dream office REIT

Dream Office REIT

Q1 Report 2025

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SECTION I

KEY PERFORMANCE INDICATORS AT A GLANCE

Performance is measured by these and other key indicators:

			As at
	March 31, 2025	December 31, 2024	March 31, 2024
Total properties(1)			
Number of active properties	**24**	24	26
Number of properties under development	**2**	2	2
Gross leasable area ("GLA") (in millions of square feet)	**4.8**	4.8	5.1
Investment properties value	**$ 2,171,584**	$ 2,175,015	$ 2,336,685
Total portfolio(2)			
Occupancy rate – including committed (period-end)	**81.2%**	81.1%	83.5%
Occupancy rate – in-place (period-end)	**78.4%**	77.5%	79.3%
Average in-place and committed net rent per square foot (period-end)	**$ 27.39**	$ 27.20	$ 26.78
Weighted average lease term (years)	**5.8**	5.5	5.2

		Three months ended
	March 31, 2025	March 31, 2024
Operating results		
Net income (loss)	**$ (33,183)**	$ 11,866
Funds from operations ("FFO")(3)	**13,276**	14,106
Net rental income	**25,001**	25,453
Comparative properties net operating income ("NOI")(3)(4)	**24,965**	24,925
Per unit amounts		
Diluted FFO per unit (3)(5)(6)	**$ 0.68**	$ 0.73
Distribution rate per Unit(6)	**0.25**	0.33

		As at
	March 31, 2025	December 31, 2024
Financing		
Weighted average face rate of interest on debt (period-end)(7)	**5.00%**	4.75%
Interest coverage ratio (times)(3)	**1.7**	1.8
Total debt	**$ 1,262,820**	$ 1,307,614
Total assets	**$ 2,437,215**	$ 2,584,927
Net total debt-to-normalized adjusted EBITDAFV ratio (years)(3)	**11.5**	12.1
Level of debt (net total debt-to-net total assets)(3)	**51.5%**	52.9%
Average term to maturity on debt (years)	**3.8**	3.4
Liquidity		
Cash and cash equivalents	**$ 18,047**	$ 18,268
Cash and undrawn revolving credit facilities(3)	**$ 70,835**	$ 56,511
Total liquidity(3)	**$ 149,665**	$ 137,968
Capital (period-end)		
Total number of REIT A Units and subsidiary redeemable units (in millions)(6)(8)	**19.0**	19.0
Equity per consolidated financial statements	**$ 1,042,830**	$ 1,080,523
Net asset value ("NAV") per unit(3)(6)	**$ 57.40**	$ 59.47

(1) Total properties excludes properties held for sale and investments in joint ventures that are equity accounted at the end of each period.

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

(3) FFO, comparative properties NOI, cash and undrawn revolving credit facilities and total liquidity are non-GAAP financial measures. Diluted FFO per unit, interest coverage ratio (times), net total debt-to-normalized adjusted EBITDAFV ratio (years), level of debt (net total debt-to-net total assets) and NAV per unit are non-GAAP ratios. These non-GAAP financial measures and non-GAAP ratios are not standardized financial measures under IFRS Accounting Standards and might not be comparable to similar measures disclosed by other issuers. Please refer to the section "Non-GAAP Financial Measures and Ratios" for details of these measures.

(4) Current and comparative period excludes acquired properties, properties sold and held for sale, properties under development, completed properties under development and joint ventures that are equity accounted as at March 31, 2025. Properties acquired and properties under development completed subsequent to January 1, 2024, along with properties under development, are excluded from comparative properties NOI.

(5) Diluted weighted average number of units is used in the calculation of diluted FFO per unit. Diluted weighted average number of units is defined in the "Supplementary Financial Measures and Other Disclosures" section 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 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 contractual face rate of all interest-bearing debt balances, excluding debt in joint ventures that are equity accounted.

(8) Total number of REIT A Units and subsidiary redeemable units includes 2.6 million subsidiary redeemable units that are classified as a liability under IFRS Accounting Standards.

BASIS OF PRESENTATION

Our discussion and analysis of the financial position and results of operations of Dream Office Real Estate Investment Trust ("Dream Office REIT" or the "Trust") should be read in conjunction with the audited consolidated financial statements of Dream Office REIT and the accompanying notes for the year ended December 31, 2024, and the unaudited condensed consolidated financial statements of Dream Office REIT and the accompanying notes for the three months ended March 31, 2025. Such consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). The Canadian dollar is the functional and reporting currency for the purposes of preparing the condensed consolidated financial statements.

This management's discussion and analysis (this "MD&A") is dated May 8, 2025.

For simplicity, throughout this discussion, we may make reference to the following:

- "REIT A Units", meaning the REIT Units, Series A of the Trust;
- "REIT B Units", meaning the REIT Units, Series B of the Trust;
- "REIT Units", meaning the REIT A Units and REIT B Units, collectively;
- "Units", meaning the REIT Units and Special Trust Units, collectively; and
- "subsidiary redeemable units", meaning the LP Class B, Series 1 limited partnership units of Dream Office LP (a subsidiary of the Trust).

When we use terms such as "we", "us" and "our", we are referring to Dream Office REIT and its subsidiaries.

Certain figures in this document are presented on a comparative portfolio basis. Comparative portfolio figures represent the results of investment properties that the Trust has owned in all periods presented. Properties acquired and properties under development completed subsequent to January 1, 2024, along with properties under development and assets held for sale, are excluded from comparative portfolio figures. Except as specifically noted, the results of investments that are equity accounted are excluded from disclosures in this document.

