures to ensure compliance with environmental laws and regulations. Although there can be no assurances, we do not believe that costs relating to environmental matters will have a material adverse effect on our business, financial condition, results of operations or distributions. However, environmental laws and regulations can change and we may become subject to more stringent environmental laws and regulations (or more stringent enforcement or administration of existing legislation) in the future.

### ***We are Exposed to Climate Change Risk***

Climate change continues to attract the focus of governments and the general public as an important threat, given the emission of greenhouse gases and other activities continue to negatively impact the planet. We face the risk that our properties will be subject to government initiatives aimed at countering climate change, such as reduction of greenhouse gas emissions, which could impose constraints on our operational flexibility or cause us to incur financial costs to comply with various reforms. Any failure to adhere and adapt to climate change reform could result in fines or adversely affect our reputation, operations or financial performance. Furthermore, our properties may be exposed to the impact of events caused by climate change, such as natural disasters and increasingly frequent and severe weather conditions. Such events could interrupt our operations and activities, damage our properties and may potentially decrease our property values or require us to incur additional expenses including an increase in insurance costs to insure our properties against natural disasters and severe weather.

### ***We Rely on DAM for Certain Services***

We rely on DAM for certain development and administrative and support services, as requested. DAM has the right, upon 180 days' notice, to terminate our Shared Services Agreement for any reason at any time. Our Shared Services Agreement may also be terminated in other circumstances, such as in the event of default or insolvency of DAM within the meaning of such agreement. Accordingly, there can be no assurance that DAM will continue to provide services under the Shared Services Agreement. If DAM should cease for whatever reason to provide such services, this may adversely impact our ability to meet our objectives and execute our strategy.

### ***Losses of Key Personnel May Affect Our Ability to Operate Effectively***

Our operations are dependent upon the participation of our key executives. While we believe that we could find replacements for these key executives, the loss of their services and Dream Office REIT's or Dream Office Management LP's inability to attract and retain qualified and experienced personnel may materially affect our ability to operate and expand.

### ***Our Trustees and Executive Officers May be Put in a Position of Conflict as a Result of their Positions Held and Interests in Other Businesses***

Certain of our trustees and executive officers are also directors and officers of other entities such as Dream Office Management LP, or are otherwise engaged, and will continue to be engaged, in activities that may put them in conflict with our business strategy. Consequently, there exists the possibility for such trustees and executive officers to be in a position of conflict. Pursuant to our Declaration of Trust, all decisions to be made by such trustees which involve us are required to be made in accordance with their duties and obligations to act honestly and in good faith with a view to our and our unitholders' best interests. In addition, our trustees and officers are required to declare their interests in, and such trustees are required to refrain from voting on, any matter in which they may have a material conflict of interest.

### ***We Depend on Information Technology Systems***

Our businesses depend on information technology systems for day-to-day operations. If we are unable to operate our systems or make enhancements as needed, or if our systems go down, it could have an adverse effect on our ability to service tenants, manage our operation or meet our obligations, which in turn could have an adverse impact on our results and financial position. Important processes such as roll-outs, software and equipment upgrades and information security procedures are continually being assessed to ensure they are as effective as possible in order to support management in achieving our strategic objectives.

### ***Cyber Security Risks Could Result in Disruptions in Business Operations***

As we continue to increase our dependence on information technologies to conduct our operations, the risks associated with cyber security also increase. We rely on management information systems and computer control systems. Business disruptions, utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm our operations and materially adversely affect our operating results. Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the misuse or loss of control over computer control systems, and breaches due to employee error. Our exposure to cyber security risks includes exposure through third parties on whose systems we place significant reliance for the conduct of our business. We have implemented security procedures and measures in order to protect our systems and information from being vulnerable to cyber-attacks. However, we may not have the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to our information and control systems could have severe financial and other business implications.

