



## DREAM OFFICE REIT REPORTS Q1 2024 RESULTS

*This press release contains forward-looking information that is based upon assumptions and is subject to risks and uncertainties as indicated in the cautionary note contained within this press release. All dollar amounts in our tables are presented in thousands of Canadian dollars, except for rental rates and per unit amounts, unless otherwise stated.*

**TORONTO, MAY 9, 2024, DREAM OFFICE REAL ESTATE INVESTMENT TRUST (D.UN-TSX) (“Dream Office REIT”, the “Trust” or “we”)** today announced its financial results for the three months ended March 31, 2024. The Trust's annual meeting of unitholders will be held on Wednesday June 12, 2024 at 1:00 p.m.

### OPERATIONAL HIGHLIGHTS AND UPDATE

(unaudited)

	March 31,		As at
	2024	December 31,	March 31,
		2023	2023
<b>Total properties<sup>(1)</sup></b>			
Number of active properties	26	26	26
Number of properties under development	2	2	2
Gross leasable area (in millions of square feet)	5.1	5.1	5.1
Investment properties value	\$ 2,336,685	\$ 2,342,374	\$ 2,386,395
<b>Total portfolio<sup>(2)</sup></b>			
Occupancy rate – including committed (period-end)	83.5%	84.4%	84.0%
Occupancy rate – in-place (period-end)	79.3%	82.0%	80.2%
Average in-place and committed net rent per square foot (period-end)	\$ 26.78	\$ 26.35	\$ 25.13
Weighted average lease term (years)	5.2	5.2	5.2
Occupancy rate – including committed – Toronto (period-end)	88.5%	89.0%	87.9%
Occupancy rate – in-place – Toronto (period-end)	83.7%	85.4%	82.1%

See footnotes at end.

	Three months ended	
	March 31,	March 31,
	2024	2023
<b>Operating results</b>		
Funds from operations (“FFO”) <sup>(3)</sup>	\$ 14,106	\$ 18,857
Comparative properties net operating income (“NOI”) <sup>(4)</sup>	27,726	27,325
Net rental income	25,453	26,172
Net income	11,866	1,378
<b>Per unit amounts</b>		
Diluted FFO per unit <sup>(5)(6)</sup>	\$ 0.73	\$ 0.72
Distribution rate per Unit <sup>(6)</sup>	0.33	0.50

See footnotes at end.

*“After four years of challenging operating conditions since the beginning of COVID, Dream Office is delivering steady operational and financial performance this quarter. We are making progress leasing our portfolio, addressing upcoming debt maturities and increasing liquidity and we continue to make progress pursuing certain dispositions,”* said Michael Cooper, Chief Executive Officer of Dream Office REIT. *“Altogether, we expect 2024 to be an important year for us as we see improvements in our buildings and operations and increase the margin of safety in our business .”*

Office utilization rates in Toronto downtown have continued to improve gradually each quarter. Despite continuing challenges in the office real estate sector, we continue to believe our portfolio is well located, difficult to replace and uniquely positioned to outperform over the long term. We remain committed to investing in our buildings and leasing to distinguish our portfolio to attract high-quality tenants and reduce risk in our business.

Relative to the fourth quarter of 2023, our in-place occupancy declined from 82.0% to 79.3% and our in-place and committed occupancy rate declined from 84.4% to 83.5%. The quarter-over-quarter decrease of 2.7% of total portfolio in-place occupancy was attributable to 54,000 square feet of negative absorption in downtown Toronto and 83,000 square feet of negative absorption in Other markets. In the Other markets region, 55,000 square feet of Greater Toronto Area industrial logistics space



at 1020 Birchmount Avenue in Scarborough, Ontario vacated in January 2024, representing a decrease in that region's in-place occupancy of 3.0%. The Trust subsequently re-leased the space in April 2024, with a lease commencement in Q3 2024 at 87% higher rents than expiring.

Vacancy committed for future occupancy increased by 92,000 square feet over the quarter to 213,000 square feet. In Toronto downtown, 134,000 square feet, or 4.2% of the region's total gross leasable area, is scheduled to commence over the course of 2024 at net rents 6.9% above prior net rents on the same space with a weighted average lease term of 7.6 years. In the Other markets region, 25,000 square feet, or 1.3% of the region's total gross leasable area, is scheduled to commence over the remainder of 2024 at net rents 32.2% above prior net rents on the same space with a weighted average lease term of 6.7 years. The remaining 54,000 square feet of commitments on vacant space are scheduled to commence in 2025.

Year-over-year, our downtown Toronto in-place occupancy rate improved from 82.1% to 83.7% and in-place and committed occupancy improved from 87.9% to 88.5%. Year-over-year, in-place occupancy in the Other markets region declined from 77.0% to 71.8% and in-place and committed occupancy declined from 77.5% to 75.0%.