Market rents disclosed throughout this MD&A are management's estimates as at March 31, 2025 and are subject to change based on future market conditions.

In addition, certain disclosures incorporated by reference into this MD&A include information regarding our largest tenants that has been obtained from available public information. We have not verified any such information independently.

UNIT CONSOLIDATION

Effective February 22, 2024, the Trust completed a unit consolidation of all the issued and outstanding 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 February 22, 2024 ("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.

FORWARD-LOOKING DISCLAIMER

Certain information herein contains or incorporates comments that constitute forward-looking information within the meaning of applicable securities legislation, including but not limited to statements relating to the Trust's objectives, strategies to achieve those objectives, the Trust's beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, future growth, stability of NOI at our properties, results of operations, performance, business prospects and opportunities, acquisitions or divestitures, tenant base, rent collection, future maintenance and development plans and costs, capital investments, financing, the availability of financing sources, income taxes, vacancy, renewal and leasing assumptions, future leasing costs and lease incentives, litigation and the real estate industry in general; as well as specific statements regarding our distributions and net income, including but not limited to statements regarding the Trust's annualized distribution rate, its annualized distribution amount, the retainment and investment of funds; the Trust's focus on delivering stable operational and financial performance by reducing risk, improving liquidity and increasing occupancy as demonstrated through the plan to convert 606-4th Ave and the focus on leasing 74 Victoria Street; our strategies to reduce risk and improve the value of individual assets within the portfolio; our development, redevelopment, renovation and intensification plans and timelines, including in respect of square footage and type and number of units; expectations regarding occupancy levels in our portfolio and in certain locations, occupancy commitments and related timelines; our expectations regarding tenant requirement trends in respect of workspace preferences and upgrades; expectations and plans for repositioning certain properties; our modernization and retrofit plans for certain properties, including 67 Richmond Street West and 606-4th Building & Barclay Parkade; and our expectation that such plans will derisk the portfolio and unlock value; our ability to replicate our model suite program at 67 Richmond Street West and our expectation that it will attract high-quality tenants to the building; our plans to secure a construction management contract; the profitability and value of contemplated development projects, including expected increase in net operating income, profit and value of our purpose-built rental development site; the use of proceeds from asset dispositions and the effect on the Trust's leverage and liquidity; expected capital requirements, commitment amounts, and cost to complete development projects; the potential to find joint venture partners for contemplated developments and the effect of such joint ventures on construction and balance sheet risk; timing of project completion, including in respect of modernization and renovation projects; the effect of building improvements and redevelopments on tenant experience, building quality, performance, reduction of operating costs and higher rents; the effect of portfolio renovations on portfolio competitiveness, tenant demand and tenant quality; our ability to attract and retain tenants, including in respect of ongoing prospective tenant negotiations and ongoing construction to attract future high-quality potential tenants at the highest possible rents; our acquisition, disposition and leasing pipeline; leasing velocity, square footage expected to be leased, property operating costs and rates on future leasing; expected progress on leasing and the ability to meet conditions, including with respect to 74 Victoria Street; our ability to complete leases that are conditional or in an advanced stage of negotiation; increasing our occupancy, enhancing the value of our assets, and improving our financial metrics; our conviction that the quality and location of our assets will result in certain benefits; our ability to increase building performance and achieve energy efficiency and greenhouse gas reduction goals, including in respect of retrofits made in connection with the CIB Facility; our expectation that operating cash flows less cash interest paid may be less than total distributions; the expectation that net income will vary from total distributions; the expectation that there could be timing differences on distributions as a result of intensification and redevelopment projects; the future composition of our portfolio; our ability and strategy to mitigate and manage certain risks; expected tax obligations; our capital commitments in respect of certain investment properties; future cash flows, debt levels, liquidity and leverage, including any extensions on mortgages and discussions to renew or refinance mortgages or credit facilities and anticipated timing thereof; our ability to refinance our debt; the use of proceeds from disposition and the effects of those uses on leverage and liquidity, including the use of proceeds from the disposition of 438 University Avenue; our estimates of market rents; our ability to meet obligations with current cash and cash equivalents on hand, cash flows generated from operations, revolving credit facilities and conventional mortgage refinancing; our ability to address commitments and contingencies; our ability to make a normal course issuer bid under the renewed bid; our internal control over financial reporting; our future capital requirements and ability to meet those requirements; anticipated changes in accounting policies; 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 disclosed in or implied by such forward-looking information. These assumptions include, but are 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 duties, tariffs and other trade restrictions, if any, will not materially impact the ability of our tenants to meet their obligations under their leases with us; that inflation and interest rates will not materially increase beyond current market expectations; that we will have the ability to refinance our debts as they mature; and that future market and economic conditions will occur as expected and that geopolitical events, including disputes between nations or the imposition of duties, tariffs, quotas, embargoes or other trade restrictions (including any retaliation to such measures), will not disrupt global economies. Risks and uncertainties include, but are not limited to, general and local economic and business conditions, including in respect of real estate; our ability to sell investment properties at a price that reflects fair value; our ability to source and complete accretive acquisitions; the ability to effectively integrate acquisitions; 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; inflation; employment levels; political conditions; risks associated with unexpected or ongoing geopolitical events, including disputes between nations, war, terrorism or other acts of violence; risks related to the imposition of duties, tariffs and other trade restrictions and their impacts; consumer confidence; leasing risks, including those associated with the ability to lease vacant space and rental rates on future leases; the financial condition of tenants and borrowers; development risks, including construction costs, project timings and the availability of labour; NOI from development properties on completion; the uncertainties around the availability, timing and amount of future equity and debt financings; mortgage and interest rates and regulations; cyber security risks; tax risks, including our continued compliance with the real estate investment trust ("REIT") exception under the specified investment flow-through trust ("SIFT") legislation; changes in laws or regulations; regulatory risks; insurance risks; public health crises, pandemics and epidemics; the effect of government restrictions on leasing and building traffic; environmental risks; reliance on Dream Asset Management Corporation for management services; risks associated with jointly controlled entities and co-ownerships; foreign exchange rates; and other risks and factors described from time to time in the documents filed by the Trust with securities regulators.