### ***Controls and Procedures May Not Perform as Intended***

Dream Office REIT has established internal controls over financial reporting and disclosure controls and procedures are designed in accordance with NI 52-109. A control system, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, amongst other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; and (ii) the impact of isolated errors. In addition, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based, in part, upon certain assumptions about the likelihood of future events, and there

can be no assurance that any design procedures will succeed in achieving its stated goals under all potential (future) conditions.

### ***Changes in Currency Exchange Rates Could Adversely Affect our Business***

Currently, one of our investments is located in the U.S. and produces revenue in U.S. dollars; however, we pay distributions to unitholders in Canadian dollars and we do not currently hedge our non-Canadian dollar rental revenues. As a result, fluctuations in the U.S. dollar against the Canadian dollar could have an adverse effect on our financial results, which are denominated and reported in Canadian dollars, and on our ability to pay cash distributions to unitholders. The Trust's exposure to currency exchange risk could increase if the proportion of income from Properties located in the U.S. increases as a result of future property acquisitions.

### ***Risks Associated with the Structure of Dream Office REIT***

We are entirely dependent on the business of Dream Office LP through our ownership of Partnership A, Partnership B and, to a lesser extent, Dream Office Management LP. The cash distributions to unitholders are dependent on the ability of Partnership A and Partnership B to pay distributions in respect of the units of Partnership A and Partnership B, and the ability of Dream Office LP to pay distributions on the LP Class A Units and LP Class B Units, Series 2. The ability of Dream Office LP to pay distributions or make other payments or advances to Partnership A or Partnership B may be subject to contractual restrictions contained in any instruments governing the indebtedness of Dream Office LP. The ability of Dream Office LP to pay distributions or make other payments or advances is also dependent on the ability of Dream Office LP's Subsidiaries to pay distributions or make other payments or advances to Dream Office LP.

### ***Cash Distributions are not Guaranteed and May Fluctuate with Our Financial Performance***

Our distribution policy was established in the Declaration of Trust and may only be changed with the approval of a majority of unitholders of Dream Office REIT. However, our trustees may reduce or suspend cash distributions indefinitely, which could have a material adverse impact on the market price of the REIT A Units.

Although we intend to make cash distributions in accordance with our distribution policy, the actual amount of distributable income will depend upon numerous factors, including the amount of net rental income from the Properties, interest payable on our indebtedness, tenant allowances, leasing commissions, capital expenditures, unit redemptions and other factors that may be beyond our control.

Distributable income may exceed actual cash available to us from time to time because of items such as principal repayments, tenant allowances, leasing commissions and capital expenditures. We may be required to use part of our debt capacity or to reduce the cash component of distributions in order to accommodate such items. We may temporarily fund such items, if necessary, through an operating line of credit in expectation of refinancing long-term debt on its maturity.

### ***Market for Securities and Prices***

Dream Office REIT is an unincorporated open-ended investment trust and its REIT A Units are listed on the TSX. There can be no assurance that an active trading market in the REIT A Units will be sustained. A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Instead, the REIT A Units may trade at a premium or a discount to such values. A number of factors may influence the market price of the REIT A Units, including general market conditions, fluctuations in the markets for equity and/or debt securities, short-term supply and demand factors for real estate investment trusts and numerous other factors beyond our control.

### ***Unitholders Do Not have Legal Rights Normally Associated with the Ownership of Shares of a Corporation***

Unitholders do not have all of the statutory rights normally associated with ownership of shares of a company including, for example, the right to bring “oppression” or “derivative” actions against us. The units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that Act or any other legislation. Furthermore, Dream Office REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

### ***Unitholder Liability May Arise***

The Declaration of Trust provides that no holder of REIT Units or annuitant or beneficiary of a trust governed by a Plan/or of any Plan of which a holder of REIT Units acts as an annuitant will be held to have any personal liability as such, and that no resort shall be had to, nor shall recourse or satisfaction be sought from, the private property of any holder of REIT Units or annuitant for any liability whatsoever, whether constituting extra contractual or contractual liability or arising in tort, contract or otherwise, to any person in connection with our property or our affairs, including for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of us or of the Board of Trustees or any obligation which a holder of REIT Units or annuitant would otherwise have to indemnify a trustee for any personal liability incurred by the trustee as such (“**Trust Liability**”). Only our assets are intended to be liable and subject to levy or execution for satisfaction of such Trust Liability. Each holder of REIT Units and annuitant is entitled to be reimbursed out of our assets in respect of any payment of such Trust Liability made by such holder of REIT Units or annuitant.