During Q1 2024, the Trust executed leases totalling approximately 135,000 square feet across our portfolio. In Toronto downtown, the Trust executed 66,000 square feet of leases at a weighted average initial net rent of \$33.71 per square foot, or 8.0% higher than the weighted average prior net rent per square foot on the same space, with a weighted average lease term of 5.5 years. In the Other markets region, comprising our properties located in Calgary, Saskatoon, Regina, Mississauga, Scarborough and the United States, we executed leases totalling 69,000 square feet at a weighted average net rent of \$17.31 per square foot, a decrease of 8.6% from the weighted average prior net rent on the same space as rental rates on new leases rolled down to market rates, with a weighted average lease term of 9.5 years.

Subsequent to March 31, 2024, the Trust executed a further 80,000 square feet of leases in Toronto downtown at a weighted average initial net rent of \$38.50 per square foot, an increase of 2.8% compared to the weighted average prior net rent per square foot on the same space, with a weighted average lease term of 4.7 years.

#### **REDEVELOPMENT PROJECTS UPDATE**

During 2022, we took 366 Bay Street and 67 Richmond Street West in Toronto offline to fully revitalize the assets. The development projects at these properties comprise full modernizations of the properties, including technical systems, interior lighting and elevators, along with enhanced common areas and larger floorplates. At 366 Bay Street, we have spent \$11.8 million over the course of the project, \$8.3 million of which has been funded by our Canada Infrastructure Bank credit facility (the "CIB Facility"). At 67 Richmond Street West, we have spent \$6.4 million on the project, \$5.1 million of which has been funded by the CIB Facility. The project at 67 Richmond Street West is expected to be completed in Q4 2024. The Trust is currently in active discussions with prospective tenants for the building.

In 2023, we secured a commitment at 366 Bay Street for a lease for the entire building with a global financial institution that was attracted by the location of the asset, as well as the successful completion of our redevelopment and decarbonization program at the building. The lease is for a term of 15 years for approximately 40,000 square feet with initial net rents of \$38.00 per square foot, escalating to \$50.00 per square foot over the term of the lease. The full building fixturing and fitout is underway with redevelopment project completion and lease commencement scheduled for Q4 2024. As part of the lease agreement, the Trust secured a non-revolving term loan facility of \$8.2 million with the tenant to finance the tenant's construction allowance under the terms of the lease. The accumulated drawings will bear interest at an annual fixed rate of 6.75% for a period of five years. Subsequent to the initial availability period during the tenant fitout period, the loan will convert to an amortizing term facility.



## FINANCING AND LIQUIDITY UPDATE

KEY FINANCIAL PERFORMANCE METRICS (unaudited)	As at	
	March 31, 2024	December 31, 2023
<b>Financing</b>		
Weighted average face rate of interest on debt (period-end) <sup>(7)</sup>	4.54%	4.53%
Interest coverage ratio (times) <sup>(8)</sup>	1.9	2.0
Net total debt-to-normalized adjusted EBITDAFV ratio (years) <sup>(9)</sup>	11.6	11.5
Level of debt (net total debt-to-net total assets) <sup>(10)</sup>	50.4%	50.0%
Average term to maturity on debt (years)	3.1	3.3
<b>Undrawn credit facilities, available liquidity and unencumbered assets</b>		
Undrawn credit facilities (in millions)	\$ 166.5	\$ 174.0
Available liquidity (in millions) <sup>(11)</sup>	180.9	187.2
Unencumbered assets (in millions) <sup>(12)</sup>	12.6	17.1
<b>Capital (period-end)</b>		
Total number of REIT A and LP B units (in millions) <sup>(6)(13)</sup>	18.9	18.9
Net asset value ("NAV") per unit <sup>(6)(14)</sup>	\$ 65.92	\$ 66.31

See footnotes at end.

As at March 31, 2024, the Trust had \$2.7 billion of total assets, \$2.3 billion of investment properties, \$1.3 billion of total debt and \$1.2 billion of equity.

During the quarter, the Trust secured a one-year extension for a \$30 million interest-only mortgage maturing April 1, 2025, secured by a property in Toronto, Ontario, bearing variable interest at the one-month Canadian Overnight Repo Rate Average ("CORRA") plus 2.60%. The Trust has also obtained credit approval for the refinancing of a \$26.1 million mortgage secured by a property in Calgary which is due to mature in 2024, and the Trust is in advanced renewal discussions with its lenders on the remaining \$17.2 million of mortgage maturities coming due in 2024. We are also in various stages of discussion for \$336.1 million of mortgage maturities coming due in 2025, including advanced discussions with various lenders for the refinancing of the \$225 million mortgage maturity for Adelaide Place.