Although the forward-looking statements contained in this MD&A are based on what we believe are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Forward-looking information is disclosed in this MD&A as part of the sections "Our Objectives", "Business Update" and "Comparative Properties NOI".

All forward-looking information is as of May 8, 2025. 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 applicable law. Additional information about these assumptions, risks and uncertainties is contained in our filings with securities regulators, including our latest Annual Report and Annual Information Form available on the System for Electronic Document Analysis and Retrieval+ ("SEDAR+") at www.sedarplus.com. Certain filings are also available on our website at www.dreamofficereit.ca.

OUR OBJECTIVES

We have been and remain 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.

OPERATIONAL UPDATE

In the midst of significant macro-economic and geopolitical uncertainties and ongoing challenges in the Canadian office real estate sector, the Trust remains committed to reducing risk and delivering stable operational and financial performance.

We believe our portfolio is strategically located, difficult to replace and uniquely positioned for long-term outperformance. Over the past seven years, we have invested capital in our best buildings in downtown Toronto, and the renovations are now substantially complete. This has resulted in a uniquely competitive portfolio that is well-positioned to attract high-quality tenants.

Relative to Q4 2024, our in-place occupancy increased from 77.5% to 78.4% and our in-place and committed occupancy rate increased slightly from 81.1% to 81.2%. The quarter-over-quarter increase of 0.9% in total portfolio in-place occupancy was primarily attributable to 47,000 square feet of positive absorption in Other markets. The quarter-over-quarter increase of 0.1% in total portfolio in-place and committed occupancy was primarily driven by a 0.4% increase in Toronto downtown due to positive leasing velocity during the quarter, partially offset by a decline of 0.5% in Other markets due to a net decrease in future leases committed in the region.

Year-over-year, total portfolio in-place occupancy decreased from 79.3% in Q1 2024 to 78.4% in Q1 2025 and our in-place and committed occupancy declined from 83.5% in Q1 2024 to 81.2% in Q1 2025. The decrease in total portfolio in-place occupancy was due to a 3.7% decline in Toronto downtown in-place occupancy year-over-year, partially offset by a year-over-year 4.0% increase in in-place occupancy in Other markets. The decrease in in-place occupancy in Toronto downtown was primarily driven by the lease expiry at 74 Victoria Street in Q4 2024 (-4.9%) and the sale of 438 University Avenue in Q1 2025 (-1.0%), partially offset by positive absorption in the remainder of the region totalling 67,000 square feet (+2.0%) and the effect of the reclassification of the fully occupied 366 Bay Street to active properties in Q3 2024 (+0.2%). The increase in in-place occupancy in Other markets was primarily driven by positive absorption in the region of 78,000 square feet (+4.3%) and the positive effect of the sale of the Saskatoon parking lot in Q3 2024 (+0.1%), net of the negative impact of the reclassification of 606-4th Building & Barclay Parkade to properties under development in Q4 2024 (-0.4%). The year-over-year decrease in total portfolio in-place and committed occupancy of 2.3% was primarily driven by negative absorption in Toronto downtown, partially offset by positive absorption in Other markets for the same reasons noted above. In addition, the Trust has conditional leases or leases in advanced stages of negotiation at 74 Victoria Street in Toronto downtown totalling 50,000 square feet, which are not currently reflected in occupancy in the region.

The Trust has 125,000 square feet of vacancy committed for future occupancy. In Toronto downtown, 74,000 square feet, or 2.6% of the region's total gross leasable area, is scheduled to commence in 2025 at net rents 25.1% higher than prior net rents on the same space with a weighted average lease term of 8.2 years, while 46,000 square feet is scheduled to commence in 2026 at net rents 25.1% higher than prior net rents on the same space with a weighted average lease term of 11.7 years.

In the Other markets region, 5,000 square feet, or 0.3% of the region's total gross leasable area, is scheduled to commence in 2025 at net rents 70.4% higher than prior net rents on the same space with a weighted average lease term of 9.1 years.

Q1 2025 has seen one of the highest leasing velocity quarters since the end of 2019 with the Trust executing leases totalling approximately 255,000 square feet across its portfolio. In Toronto downtown, the Trust executed 246,000 square feet of leases at a weighted average initial net rent of $30.18 per square foot, or 0.9% higher than the weighted average prior net rent per square foot on the same space, with a weighted average lease term of 8.5 years. In the Other markets region, comprising the Trust's properties located in Calgary, Saskatoon, Regina, Mississauga, Scarborough and the United States ("U.S."), the Trust executed leases totalling 9,000 square feet at a weighted average initial net rent of $19.04 per square foot, or 1.7% higher than the weighted average prior net rent per square foot on the same space, with a weighted average lease term of 11.0 years. Subsequent to March 31, 2025, the Trust executed a further 30,000 square feet of leases in Toronto downtown at a weighted average initial net rent of $27.41 per square foot, with a weighted average lease term of 5.3 years.