The Declaration of Trust further provides that the Board of Trustees shall cause our operations to be conducted, with the advice of counsel, in such a way and in such jurisdictions as to avoid, to the extent they determine practicable and consistent with their fiduciary duty to act in the best interests of the holders of the REIT Units, any material risk of liability on the holders of REIT Units for claims against us, and shall, to the extent available on terms which they determine to be practicable, including the cost of premiums, cause the insurance carried by us, to the extent applicable, to cover the holders of REIT Units and annuitants as additional insured. Any written instrument creating an obligation which is or includes the granting by us of a mortgage and, to the extent the Board of Trustees determine it to be practicable and consistent with their fiduciary duties to act in the best interest of the holders of REIT Units, any written instrument which is a material obligation, shall contain a provision that the obligation created is not personally binding upon the trustees, the holders of REIT Units or officers, employees or agents of us, but that only our property or a specific portion thereof is bound. Except in case of bad faith or gross negligence on their part, no personal liability will attach under the laws of the Province of Ontario to unitholders or annuitants for contract claims under any written instrument disclaiming personal liability as aforesaid.

However, in conducting our affairs, we are acquiring immovable property investments, subject to existing contractual obligations, including obligations under hypothecs, mortgages and leases. The Board of Trustees will use commercially reasonable efforts to have any such obligations, other than leases, modified so as not to have such obligations binding upon any of the unitholders or annuitants personally. However, we may not be able to obtain such modification in all cases. If a claim is not satisfied by us, there is a risk that a unitholder or annuitant will be held personally liable for the performance of the obligations of us where the liability is not disavowed as described above. The possibility of any personal liability attaching to unitholders or annuitants under the laws of the Province of Ontario for contract claims where the liability is not so disavowed is remote.

### ***Our Declaration of Trust Limits Non-Resident Ownership***

The Declaration of Trust imposes various restrictions on holders of REIT Units. Holders of REIT Units that are Non-Residents are prohibited from beneficially owning more than 49% of REIT Units. These

restrictions may limit (or inhibit the exercise of) the rights of certain persons, including persons who are not residents of Canada for purposes of the Tax Act and non-Canadians, to acquire REIT Units, to exercise their rights as unitholders and to initiate and complete take-over bids in respect of the REIT Units. As a result, these restrictions may limit the demand for REIT Units from certain persons and thereby adversely affect the liquidity and market value of the REIT Units held by the public. See “Declaration of Trust and Description of REIT Units — Limitation on Non-Resident Ownership”.

***Non-Canadian Unitholders may be Subject to Currency Risk Associated with Our Distributions***

Holders of REIT Units residing in countries where the Canadian dollar is not the functional currency will be subject to foreign currency risk associated with our distributions, which are denominated in Canadian dollars.

***The Ability of Unitholders to Redeem REIT Units is Subject to Restrictions***

It is anticipated that the redemption right attached to the units will not be the primary mechanism by which holders of such units liquidate their investments. The entitlement of holders of REIT A Units and REIT B Units to receive cash upon the redemption of their REIT A Units or REIT B Units is subject to the limitations that: (i) the total amount payable by us in respect of such REIT A Units or REIT B Units and all other REIT units tendered for redemption in the same calendar month shall not exceed \$50,000 (provided that such limitations may be waived at the discretion of our trustees); (ii) at the time such REIT A Units or REIT B Units are tendered for redemption, our outstanding units of the applicable series (or in the case of REIT B Units, where that series is not listed, REIT A Units) shall be listed for trading on a stock exchange or traded or quoted on another market which our trustees consider, in their sole discretion, provides representative fair market value prices for such series of REIT units; and (iii) the normal trading of the REIT A Units or REIT B Units is not suspended or halted on any stock exchange on which such series of REIT units (or in the case of REIT B Units, where that series is not listed, REIT A Units) are listed (or, if not listed on a stock exchange, on any market on which such series of our REIT units are quoted for trading) on the Redemption Date or for more than five trading days during the ten day trading period commencing immediately after the Redemption Date.