Subsequent to the quarter, the Trust amended and extended its \$10 million revolving credit facility to a new maturity date of March 31, 2027. The amended facility bears interest at CORRA plus 2.65% or at the bank's prime rate plus 0.825%.

As at March 31, 2024, the Trust had approximately \$180.9 million of available liquidity,<sup>(11)</sup> comprising \$14.4 million of cash, undrawn revolving credit facilities totalling \$69.5 million, undrawn amounts on our non-revolving term loan facility pertaining to the aforementioned 366 Bay Street lease totalling \$8.2 million and undrawn amounts on our CIB Facility of \$88.7 million, which provides low-cost fixed-rate financing solely for the purpose of commercial property retrofits to achieve certain energy efficiency savings and greenhouse gas ("GHG") emission reductions. The Trust also had \$13 million of unencumbered assets<sup>(12)</sup> and a level of debt (net total debt-to-net total assets)<sup>(10)</sup> of 50.4%.

During Q1 2024, the Trust drew \$3.6 million against the CIB Facility. In total, we have drawn \$24.1 million against the CIB Facility since 2022. These draws represent 80% of the costs to date for capital retrofits at 13 properties in Toronto downtown for projects to reduce the operational carbon emissions in these buildings by an estimated 3,241 tonnes of carbon dioxide ("CO<sub>2</sub>"), or 57.5%, per year on project completion.

### SUMMARY OF KEY PERFORMANCE INDICATORS

- Net income for the quarter:** For the three months ended March 31, 2024, the Trust generated net income of \$11.9 million. Included in net income for the three months ended March 31, 2024 are net rental income totalling \$25.5 million and fair value adjustments to financial instruments totalling \$19.7 million primarily due to remeasurements on rate swap contracts due to rising market yield curves and the remeasurement of the carrying value of subsidiary redeemable units as a result of a decrease in the Trust's unit price over the quarter, partially offset by negative fair value adjustments to investment properties totalling \$17.3 million across the portfolio.



- **Diluted FFO per unit<sup>(5)(6)</sup> for the quarter:** For the three months ended March 31, 2024, diluted FFO per unit increased by \$0.01 per unit to \$0.73 per unit relative to \$0.72 per unit in Q1 2023, driven by the accretive effect of repurchases under the normal course issuer bid (“NCIB”) and substantial issuer bid (“SIB”), net of reduced FFO from Dream Industrial REIT as a result of selling units to facilitate the buyback of REIT A Units under the SIB in Q2 2023 and interest from drawing on credit facilities (+\$0.02), higher comparative properties NOI (+\$0.02) and lower G&A (+\$0.01), partially offset by lower net rental income from the sale of 720 Bay Street (-\$0.02) in Q1 2023 and a net reversal of prior period provisions in Q1 2023 (-\$0.02).
- **Net rental income for the quarter:** For the three months ended March 31, 2024, net rental income decreased by 2.7%, or \$0.7 million, over the prior year comparative quarter, primarily due to income from sold properties relating to the sale of 720 Bay Street in Q1 2023 and a reversal of prior period provisions in the prior year comparative period.
- **Comparative properties NOI<sup>(4)</sup> for the quarter:** For the three months ended March 31, 2024, comparative properties NOI increased by 1.5%, or \$0.4 million, over the prior year comparative quarter, primarily driven by higher in-place rents primarily in Toronto downtown due to rent step-ups and higher rates on new leasing and renewals, partially offset by lower weighted average occupancy in Other markets.
- **In-place occupancy:** Total portfolio in-place occupancy on a quarter-over-quarter basis decreased by 2.7% relative to Q4 2023. In the Other markets region, in-place occupancy decreased by 4.4% relative to Q4 2023 as 71,000 square feet of expiries and 23,000 square feet of terminations were partially offset by 7,000 square feet of renewals and 4,000 square feet of new lease commencements. Included in the 71,000 square feet of expiries in Other markets was 55,000 square feet of Greater Toronto Area industrial logistics space vacated in January which represented 3.0% of the decrease in the Other markets in-place occupancy rate. The Trust re-leased the vacancy in April with a lease commencing in Q3 2024 at 87% higher net rents than expiring.

In Toronto downtown, in-place occupancy decreased by 1.7% relative to Q4 2023 as 58,000 square feet of expiries and 30,000 square feet of terminations were partially offset by 33,000 square feet of renewals and 1,000 square feet of new lease commencements.

Total portfolio in-place occupancy on a year-over-year basis decreased from 80.2% at Q1 2023 to 79.3% this quarter, primarily driven by negative absorption of 5.2% in Other markets, partially offset by positive absorption of 1.6% in Toronto downtown.

As noted previously, vacancy committed for future occupancy has increased by 92,000 square feet to 213,000 square feet over the quarter. 159,000 square feet is scheduled to commence over the remainder of 2024, with the remaining 54,000 square feet scheduled to commence over 2025.