REDEVELOPMENT PROJECTS UPDATE

The development project at 606-4th Building & Barclay Parkade will convert the existing 126,000 square foot office building into a brand new 166-unit, purpose-built rental residential apartment building. Concurrently, the Trust is working to relocate the office tenants within 606-4th Building to the adjacent 444-7th Building. With apartment market vacancy at 4.6%[1] and office vacancy at 30.2%[2] in Calgary, this pivot in strategy will derisk the portfolio while unlocking value. In addition, this strategy will allow the Trust to improve the occupancy at 444-7th while creating a new residential rental building in downtown Calgary, thereby reducing the operational and financial risk of both buildings.

In relation to the project, The Trust has entered into an agreement for a grant of up to $11 million from the City of Calgary for the residential conversion as part of their Calgary Downtown Development Strategy Incentive Program. On March 7, 2025, the Trust secured a non-revolving development facility of up to $64.3 million at an interest rate to be set at the time of the first drawdown but not to exceed the 10-year Government of Canada bond rate plus 0.40%. The Trust is currently in the process of finalizing a construction management contract following a market bid process and is also in discussions to potentially bring in a joint venture partner on the project to further reduce construction and balance sheet risk.

The development project at 67 Richmond Street West comprises full modernizations of the property, including technical systems, interior lighting and elevators, along with enhanced common areas and larger floorplates.

To date, we have spent $12.2 million on the project at 67 Richmond Street West, $6.3 million of which has been funded by the CIB Facility. As a result of the redevelopment, the Trust attracted Daphne restaurant, which has been awarded Best Upscale Restaurant by Hospitality Design, for the entire ground floor retail space for a term of ten years. In Q4 2024, the scope of the project at 67 Richmond Street West was expanded to include building out model suites for the remainder of the vacant space at the property to meet the current market demand for move-in ready space and reduce lease-up time.

(1) CMHC Rental Market Survey

(2) CBRE Canada Office Figures Q1 2025

In 2024, the Trust implemented a model suite program to invest capital in nine identified suites, representing 56,000 square feet across four buildings within its portfolio to create move-in ready spaces, which has led to increased lease-up velocity in the completed suites. In increasing the scope at 67 Richmond Street West, the Trust plans to replicate this same strategy and anticipates that it will attract high-quality tenants to this building. With the expansion in project scope, 67 Richmond Street West is expected to be completed at the end of Q2 2025.

FINANCING AND LIQUIDITY UPDATE

As at March 31, 2025, the Trust had $2.4 billion of total assets, including $2.2 billion of investment properties and $1.3 billion of total debt.

During the quarter, the Trust amended and extended the maturity of its $375 million credit facility to September 30, 2027. The amended facility bears interest at the unadjusted one-month term CORRA plus 2.245% or at the bank's prime rate plus 0.950% before sustainability-linked loan adjustments.

On April 1, 2025, subsequent to the quarter, the Trust refinanced its last remaining 2025 debt maturity, a $30 million mortgage secured by a property in Toronto, Ontario. The refinanced mortgage totals $28 million and matures on April 1, 2028 bearing a floating interest rate based on daily CORRA. On April 21, 2025, the Trust entered into a fixed-for-variable interest rate swap to fix the interest rate on the mortgage at 5.26%.

The Trust's remaining 2026 debt maturities total $165.5 million across six mortgages. The Trust anticipates that it will be able to successfully address all of its 2026 debt expiries at or before maturity.

As at March 31, 2025, the Trust had approximately $149.7 million of total liquidity(1), comprising cash and undrawn revolving credit facilities(1) of $70.8 million and additional liquidity related to undrawn amounts on our non-revolving term loan facility pertaining to the 15-year lease at 366 Bay Street totalling $0.4 million and undrawn amounts on our CIB Facility of $78.4 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. Cash and undrawn revolving credit facilities(1) of $70.8 million comprises $18.0 million of cash and undrawn revolving credit facilities totalling $52.8 million.

During Q1 2025, the Trust drew $2.6 million against the CIB Facility. In total, we have drawn $34.5 million against the CIB Facility since 2022. These draws represent 80% of the costs to date for capital retrofits at certain properties in Toronto downtown for projects to reduce the operational carbon emissions in these buildings. Of the $34.5 million drawn on the CIB Facility, $8.8 million was used to fund the full building retrofit of 366 Bay Street to secure a full building lease for a term of 15 years.

On February 24, 2025, the Trust completed the sale of 438 University Avenue in Toronto, Ontario, for gross proceeds of $105.6 million, or approximately $327 per square foot, before adjustments and transaction costs. As previously disclosed, the transaction offered incremental benefits estimated to represent a value of over $20 million or $62 per square foot to the Trust. In connection with the sale, the Trust used the proceeds to repay the $68.9 million property mortgage outstanding and the balance of the proceeds was used to pay down the corporate credit facility.

On March 24, 2025, the Trust converted 5,893,083 Dream Industrial LP Class B limited partnership units to Dream Industrial REIT units. Subsequently, on March 27, 2025, the Trust completed the sale of 1,900,000 Dream Industrial REIT units for net proceeds of $21.4 million, or $11.27 per unit, after transaction costs and fees. Subsequent to the quarter, the Trust sold an additional 3,993,083 Dream Industrial REIT units, representing the remainder of the converted units from March 24, 2025 for total net proceeds of $40.4 million, or $10.13 per unit, after transaction costs and fees. The proceeds from both sales were used to pay down the Trust's corporate credit facility with the intent to improve liquidity and reduce the Trust's leverage.