***Regulatory Approvals May be Required in Connection with a Distribution of Securities on a Redemption of REIT Units or Our Termination***

Upon a redemption of units or our termination, our trustees may distribute securities directly to the unitholders, subject to obtaining any required regulatory approvals. No established market may exist for the securities so distributed at the time of the distribution and no market may ever develop. In addition, the securities so distributed may not be qualified investments for Plans or RESPs, depending upon the circumstances at the time.

***The Issuance of Additional REIT Units will Result in Dilution***

The number of REIT Units we are authorized to issue is unlimited. We may, in our sole discretion, issue additional REIT Units from time to time. Any issuance of REIT Units, including REIT Units issued in consideration for Properties acquired by us, will have a dilutive effect on existing unitholders.

## MARKET FOR SECURITIES

### Trading Price and Volume

The REIT A Units are listed on the TSX under the symbol “D.UN”. The following table sets forth the high and low reported trading prices and the trading volume of the REIT A Units on the TSX for each month of the most recently completed financial year:

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
January 2022 .....	25.26	23.28	2,243,951
February 2022 .....	26.23	24.30	2,189,136
March 2022 .....	30.53	25.60	5,165,672
April 2022.....	28.15	25.85	1,800,768
May 2022 .....	25.95	22.23	2,400,277
June 2022 .....	23.25	18.93	4,672,722
July 2022 .....	20.45	18.52	1,641,153
August 2022 .....	20.45	18.25	2,972,054
September 2022 .....	18.79	15.61	9,946,256
October 2022 .....	16.87	14.90	2,329,044
November 2022 .....	16.68	14.75	2,594,832
December 2022 .....	15.78	14.48	1,810,583

### Prior Sales of Unlisted Securities

The Special Trust Units of Dream Office REIT are not listed or quoted on any marketplace, and may only be issued to holders of LP B Units. See “Declaration of Trust and Description of REIT Units”. Holders of our LP B Units have the ability to reinvest distributions payable on the limited partnership units of Dream Office LP they indirectly hold on the same economic terms as participants in our DRIP. Accordingly, Special Trust Units are issued from time-to-time on a one-for-one basis with each LP B Unit issued under the distribution reinvestment provisions governing the LP B Units. In 2022, no LP B Units of Dream Office LP and Special Trust Units were issued for these purposes.<sup>(2)</sup>

### INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as described elsewhere in this AIF, no trustee, executive officer of Dream Office REIT, or unitholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the REIT Units, or any associate or affiliate of any of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the last three years or during the current financial year that has materially affected or would materially affect Dream Office REIT or any of its Subsidiaries.

### MATERIAL CONTRACTS

The only material contracts, other than contracts entered into in the ordinary course of business, that we entered into in 2022 or after, or entered into before 2022 but are still in effect, are:

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<sup>(2)</sup> The DRIP was suspended effective as of our February 2016 distribution, payable on March 15, 2016.

- (a) the Declaration of Trust described under “Declaration of Trust and Description of REIT Units”;
- (b) the Shared Services Agreement described under “Real Estate Management and Advisory Services – Shared Services Agreement”;
- (c) the Exchange and Support Agreement described under “Description of Dream Office LP”;
- (d) the Dream Office LP Limited Partnership Agreement described under “Description of Dream Office LP”;
- (e) the Governance Agreement described under “Trustees and Officers – Governance of Dream Office REIT”;
- (f) the Dream Non-Competition Agreement described under “Real Estate Management and Advisory Services – Dream Non-Competition Agreement”;
- (g) the Exchange Exercise Agreement referred to in “Description of Dream Office LP – Partnership Units”; and
- (h) a purchase agreement dated April 2, 2015 between Dream Office REIT and DAM, Dream Office LP, Partnership A and Partnership B pursuant to which Dream Office LP acquired from DAM the sole limited partnership unit of Dream Office Management LP and the sole issued and outstanding share of Dream Office Management (GP) Inc. in consideration for the issuance by Office LP of 4,850,000 LP B Units which are exchangeable for 4,850,000 REIT A Units as part of the 2015 Reorganization.