- **Lease commencements for the quarter:** For the three months ended March 31, 2024, excluding temporary leasing, 34,000 square feet of leases commenced in Toronto downtown at net rents of \$32.40 per square foot, or 7.1% higher than the previous rent in the same space with a weighted average lease term of 2.6 years. In the Other markets region, 11,000 square feet of leases commenced at \$13.21 per square foot, or 36.6% lower than previous rents in the same space as rental rates on new leases rolled down to market rates with a weighted average lease term of 3.8 years.

The renewal and relocation rate to expiring rate spread for the quarter was 3.9% above expiring rates on 40,000 square feet of renewals.

- **NAV per unit<sup>(6)(14)</sup>:** As at March 31, 2024, our NAV per unit decreased to \$65.92 compared to \$66.31 at December 31, 2023. The decrease in NAV per unit relative to December 31, 2023 is driven by fair value losses on investment properties across all regions due to write-offs of maintenance capital spend and leasing costs, cap rate expansions at certain properties and a fair value loss on a property valued by a qualified external valuation professional, partially offset by cash flow retention (FFO net of distributions) and fair value gains on the remeasurements of deferred trust units and interest rate swap contracts.



- **Fair value adjustments to investment properties for the quarter:** For the three months ended March 31, 2024, the Trust recorded a fair value loss totalling \$17.3 million, comprising fair value losses of \$7.6 million in Toronto downtown, \$7.5 million in Other markets and \$2.1 million in our properties under development. Fair value losses in Toronto downtown were primarily driven by write-offs of maintenance capital spend and leasing costs and expansions in cap rates in the region. Fair value losses in Other markets were primarily driven by cap rate expansions and higher vacancy reserves in the region along with a fair value loss on a property valued by a qualified external valuation professional during the quarter. Fair value losses in our properties under development were primarily driven by revised leasing timelines.
- **Fair value adjustments to financial instruments:** For the three months ended March 31, 2024, the Trust recorded fair value gains totalling \$19.7 million. Fair value gains in the current quarter consisted primarily of \$12.3 million of gains on the carrying value of subsidiary redeemable units and \$1.7 million of fair value gains on the remeasurements DTUs as a result of a decrease in the Trust's unit price relative to December 31, 2023. The Trust also recorded a fair value gain of \$5.7 million on rate swap contracts due to rising market yield curves.

### UNIT CONSOLIDATION

Effective February 22, 2024, the Trust completed a unit consolidation of all the issued and outstanding REIT A Units, REIT B Units and Special Trust Units (collectively, the "Units") on the basis of one (1) post-consolidation Unit for every two (2) pre-consolidation Units (the "Unit Consolidation"). Upon completion of the Unit Consolidation, the number of REIT A Units as of February 22, 2024 was consolidated from 32,626,435 to 16,313,022. There were no REIT B Units outstanding.

The general partner of Dream Office LP also took steps to effect a consolidation of the LP Class A Units and LP Class B Units of Dream Office LP on a proportionate basis effective as of the effective date. As a result, the subsidiary redeemable units were also consolidated on the basis of one (1) post-consolidation subsidiary redeemable unit for every two (2) pre-consolidation subsidiary redeemable units on the effective date. Upon completion of the Unit Consolidation, the number of subsidiary redeemable units as of February 22, 2024 was consolidated from 5,233,823 to 2,616,911.

All unit, per unit and unit-related amounts disclosed herein reflect the post-Unit Consolidation units for all periods presented, unless otherwise noted.

### ANNUAL MEETING OF UNITHOLDERS

Dream Office REIT welcomes its investors to its annual meeting of unitholders at the TMX Market Centre, 120 Adelaide Street West, Toronto, Ontario M5H 1S3 on Wednesday June 12, 2024 at 1:00 p.m. (ET). The audio webcast and digital replay can be accessed [here](#).

### OTHER INFORMATION

Information appearing in this press release is a selected summary of results. The condensed consolidated financial statements and Management's Discussion and Analysis ("MD&A") of the Trust are available at [www.dreamofficereit.ca](http://www.dreamofficereit.ca) and on [www.sedarplus.com](http://www.sedarplus.com).

Dream Office REIT is an unincorporated, open-ended real estate investment trust. Dream Office REIT is a premier office landlord in downtown Toronto with over 3.5 million square feet owned and managed. We have carefully curated an investment portfolio of high-quality assets in irreplaceable locations in one of the finest office markets in the world. For more information, please visit our website at [www.dreamofficereit.ca](http://www.dreamofficereit.ca).