On April 3, 2025, subsequent to the quarter, the Trust sold a vendor take-back ("VTB") mortgage receivable originating from a property sale in 2018 to a purchaser for $15 million before transaction costs. The proceeds of the sale were used to repay the corporate credit facility.

Over the course of 2024 and 2025 the Trust has crystallized certain tax losses from corporate reorganizations and the sale of the VTB mortgage that substantially offset the capital gains generated as a result of the conversion and sale of the Dream Industrial REIT units leading to a net neutral taxable income effect arising from these transactions.

(1) Cash and undrawn revolving credit facilities and total liquidity are non-GAAP financial measures. Please refer to the section "Non-GAAP Financial Measures and Ratios" for details of these measures.

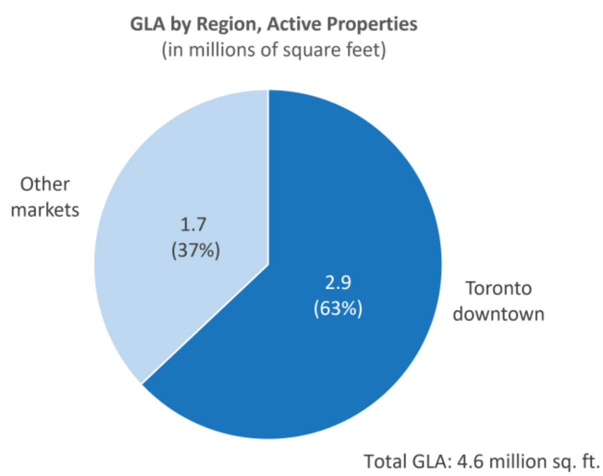
SECTION II

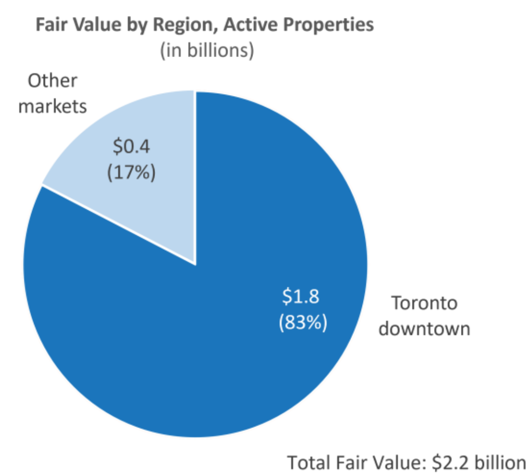
OUR PROPERTIES

At March 31, 2025, our ownership interests included 4.8 million square feet of GLA across 26 properties, which comprise 24 active office properties (4.6 million square feet) and two properties under development (0.2 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). We have excluded this equity accounted joint venture from all our metrics throughout this MD&A.

Total portfolio owned gross leasable area and fair value by region

The following pie charts illustrate the Trust's total GLA and the fair value of investment properties by region, excluding properties under development and investments in joint ventures that are equity accounted as at March 31, 2025.





Top ten tenants

Our external tenant base includes provincial and federal governments as well as a wide range of large, high-quality international corporations, including large financial institutions and small to medium-sized businesses across Canada. With 380 tenants and an average tenant size of approximately 10,000 square feet in our portfolio, excluding investment properties under development and investments in joint ventures that are equity accounted, our risk exposure to any single large lease or tenant is mitigated.

The following table outlines the contributions to total annualized gross rental revenue of our ten largest external tenants in our properties as at March 31, 2025. Our top ten tenants have a weighted average lease term of 6.5 years.

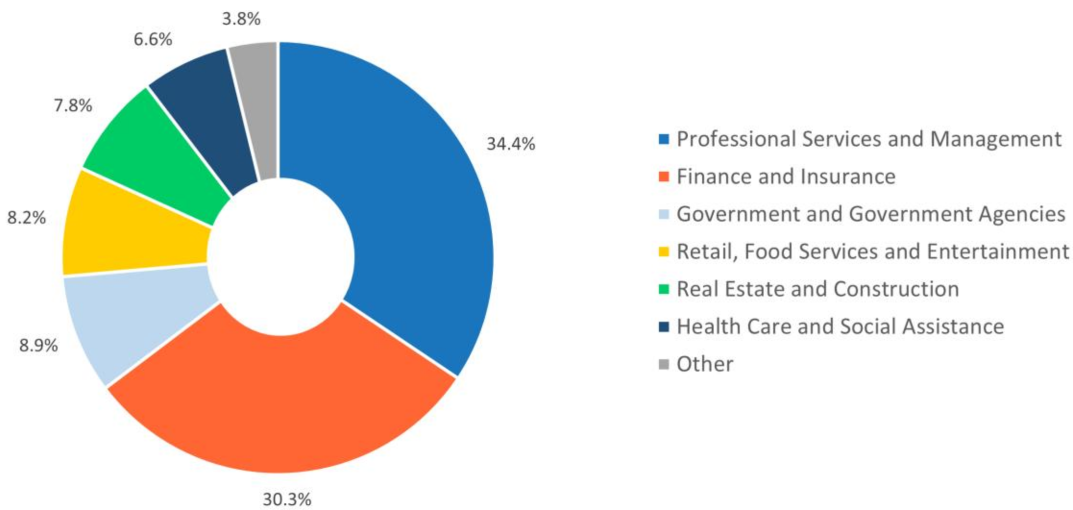
	Tenant	Gross rental revenue (%)	Owned area (thousands of sq. ft.)	Owned area (%)	Credit rating[1]
1	Government of Canada	5.8	179	3.9	AAA/A-1+
2	International Financial Data Services	4.4	137	3.0	N/R
3	International Language Academy of Canada	4.0	132	2.9	N/R
4	State Street Trust Company	3.0	82	1.8	AA-/A/A-1+
5	U.S. Bank National Association	2.9	185	4.0	A+/A-1
6	Co-operators Life Insurance	2.8	119	2.6	A-
7	Medcan Health Management Inc.	2.6	69	1.5	N/R
8	DBRS	2.3	72	1.6	N/R
9	Government of Ontario	2.0	73	1.6	AA-/A-1+
10	WeWork	1.9	65	1.4	N/R
	Total	31.7	1,113	24.3	