Copies of the foregoing documents are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

We are not involved in any litigation or proceedings which, if determined adversely, would be material to us, and no such proceedings are known to us to be contemplated.

Dream Office REIT and its operating subsidiaries are contingently liable with respect to litigation and claims that arise from time to time. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the consolidated financial statements of the Trust as at December 31, 2022.

In 2015, a subsidiary of Dream Office REIT received notices of reassessment from both the Canada Revenue Agency and the Alberta Minister of Finance with respect to its 2007, 2008 and 2010 taxation years. These reassessments relate to the deductibility of certain tax losses claimed by the subsidiary prior to its acquisition by Dream Office REIT. These federal and provincial reassessments if upheld could increase total current taxes payable, including interest and penalties, by \$14.3 million. No cash payment is expected to be made unless it is ultimately established that Dream Office REIT has an obligation to make one. Dream Office REIT has appealed the federal and provincial income tax reassessments (apart from the related Alberta income tax reassessments, which are under objection) to the Tax Court of Canada and the appeal is being held in abeyance until a decision is issued by the Supreme Court of Canada in another pending relevant Canadian tax case. Management is of the view that there is a strong case to support the position as filed and has contested both the federal and provincial reassessments. Since management believes that it is more likely than not that its position will be sustained, no amounts related to these reassessments have been recorded in the consolidated financial statements as at December 31, 2022.

We are not subject to any material regulatory actions against us.

## **INTEREST OF EXPERTS**

Our auditor is PricewaterhouseCoopers LLP, Chartered Professional Accountants, who has prepared an independent auditor's report dated February 16, 2023 in respect of Dream Office REIT's consolidated financial statements as at December 31, 2022 and December 31, 2021 and for the years then ended. PricewaterhouseCoopers LLP has advised that they are independent with respect to Dream Office REIT within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

## **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar of the REIT A Units is Computershare Trust Company of Canada at its principal offices in Toronto, Ontario.

## **ADDITIONAL INFORMATION**

Additional information relating to Dream Office REIT may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information, including with respect to trustees' and officers' remuneration and indebtedness, principal holders of Dream Office REIT's securities and units authorized for issuance under equity compensation plans, is contained in Dream Office REIT's information circular for its most recent annual meeting of unitholders that involved the election of trustees. Additional financial information is provided in the consolidated financial statements and notes to the consolidated financial statements and management's discussion and analysis of Dream Office REIT for 2022.

## **SCHEDULE A**

### **DREAM OFFICE REAL ESTATE INVESTMENT TRUST**

**(the “Trust”)**

#### **AUDIT COMMITTEE CHARTER**

**(the “Charter”)**

#### **PURPOSE**

The Audit Committee (the “**Committee**”) is a standing committee appointed by the board of trustees of the Trust (the “**Board**”). The Committee is established to fulfill applicable securities law obligations respecting audit committees and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting, including to:

- oversee the integrity of the Trust’s financial statements and financial reporting process, including the audit process and the Trust’s internal accounting controls and procedures and compliance with related legal and regulatory requirements;
- oversee the qualifications and independence of the external auditor;
- oversee the work of the Trust’s financial management, internal controls function and external auditor in these areas; and
- provide an open avenue of communication between the external auditor, the internal controls function, the Board and management of the Trust.

The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members (a) to plan or conduct audits, (b) to determine that the Trust’s financial statements are complete and accurate and are in accordance with International Financial Reporting Standards or (c) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee, its chair and its audit committee financial expert members are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Trust, and are specifically not accountable or responsible for the day to day operation or performance of such activities. In particular, the member or members identified as audit committee financial experts shall not be accountable for giving professional opinions on the internal or external audit of the Trust’s financial information.