## FOOTNOTES

- (1) Excludes properties held for sale and investments in joint ventures that are equity accounted at the end of each period.
- (2) Excludes properties under development, properties held for sale and investments in joint ventures that are equity accounted at the end of each period.
- (3) FFO is a non-GAAP financial measure. The most directly comparable financial measure to FFO is net income. The tables included in the Appendices section of this press release reconcile FFO for the three months ended March 31, 2024 and March 31, 2023 to net income. For further information on this non-GAAP financial measure please refer to the statements under the heading “Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures” in this press release.
- (4) Comparative properties NOI is a non-GAAP financial measure. The most directly comparable financial measure to comparative properties NOI is net rental income. The tables included in the Appendices section of this press release reconcile comparative properties NOI for the three months ended March 31, 2024 and March 31, 2023 to net rental income. For further information on this non-GAAP financial measure, please refer to the statements under the heading “Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures” in this press release.
- (5) Diluted FFO per unit is a non-GAAP ratio. Diluted FFO per unit is calculated as FFO (a non-GAAP financial measure) divided by diluted weighted average number of units. For further information on this non-GAAP ratio, please refer to the statements under the heading “Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures” in this press release. A description of the determination of the diluted weighted average number of units can be found in the management’s discussion and analysis of the financial condition and results of operations of the Trust for the three months ended March 31, 2024, dated May 9, 2024 (the “MD&A for the first quarter of 2024”) in the section “Supplementary Financial Measures and Other Disclosures” under the heading “Weighted average number of units”.
- (6) On February 22, 2024, the Trust implemented the Unit Consolidation of all the issued and outstanding REIT Units, Series A, REIT Units, Series B and Special Trust Units of the REIT on the basis of one (1) post-consolidation Unit for every two (2) pre-consolidation Units. All unit and per-unit amounts disclosed reflect the post-Unit Consolidation units for all periods presented.
- (7) Weighted average face rate of interest on debt is calculated as the weighted average face rate of all interest-bearing debt balances excluding debt in joint ventures that are equity accounted.
- (8) Interest coverage ratio (times) is a non-GAAP ratio. Interest coverage ratio comprises trailing 12-month adjusted EBITDAFV divided by trailing 12-month interest expense on debt. Adjusted EBITDAFV, trailing 12-month adjusted EBITDAFV and trailing 12-month interest expense on debt are non-GAAP measures. The tables in the Appendices section reconcile adjusted EBITDAFV to net income for the three months ended March 31, 2024 and March 31, 2023 and for the year ended December 31, 2023 and trailing 12-month adjusted EBITDAFV and trailing 12-month interest expense on debt to adjusted EBITDAFV and interest expense on debt, respectively, for the trailing 12-month period ended March 31, 2024. For further information on this non-GAAP ratio and these non-GAAP financial measures, please refer to the statements under the heading “Non-GAAP Financial Measures and Ratios and Supplementary Financial Measures” in this press release.
- (9) Net total debt-to-normalized adjusted EBITDAFV ratio (years) is a non-GAAP ratio. Net total debt-to-normalized adjusted EBITDAFV comprises net total debt (a non-GAAP financial measure) divided by normalized adjusted EBITDAFV (a non-GAAP financial measure). Normalized adjusted EBITDAFV comprises adjusted EBITDAFV (a non-GAAP financial measure) adjusted for NOI from sold properties in the quarter. For further information on this non-GAAP ratio and these non-GAAP financial measures, please refer to the statements under the heading “Non-GAAP Financial Measures and Ratios and Supplementary Financial Measures” in this press release.
- (10) Level of debt (net total debt-to-net total assets) is a non-GAAP ratio. Net total debt-to-net total assets comprises net total debt (a non-GAAP financial measure) divided by net total assets (a non-GAAP financial measure). The tables in the Appendices section reconcile net total debt and net total assets to total debt and total assets, the most directly comparable financial measures to these non-GAAP financial measures, respectively, as at March 31, 2024 and December 31, 2023. For further information on this non-GAAP ratio and these non-GAAP financial measures, please refer to the statements under the heading “Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures” in this press release.
- (11) Available liquidity is a non-GAAP financial measure. The most directly comparable financial measure to available liquidity is undrawn credit facilities. The tables included in the Appendices section of this press release reconcile available liquidity to undrawn credit facilities as at March 31, 2024 and December 31, 2023. For further information on this non-GAAP financial measure please refer to the statements under the heading “Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures” in this press release.
- (12) Unencumbered assets is a supplementary financial measure. For further information on this supplementary financial measure, please refer to the statements under the heading “Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures” in this press release.
- (13) Total number of REIT A and LP B units includes 2.6 million LP B Units which are classified as a liability under IFRS Accounting Standards.
- (14) NAV per unit is a non-GAAP ratio. NAV per unit is calculated as Total equity (including LP B Units) (a non-GAAP financial measure) divided by the total number of REIT A and LP B units outstanding as at the end of the period. Total equity (including LP B Units) is a non-GAAP measure. The most directly comparable financial measure to total equity (including LP B Units) is equity. The tables included in the Appendices section of this press release reconcile total equity (including LP B Units) to equity as at March 31, 2024 and December 31, 2023. For further information on this non-GAAP financial measure please refer to the statements under the heading “Non-GAAP Financial Measures, Ratios and Supplementary Financial Measures” in this press release.