(1) As at March 31, 2025. 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

Our top ten tenants make up approximately 32% of gross rental revenue, and half of our top ten tenants have credit ratings of A- or higher.

The following chart profiles the industries in which our tenants operate, based on estimated annualized gross rental revenue. As illustrated in the chart, the Trust has a diversified and stable tenant mix.

Estimated Annualized Gross Rental Revenue by Tenant Industry



OUR OPERATIONS

The following key performance indicators related to our operations influence the cash flows generated from operating activities.

Performance indicators		**March 31, 2025**		December 31, 2024		March 31, 2024
Total portfolio[(1)]						
Occupancy rate – including committed (period-end)		**81.2%**		81.1%		83.5%
Occupancy rate – in-place (period-end)		**78.4%**		77.5%		79.3%
Average in-place and committed net rent per square foot (period-end)	**$**	**27.39**	$	27.20	$	26.78
Weighted average lease term (years)		**5.8**		5.5		5.2

(1) Total portfolio excludes properties held for sale, properties under development and investments in joint ventures that are equity accounted at the end of each period.

Occupancy

The following table details our in-place and committed occupancy and in-place occupancy rates, by geographical area, excluding properties held for sale, properties under development and investments in joint ventures that are equity accounted as at March 31, 2025, December 31, 2024 and March 31, 2024. Our in-place and committed occupancy rates include lease commitments for space that is currently being readied for occupancy but for which rent is not yet being recognized.

	In-place and committed occupancy rate			In-place occupancy rate		
Occupancy rate (percentage)	**March 31, 2025**	December 31, 2024	March 31, 2024	**March 31, 2025**	December 31, 2024	March 31, 2024
Toronto downtown	**84.2**	83.8	88.5	**80.0**	80.2	83.7
Other markets	**76.1**	76.6	75.0	**75.8**	73.1	71.8
Total portfolio[(1)]	**81.2**	81.1	83.5	**78.4**	77.5	79.3

(1) Total portfolio excludes properties held for sale, properties under development and investments in joint ventures that are equity accounted at the end of each period.

Total portfolio in-place occupancy on a quarter-over-quarter basis increased by 0.9% relative to Q4 2024. In the Other markets region, in-place occupancy increased by 2.7% relative to Q4 2024 as 52,000 square feet of new lease commencements were partially offset by 5,000 square feet of expiries. In Toronto downtown, in-place occupancy decreased slightly by 0.2% relative to Q4 2024 as 92,000 square feet of expiries were partially offset by 31,000 square feet of renewals and 60,000 square feet of new lease commencements.

Total portfolio in-place occupancy on a year-over-year basis decreased from 79.3% in Q1 2024 to 78.4% this quarter, as in-place occupancy in Toronto downtown declined by 3.7% year-over-year and was partially offset by an increase in in-place occupancy in

Other markets of 4.0% year-over-year. The decrease in in-place occupancy in Toronto downtown was primarily driven by the lease expiry at 74 Victoria Street in Q4 2024 (-4.9%) and the sale of 438 University Avenue in Q1 2025 (-1.0%), partially offset by positive absorption in the remainder of the region totalling 67,000 square feet (+2.0%) and the effect of the reclassification of the fully occupied 366 Bay Street to active properties in Q3 2024 (+0.2%). The increase in in-place occupancy in Other markets was primarily driven by positive absorption in the region of 78,000 square feet (+4.3%) and the impact of the sale of the Saskatoon parking lot in Q3 2024 (+0.1%), net of the negative impact of the reclassification of 606-4th Building & Barclay Parkade to properties under development in Q4 2024 (-0.4%).

In-place and committed occupancy increased by 0.1% quarter-over-quarter, primarily driven by a 0.4% increase in Toronto downtown due to strong leasing during the quarter, partially offset by a decline of 0.5% in Other markets due to a net decrease in future leases committed in the region despite an overall increase in in-place occupancy. Year-over-year, in-place and committed occupancy decreased by 2.3% primarily driven by negative absorption in Toronto downtown, partially offset by positive absorption in Other markets year-over-year.

At quarter-end, the Trust has 125,000 square feet of vacancy committed for future occupancy. In Toronto downtown, 74,000 square feet, or 2.6% of the region’s total gross leasable area, is scheduled to commence in 2025 at net rents 25.1% higher than prior net rents on the same space with a weighted average lease term of 8.2 years, while 46,000 square feet is scheduled to commence in 2026 at net rents 25.1% higher than previous net rents on the same space with a weighted average lease term of 11.7 years.

In the Other markets region, 5,000 square feet, or 0.3% of the region’s total gross leasable area, is scheduled to commence in 2025 at 70.4% higher than prior net rents on the same space with a weighted average lease term of 9.1 years.