Management is responsible for the preparation, presentation and integrity of the Trust’s financial statements. Management is also responsible for maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations. The chief financial officer is responsible for monitoring and reporting on the adequacy and effectiveness of the system of internal controls. The external auditor is responsible for planning and carrying out an audit of the Trust’s annual financial statements in accordance with generally accepted auditing standards to provide

reasonable assurance that, among other things, such financial statements are in accordance with International Financial Reporting Standards.

## **PROCEDURES, POWERS AND DUTIES**

The Committee shall have the following procedures, powers and duties:

### **General**

- (a) *Composition* – The Committee shall consist of at least three members, all of whom shall be independent within the meaning of National Instrument 52-110 – *Audit Committees* and a majority of whom shall be resident Canadians. All members of the Committee must be or, within a reasonable period following appointment, become financially literate, meaning that each has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Trust’s financial statements.
- (b) *Separate Executive Meetings* – The Committee shall meet periodically with the chief financial officer, the head of the internal controls function (if other than the chief financial officer) and the external auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately and such persons shall have access to the Committee to bring forward matters requiring its attention. However, the Committee shall also meet periodically without management present.
- (c) *Professional Assistance* – The Committee may require the external auditor and the internal controls function to perform such supplemental reviews or audits as the Committee may deem desirable. In addition, the Committee may retain such special legal, accounting, financial or other consultants as the Committee may determine to be necessary to carry out the Committee’s duties at the Trust’s expense.
- (d) *Reliance* – Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Trust from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by management and the external auditor as to any information technology, internal audit, internal controls and other non-audit services provided by the external auditor to the Trust and its subsidiaries.
- (e) *Reporting to the Board* – The Committee will report through the chair of the Committee to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.
- (f) *Procedure* – The Committee meetings shall be conducted as follows: (i) questions arising at any meeting shall be decided by a majority of the votes cast; (ii) decisions may be taken by written consent signed by all members of the Committee; and (iii) meetings may be called by the external auditor of the Trust or any member of the Committee upon not

less than 48 hours notice, unless such notice requirement is waived by the Committee members. The external auditor of the Trust are entitled to receive notice of every meeting of the Committee and, at the expense of the Trust, to attend and be heard thereat and, if so requested by a member of the Committee, shall attend any meeting of the Committee held during the term of office of the external auditor.

- (g) *Access* – The Committee shall have unrestricted access to management and Trust information.

### **Appointment and Replacement of Committee Members**

1. Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a trustee. The Board shall fill any vacancy if the membership of the Committee is less than three trustees. Whenever there is a vacancy on the Committee, the remaining members may exercise its powers as long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be appointed by the Board annually and each member of the Committee shall remain on the Committee until his or her successor shall be duly appointed and qualified or his or her earlier resignation or removal.

### **Committee Chair**

2. Unless a chair of the Committee is designated by the full Board, the members of the Committee may designate a chair of the Committee by majority vote of the full Committee. The chair of the Committee shall be responsible for leadership of the Committee and reporting to the Board. If the chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present shall be chosen by the Committee to preside at the meeting. The Committee will report through chair of the Committee to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

### **Conflicts of Interest**

3. If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, other than matters relating to the compensation of trustees, that member shall be responsible for alerting the chair of the Committee. If the chair of the Committee faces a potential or actual conflict of interest, the chair of the Committee shall advise the Chair. If the chair of the Committee, or the Chair, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict shall disclose to the Committee the member's interest and shall not vote on the matter.

## **AUDIT RESPONSIBILITIES OF THE COMMITTEE**

### **Selection and Oversight of the External Auditor**

4. The external auditor is ultimately accountable to the Committee and the Board as the representatives of the unitholders of the Trust and shall report to the Committee and the Committee shall so instruct the external auditor. The Committee shall evaluate the performance of the external auditor and make recommendations to the Board on the

reappointment or appointment of the external auditor of the Trust to be proposed in the Trust's management information circular for approval of the unitholders of the Trust and the compensation to be paid by the Trust to the external auditor. If a change in external auditor is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire on the qualifications of the proposed auditors before making its recommendation to the Board.