## NON-GAAP FINANCIAL MEASURES, RATIOS AND SUPPLEMENTARY FINANCIAL MEASURES

*The Trust’s condensed consolidated financial statements are prepared in accordance with International Financial Reporting Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). In this press release, as a complement to results provided in accordance with IFRS Accounting Standards, the Trust discloses and discusses certain non-GAAP financial measures, including FFO, comparative properties NOI, available liquidity, adjusted EBITDAFV, trailing 12-month adjusted EBITDAFV, trailing 12-month interest expense on debt, net total debt, net total assets, normalized*



*adjusted EBITDAFV – annualized and total equity (including LP B Units or subsidiary redeemable units) and non-GAAP ratios, including diluted FFO per unit, level of debt (net total debt-to-net total assets), interest coverage ratio, net total debt-to-normalized adjusted EBITDAFV and NAV per unit, as well as other measures discussed elsewhere in this release. These non-GAAP financial measures and ratios are not standardized financial measures under IFRS Accounting Standards and might not be comparable to similar financial measures disclosed by other issuers. The Trust has presented such non-GAAP financial measures and non-GAAP ratios as Management believes they are relevant measures of the Trust’s underlying operating and financial performance. Certain additional disclosures such as the composition, usefulness and changes, as applicable, of the non-GAAP financial measures and ratios included in this press release are expressly incorporated by reference from the MD&A for the first quarter of 2024 and can be found under the section “Non-GAAP Financial Measures and Ratios” and respective sub-headings labelled “Funds from operations and diluted FFO per unit”, “Comparative properties NOI”, “Level of debt (net total debt-to-net total assets)”, “Net total debt-to-normalized adjusted EBITDAFV ratio (years)”, “Interest coverage ratio (times)”, “Available liquidity”, “Total equity (including LP B Units or subsidiary redeemable units)”, “Adjusted earnings before interest, taxes, depreciation, amortization and fair value adjustments (“adjusted EBITDAFV)”, “Trailing 12-month Adjusted EBITDAFV and trailing 12-month interest expense on debt”, and “NAV per Unit”. In this press release, the Trust also discloses and discusses certain supplementary financial measures, including unencumbered assets. The composition of supplementary financial measures included in this press release are expressly incorporated by reference from the MD&A for the first quarter of 2024 and can be found under the section “Supplementary financial measures and ratios and other disclosures”. The MD&A for the first quarter of 2024 is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com) under the Trust’s profile and on the Trust’s website at [www.dreamofficereit.ca](http://www.dreamofficereit.ca) under the Investors section. Non-GAAP financial measures should not be considered as alternatives to net income, net rental income, cash flows generated from (utilized in) operating activities, cash and cash equivalents, total assets, non-current debt, total equity, or comparable metrics determined in accordance with IFRS Accounting Standards as indicators of the Trust’s performance, liquidity, leverage, cash flow, and profitability. Reconciliations for FFO, comparative properties NOI, available liquidity, adjusted EBITDA, and total equity (including LP B Units) to the nearest comparable IFRS Accounting Standards measure are contained at the end of this press release.*

#### **FORWARD-LOOKING INFORMATION**

*This press release may contain forward-looking information within the meaning of applicable securities legislation, including, but not limited to statements regarding our objectives and strategies to achieve those objectives; statements regarding the value and quality of our portfolio, the effect of the Trust’s leasing strategy on the return on invested capital, occupancy at our buildings, property value, cash flows, liquidity and refinancing value; the effect of building improvements on tenant experience and building quality and performance; our development, redevelopment and intensification plans, including timelines, square footage, our ability to lease properties under development and other project characteristics, including in respect of 366 Bay Street and 67 Richmond Street West; our future capital requirements and cost to complete development projects; the expectation that we will be able to use our CIB Facility to fund development costs for certain projects; our ability to increase building performance and achieve certain energy efficiency and greenhouse gas reduction goals, including in respect of specific properties and of retrofits made in connection with the CIB Facility; expectations regarding our financing undertakings, including our ability to address future debt maturities; negotiations for renewals of mortgage and refinancing debt maturities; capital allocation, investments and expected benefits; our ability to complete prospective asset dispositions; prospective leasing activity; the safety of our business; and our overall financial performance, profitability and liquidity for future periods and years. Forward-looking statements generally can be identified by words such as “outlook”, “objective”, “may”, “will”, “would”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “could”, “likely”, “plan”, “project”, “budget”, “continue” or similar expressions suggesting future outcomes or events. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond Dream Office REIT’s control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, general and local economic and business conditions, including in respect of real estate; mortgage and interest rates and regulations; inflation; risks related to a potential economic slowdown in certain of the jurisdictions in which we operate and the effect inflation and any such economic slowdown may have on market conditions and lease rates; risks associated with unexpected or ongoing geopolitical events, including disputes between nations, war, terrorism or other acts of violence; the uncertainties around the availability, timing and amount of future equity and debt financings; development risks including construction costs, project timings and the availability of labour; NOI from development properties on completion; the impact of the COVID-19 pandemic on the Trust; the effect of government restrictions on leasing and building traffic; the ability of the Trust and its tenants to access government programs; the financial condition of tenants and borrowers; employment levels; the uncertainties around the timing and amount of*