The following table details the change in total portfolio in-place and committed occupancy for the three months ended March 31, 2025:

	Three months ended March 31, 2025		
	Weighted average net rents per sq. ft.	Thousands of sq. ft.	As a percentage of total GLA
Total portfolio occupancy (in-place and committed) at beginning of period(1)		3,736	81.1%
Vacancy committed for future occupancy(1)		(164)	(3.6%)
Total portfolio occupancy (in-place) at beginning of period(1)		3,572	77.5%
Natural expiries and relocations	$ (17.72)	(75)	(1.6%)
Early terminations and bankruptcies	(33.63)	(10)	(0.2%)
Temporary lease expiries	(30.00)	(12)	(0.3%)
Temporary leasing	9.03	16	0.3%
New leases	21.20	96	2.1%
Renewals and relocations	24.19	31	0.6%
Total portfolio occupancy (in-place) at end of period(1)		3,618	78.4%
Vacancy committed for future occupancy(1)		125	2.8%
Total portfolio occupancy (in-place and committed) at end of period(1)		3,743	81.2%

(1) Excludes properties held for sale, properties under development and investments in joint ventures that are equity accounted.

For the three months ended March 31, 2025, excluding temporary leasing, 83,000 square feet of leases commenced in Toronto downtown at net rents of $27.09 per square foot, or 47.3% higher compared to the previous rent on the same space with a weighted average lease term of 4.2 years. In the Other markets region, 44,000 square feet of leases commenced at $12.23 per square foot, or 27.2% lower than the previous rent on the same space as current rates rolled down to market with a weighted average lease term of 12.8 years.

The table below summarizes the total portfolio retention ratio with a comparison between the renewal and relocation rate and expiring rate on retained tenant space for the three months ended March 31, 2025. As a result of the timing of lease executions, the renewal rates shown below are based on commitments signed in previous periods and may not be reflective of the renewal rates of leases executed during the quarter for future occupancy.

		Three months ended March 31, 2025(1)
Tenant retention ratio		41.3%
Renewal and relocation rate (per sq. ft.)	$	24.19
Expiring rate on retained tenant space (per sq. ft.)		23.41
Renewal and relocation rate to expiring rate spread (per sq. ft.)		0.78
Renewal and relocation rate to expiring rate spread		3.3%

(1) Excludes properties held for sale, properties under development and investments in joint ventures that are equity accounted.

Total portfolio in-place and committed net rent

Total portfolio in-place and committed net rents represent contractual annual net rental rates per leased square foot, excluding percentage rents, for binding leases with current and future tenants as at March 31, 2025, December 31, 2024 and March 31, 2024.

Average in-place and committed net rents across our total portfolio were $27.39 per square foot at March 31, 2025, an increase when compared to $27.20 per square foot at December 31, 2024 and an increase relative to $26.78 per square foot at March 31, 2024.

In Toronto downtown, average in-place and committed net rents increased by 0.6% quarter-over-quarter, driven by higher rates in the region from new leases, renewals and rent step-ups. In the Other markets region, net rents increased by 0.3% relative to Q4 2024, primarily driven by rent step-ups in the region.

The increase in total portfolio in-place net rents on a year-over-year basis was primarily driven by an increase in net rents of 3.4% in Toronto downtown and an increase in net rents of 2.3% in Other markets. The increase in net rents in Toronto downtown was primarily driven by the sale of 438 University Avenue in Q1 2025, which previously carried net rents lower than the regional average, and higher rates in the region from new leases, renewals, rent step-ups and transacted deals completed year-over-year, partially offset by reduced rents at 74 Victoria Street for the lease expiry in Q4 2024 rolling off at higher rates than the regional average. In Other markets, the increase in net rents was primarily driven by the effect of the reclassification of 606-4th Building & Barclay Parkade to properties under development, which previously carried net rents lower than the regional average, and higher rates on new leases commenced year-over-year.

The following table details the average in-place and committed net rental rates in our total portfolio as at March 31, 2025, December 31, 2024 and March 31, 2024:

	Average in-place and committed net rent (per sq. ft.)(1)					
		March 31, 2025		December 31, 2024		March 31, 2024
Toronto downtown	**$**	**32.61**	$	32.43	$	31.54
Other markets		**17.59**		17.54		17.20
Total portfolio(2)	**$**	**27.39**	$	27.20	$	26.78

(1) Excludes percentage rents.

(2) Total portfolio excludes assets held for sale, properties under development and investments in joint ventures that are equity accounted at the end of each period.

Market rents represent base rents only and do not include the impact of lease incentives. Market rents reflect management's best estimates with reference to recent leasing activity and external market data, which do not include allowances for increases in future years. The market rents presented in the next table are based on the best available information as at the current period and may vary significantly from period-to-period as a result of changes in economic conditions and market trends.

As a result of when leases are executed, there is typically a lag between leasing spreads on current period lease commencements relative to our estimates of the spreads on estimated market rents compared to average in-place and committed net rental rates as at March 31, 2025.

The following table compares market rents in our total portfolio to the average in-place and committed net rent as at March 31, 2025.

	As at March 31, 2025		
	Market rent[1] (per sq. ft.)	Average in-place and committed net rent (per sq. ft.)[2]	Market rent/ average in-place and committed net rent
Toronto downtown	$ 34.63	$ 32.61	6.2%
Other markets	18.88	17.59	7.3%
Total portfolio[3]	$ 28.73	$ 27.39	4.9%

(1) Market rents include office and retail space.