5. The Committee shall approve in advance the terms of engagement of the external auditor with respect to the conduct of the annual audit. The Committee may approve policies and procedures for the pre-approval of services to be rendered by the external auditor, including *de minimis* exceptions, which policies and procedures shall include reasonable detail with respect to the services covered. All non-audit services to be provided to the Trust or any of its subsidiaries by the external auditor or any of their affiliates which are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee. The Committee will review disclosure respecting fees paid to the external auditor for audit and non-audit services. Any services under pre-approval will be reported at the following meeting.
6. The Committee shall review the independence of the external auditor and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditor. In connection with such review, the Committee shall:
  - (a) actively engage in a dialogue with the external auditor about all relationships or services that may impact the objectivity and independence of the external auditor;
  - (b) require that the external auditor submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Trust and its subsidiaries, on the one hand, and the external auditor and its affiliates on the other hand;
  - (c) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies; and
  - (d) ensure periodic rotation of the lead audit partner.
7. The Committee shall establish and monitor clear policies for the hiring by the Trust of employees or former employees of the external auditor.
8. The Committee shall require the external auditor to provide to the Committee, and the Committee shall review and discuss with the external auditor, all reports which the external auditor is required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditor, and any other reports which the Committee may require.
9. The Committee is responsible for resolving disagreements between management and the external auditor or the internal controls function regarding financial reporting and the application of any accounting principles or practices. The Committee shall discuss with

the external auditor any difficulties that arose with management or the internal controls function during the course of the audit and the adequacy of management's responses in correcting audit-related deficiencies.

### **Appointment and Oversight of Internal Controls Function**

10. The appointment, terms of engagement, compensation, replacement or dismissal of the internal controls function shall be subject to prior review and approval by the Committee. When the internal controls function is performed by employees of the Trust, the Committee may delegate responsibility for approving the employment, term of employment, compensation and termination of employees engaged in such function other than the head of the Trust's internal controls function.
11. The Committee shall obtain from the internal controls function and shall review summaries of the significant reports to management prepared by the internal controls function, or the actual reports if requested by the Committee, and management's responses to such reports.
12. The Committee shall, as it deems necessary, communicate with the internal controls function with respect to their reports and recommendations, the extent to which prior recommendations have been implemented and any other matters that the internal controls function brings to the attention of the Committee. The head of the internal controls function shall have unrestricted access to the Committee.
13. The Committee shall, annually or more frequently as it deems necessary, evaluate the internal controls function, including their activities, organizational structure and qualifications and effectiveness.

### **Oversight and Monitoring of Audits**

14. The Committee shall review with the external auditor, the internal controls function and management the audit function generally, the objectives, staffing, locations, coordination, reliance upon management and the internal controls function and general audit approach and scope of proposed audits of the financial statements of the Trust and its subsidiaries, the overall audit plans, the responsibilities of management, the internal controls function and the external auditor, the audit procedures to be used and the timing and estimated budgets of the audits.
15. The Committee shall meet periodically with the internal controls function to discuss the progress of their activities and any significant findings stemming from any internal audits or internal controls testing and any difficulties or disputes that arise with management and the adequacy of management's responses in correcting audit-related deficiencies.
16. The Committee shall review with management the results of internal and external audits.
17. The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