*future financings; leasing risks, including those associated with the ability to lease vacant space and properties under development; rental rates on future leasing; and interest and currency rate fluctuations.*

*Our objectives and forward-looking statements are based on certain assumptions, which include but are not limited to: that the general economy remains stable; our interest costs will be relatively low and stable; that we will have the ability to refinance our debts as they mature; inflation and interest rates will not materially increase beyond current market expectations; conditions within the real estate market remain consistent; the timing and extent of current and prospective tenants' return to the office; our future projects and plans will proceed as anticipated; that government restrictions due to public health crises on the ability of us and our tenants to operate their businesses at our properties will not be imposed in any material respects; competition for acquisitions remains consistent with the current climate; and that the capital markets continue to provide ready access to equity and/or debt to fund our future projects and plans. All forward-looking information in this press release speaks as of the date of this press release. Dream Office REIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise except as required by law.*

*Additional information about these assumptions and risks and uncertainties is contained in Dream Office REIT's filings with securities regulators, including its latest annual information form and MD&A. These filings are also available at Dream Office REIT's website at [www.dreamofficereit.ca](http://www.dreamofficereit.ca).*

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## APPENDICES

**Funds from operations and diluted FFO per unit**

	Three months ended March 31,	
	2024	2023
<b>Net income for the period</b>	\$ 11,866	\$ 1,378
Add (deduct):		
Net income from investment in Dream Industrial REIT	(3,054)	(2,433)
Share of FFO from investment in Dream Industrial REIT	3,268	6,527
Depreciation and amortization	3,038	2,747
Costs attributable to sale of investment properties	30	49
Interest expense on subsidiary redeemable units	872	1,308
Fair value adjustments to investment properties	17,293	12,068
Fair value adjustments to investment properties held in joint ventures	(11)	29
Fair value adjustments to financial instruments and DUIP included in G&A expenses	(19,890)	(2,990)
Internal leasing costs	574	395
Principal repayments on finance lease liabilities	(14)	(13)
Deferred income taxes expense (recovery)	134	(208)
<b>FFO for the period</b>	\$ 14,106	\$ 18,857
Diluted weighted average number of units	19,410	26,091
<b>FFO per unit - diluted</b>	\$ 0.73	\$ 0.72

**Comparative properties NOI**

	March 31,		Three months ended		Change in weighted average occupancy %	Change in in-place net rents %
	2024	2023	Change			
			Amount	%		
Toronto downtown	\$ 21,108	\$ 20,525	\$ 583	2.8	2.2	1.2
Other markets	6,618	6,800	(182)	(2.7)	(4.3)	4.8
<b>Comparative properties NOI</b>	<b>27,726</b>	<b>27,325</b>	<b>401</b>	<b>1.5</b>	<b>(0.2)</b>	<b>3.0</b>
Properties under development	190	102	88			
Property management and other service fees	408	452	(44)			
Change in provisions	(50)	342	(392)			
Straight-line rent	186	283	(97)			
Amortization of lease incentives	(3,010)	(2,905)	(105)			
Lease termination fees and other	3	173	(170)			
Sold properties	—	400	(400)			
<b>Net rental income</b>	\$ 25,453	\$ 26,172	\$ (719)	(2.7)		

**Adjusted EBITDAFV**

	Three months ended		Year ended
	March 31, 2024	March 31, 2023	December 31, 2023
<b>Net income (loss) for the period</b>	\$ 11,866	\$ 1,378	\$ (77,196)
Add (deduct):			
Interest – debt	15,422	14,326	58,978
Interest – subsidiary redeemable units	872	1,308	5,234
Current and deferred income taxes expense (recovery), net	157	(208)	47
Depreciation on property and equipment	22	45	162
Fair value adjustments to investment properties	17,293	12,068	96,406
Fair value adjustments to financial instruments	(19,674)	(2,835)	(22,509)
Net loss (income) from investment in Dream Industrial REIT	(3,054)	(2,433)	30,674
Distributions earned from Dream Industrial REIT	2,369	4,623	12,459
Share of net losses from investment in joint ventures	171	53	812
Non-cash items included in investment properties revenue <sup>(1)</sup>	2,824	2,622	10,397
Change in provisions	50	(342)	858
Lease termination fees and other	(3)	(173)	(592)
Net losses on transactions and other items	604	444	1,920
<b>Adjusted EBITDAFV for the period</b>	\$ 28,919	\$ 30,876	\$ 117,650

(1) Includes adjustments for straight-line rent and amortization of lease incentives.

**Trailing 12-month Adjusted EBITDAFV and trailing 12-month interest expense on debt**

	Trailing 12-month period ended March 31, 2024
Adjusted EBITDAFV for the three months ended March 31, 2024	\$ 28,919
Add: Adjusted EBITDAFV for the year ended December 31, 2023	117,650
Less: Adjusted EBITDAFV for the three months ended March 31, 2023	(30,876)
<b>Trailing 12-month Adjusted EBITDAFV</b>	\$ 115,693

	Trailing 12-month period ended March 31, 2024
Interest expense on debt for the three months ended March 31, 2024	\$ 15,422
Add: Interest expense on debt for the year ended December 31, 2023	58,978
Less: Interest expense on debt for the three months ended March 31, 2023	(14,326)
<b>Trailing 12-month interest expense on debt</b>	\$ 60,074

**Interest coverage ratio (times)**

	For the trailing 12-month period ended	
	March 31, 2024	December 31, 2023
Trailing 12-month adjusted EBITDAFV	\$ 115,693	\$ 117,650
Trailing 12-month interest expense on debt	\$ 60,074	\$ 58,978
<b>Interest coverage ratio (times)</b>	<b>1.9</b>	<b>2.0</b>



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

	Amounts included in condensed consolidated financial statements	
	March 31, 2024	December 31, 2023
Non-current debt	\$ 1,039,910	\$ 1,254,090
Current debt	309,411	85,371
Total debt	1,349,321	1,339,461
Less: Cash on hand <sup>(1)</sup>	(12,769)	(11,908)
<b>Net total debt</b>	<b>\$ 1,336,552</b>	<b>\$ 1,327,553</b>
Total assets	2,666,935	2,668,330
Less: Cash on hand <sup>(1)</sup>	(12,769)	(11,908)
<b>Net total assets</b>	<b>\$ 2,654,166</b>	<b>\$ 2,656,422</b>
<b>Net total debt-to-net total assets</b>	<b>50.4%</b>	<b>50.0%</b>

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

**Available liquidity**

	As at	
	March 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 14,392	\$ 13,273
Undrawn revolving credit facilities	69,549	73,394
Undrawn CIB Facility	88,722	92,361
Undrawn non-revolving term loan facility	8,200	8,200
<b>Available liquidity</b>	<b>\$ 180,863</b>	<b>\$ 187,228</b>

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

	March 31, 2024	December 31, 2023
Non-current debt	\$ 1,039,910	\$ 1,254,090
Current debt	309,411	85,371
Total debt	1,349,321	1,339,461
Less: Cash on hand <sup>(1)</sup>	(12,769)	(11,908)
<b>Net total debt</b>	<b>\$ 1,336,552</b>	<b>\$ 1,327,553</b>
<b>Adjusted EBITDAFV – quarterly</b>	<b>28,919</b>	<b>28,747</b>
Less: NOI of disposed properties for the quarter	—	2
<b>Normalized adjusted EBITDAFV – quarterly</b>	<b>\$ 28,919</b>	<b>\$ 28,749</b>
<b>Normalized adjusted EBITDAFV – annualized</b>	<b>\$ 115,676</b>	<b>\$ 114,996</b>
<b>Net total debt-to-normalized adjusted EBITDAFV ratio (years)</b>	<b>11.6</b>	<b>11.5</b>

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



**Total equity (including subsidiary redeemable units) and NAV per unit**

	March 31, 2024		Unitholders' equity December 31, 2023	
	Number of Units	Amount	Number of Units	Amount
Unitholders' equity	16,329,647	\$ 1,837,394	16,313,022	\$ 1,837,138
Deficit	—	(635,735)	—	(642,162)
Accumulated other comprehensive income	—	4,757	—	5,335
<b>Equity per condensed consolidated financial statements</b>	<b>16,329,647</b>	<b>1,206,416</b>	16,313,022	1,200,311
Add: Subsidiary redeemable units	2,616,911	42,525	2,616,911	54,850
<b>Total equity (including subsidiary redeemable units)</b>	<b>18,946,558</b>	<b>\$ 1,248,941</b>	18,929,933	\$ 1,255,161
NAV per unit		\$ 65.92		\$ 66.31