## **Oversight and Review of Accounting Principles and Practices**

18. The Committee shall, as it deems necessary, oversee, review and discuss with management, the external auditor and the internal controls function:
- (a) the quality, appropriateness and acceptability of the Trust's accounting principles and practices used in its financial reporting, changes in the Trust's accounting principles or practices and the application of particular accounting principles and disclosure practices by management to new transactions or events;
  - (b) all significant financial reporting issues and judgements made in connection with the financial statements, including the effect of any alternative treatment within International Financial Reporting Standards;
  - (c) any material change to the Trust's auditing and accounting principles and practices as recommended by management, the external auditor or the internal controls function or which may result from proposed changes to applicable International Financial Reporting Standards;
  - (d) the effect of regulatory or accounting limitations on the Trust's financial reporting;
  - (e) any reserves, accruals, provisions, estimates or Trust programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the financial statements of the Trust;
  - (f) any legal matter, claim or contingency that could have a significant impact on the financial statements and any material reports, inquiries or correspondence from regulators or governmental authorities regarding compliance with applicable requirements and any analysis respecting disclosure with regard to any such legal matter, claim or contingency in the financial statements;
  - (g) the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Trust's operations;
  - (h) the use of any "pro-forma" or "adjusted" information not in accordance with International Financial Reporting Standards; and
  - (i) management's determination of goodwill impairment, if any, as required by applicable accounting standards.

## **Oversight and Monitoring of Internal Controls**

19. The Committee shall, as it deems necessary, exercise oversight of, review and discuss with management, the external auditor and the internal controls function:
- (a) the adequacy and effectiveness of the Trust's internal accounting and financial controls and the recommendations of management, the external auditor and the

internal controls function for the improvement of accounting practices and internal controls;

- (b) any material weaknesses in the internal control environment, including with respect to computerized information system controls and security; and
- (c) management's compliance with the Trust's processes, procedures and internal controls.

### **Communications with Others**

- 20. The Committee shall establish and monitor procedures, such as a Whistleblower Policy for the receipt and treatment of complaints received by the Trust regarding accounting, internal accounting controls or audit matters and the anonymous submission by employees of concerns regarding questionable accounting or auditing matters and review periodically with management and the internal controls function these procedures and any significant complaints received.

### **Oversight and Monitoring of the Trust's Financial Disclosures**

- 21. The Committee shall:
  - (a) review with the external auditor and management and recommend to the Board for approval the audited annual financial statements and the notes and management's discussion and analysis accompanying such financial statements, and the Trust's annual report;
  - (b) review with the external auditor and management each set of interim financial statements and the notes and management's discussion and analysis accompanying such financial statements; and
  - (c) if requested by the Board, review with the external auditor and management any financial statements included or to be included in a prospectus, any financial information of the REIT contained in any management information circular of the REIT, and any other disclosure documents or regulatory filings of the REIT containing or accompanying financial information of the REIT.

Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.

- 22. Prior to their distribution, the Committee shall discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each earnings release or each instance in which the Trust gives earning guidance.
- 23. The Committee shall review with management the assessment of the REIT's disclosure controls and procedures and material changes in their design.

## **Oversight of Finance Matters**

24. Appointments of the key financial executives involved in the financial reporting process of the Trust, including the chief financial officer, shall require the prior review of the Committee.
25. The Committee shall receive and review:
  - (a) periodic reports on compliance with requirements regarding statutory deductions and remittances, the nature and extent of any non-compliance together with the reasons therefor and the management's plan and timetable to correct any deficiencies;
  - (b) material policies and practices of the Trust respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives of the Trust; and
  - (c) material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments.
26. The Committee shall meet periodically with management to review and discuss the Trust's major financial risk exposures and the policy steps management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities.
27. The Committee shall meet with management to review the process and systems in place for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information and their effectiveness.

## **Additional Responsibilities**

28. The Committee shall review any significant or material transactions outside the Trust's ordinary activities and any cost-sharing arrangements entered into with Dream Asset Management Corporation or any asset management clients of Dream Asset Management Corporation.
29. If requested by the Board, the Committee shall review and make recommendations to the Board concerning the financial condition of the Trust and its subsidiaries, including with respect to annual budgets, corporate borrowings, investments, capital expenditures, long term commitments and the issuance and/or repurchase of securities.
30. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting.

## **AUDIT COMMITTEE CHARTER**

31. The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Charter annually.
32. The Committee shall ensure that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements in the annual management information circular or annual information form of the Trust.