(2) Excludes percentage rents.

(3) Total portfolio excludes assets held for sale, properties under development and investments in joint ventures that are equity accounted.

Total portfolio leasing costs and lease incentives

Initial direct leasing costs include leasing fees and related costs and broker commissions incurred in negotiating and arranging tenant leases. Lease incentives include costs incurred to make leasehold improvements to tenant spaces, cash allowances and other tenant incentives. Initial direct leasing costs and lease incentives are dependent upon asset type, location, the mix of new leasing activity compared to renewals, portfolio growth and general market conditions.

Initial direct leasing costs shown in the table below include costs attributable to leases that commenced in the respective periods. Due to the timing of the signing of lease agreements, certain costs, such as broker commissions, may be incurred in advance of the lease commencement.

For the three months ended March 31, 2025, our total portfolio average initial direct leasing costs and lease incentives were $7.71 per square foot per year, representing an increase of $3.01 per square foot per year over the prior year comparative quarter. Leasing costs for leases commencing in a given period are subject to a number of variables, including the location, type of real estate, condition of space, term of lease and tenant profile. As we continue to invest in our buildings to improve occupancy and enhance the value of our assets, leasing costs are currently higher than historical norms.

	Three months ended March 31,	
Performance indicators	**2025[1]**	2024[1]
Leases that commenced during the period		
Thousands of square feet	**127**	45
Average lease term (years)	**7.2**	2.9
Initial direct leasing costs and lease incentives		
Thousands of dollars	**$ 7,047**	$ 614
Per square foot	**55.49**	13.64
Per square foot per year	**7.71**	4.70

(1) Current and comparative period excludes temporary leases. Total portfolio excludes properties under development and investments in joint ventures that are equity accounted at the end of each period.

Total portfolio lease maturity profile, lease commitments and expiring net rental rates

The following table details our in-place lease maturity profile, lease commitments and expiring net rental rates by geographical region and by year, properties under development and investments in joint ventures that are equity accounted as at March 31, 2025:

(in thousands of square feet)	Temporary leases	Remainder of 2025	2026	2027	2028	2029	2030+
Toronto downtown							
Expiries	(29)	(227)	(300)	(541)	(147)	(227)	(837)
Expiring net rents at maturity	$ 3.50	$ 36.70	$ 29.85	$ 31.01	$ 29.77	$ 35.76	$ 38.86
Commencements	n/a	189	106	148	1	27	82
Commencements as a percentage of expiries	n/a	83%	35%	27%	1%	12%	10%
Other markets							
Expiries	(71)	(232)	(113)	(160)	(108)	(149)	(477)
Expiring net rents at maturity	$ 12.69	$ 18.63	$ 21.06	$ 17.94	$ 16.91	$ 18.18	$ 19.84
Commencements	n/a	5	14	56	—	—	30
Commencements as a percentage of expiries	n/a	2%	12%	35%	—	—	6%
Total portfolio							
Expiries	(100)	(459)	(413)	(701)	(255)	(376)	(1,314)
Expiring net rents at maturity	$ 10.05	$ 27.58	$ 27.44	$ 28.03	$ 24.33	$ 28.80	$ 31.65
Commencements	n/a	194	120	204	1	27	112
Commencements as a percentage of expiries	n/a	42%	29%	29%	0%	7%	9%

n/a – not applicable

Due to the timing of when leases are executed, there may be a lag between changes in market rents and the commencement of leases negotiated at market rents.

Committed net rents on 2025 commencements are $36.44 per square foot in Toronto downtown and $21.74 per square foot in Other markets. In 2026, committed net rents on commencements are $32.96 per square foot in Toronto downtown and $22.00 per square foot in Other markets.

Included in lease expiries for Other markets in 2025 is the lease for all of the building at 12800 Foster Street, Overland Park, Kansas, which expires on November 30, 2025. This 185,000 square foot lease expiry represents 80% of the Trust's remaining maturities in Other markets for 2025. The Trust is currently in discussions with the existing tenant and prospective new tenants on leases for the space and is exploring the potential sale opportunities for this asset.

Net rental income

Net rental income in the Trust's financial statements is total investment property revenue, which includes property management and other service fees, less investment property operating expenses. Property management and other service fees comprise property management fees earned from properties owned by Dream Asset Management Corporation ("DAM") and properties owned by, or co-owned with, Dream Impact Trust, and fees earned from managing tenant construction projects and other tenant services. Fees earned from managing tenant construction projects and tenant services are not necessarily of a recurring nature and the amounts may vary year-over-year.

For a detailed discussion about investment properties revenue and expenses for the three months and year ended December 31, 2024, refer to the "Our Results of Operations" section in this MD&A.

Comparative properties NOI

Comparative properties NOI is a non-GAAP financial measure used by management in evaluating the performance of properties owned by the Trust in the current and comparative periods presented. When the Trust compares comparative properties NOI on a year-over-year basis for the three months ended March 31, 2025 and March 31, 2024, the Trust excludes properties under development completed subsequent to January 1, 2024 and assets held for sale or properties sold as at or prior to the current period. Comparative properties NOI also excludes NOI from properties under development; property management and other service fees; lease termination fees; one-time property adjustments, if any; provisions; straight-line rent; amortization of lease incentives; and NOI from sold properties. This measure is not a standardized financial measure under IFRS Accounting Standards and might not be comparable to similar financial measures disclosed by other issuers. See "Non-GAAP Financial Measures and Ratios" for a description of this non-GAAP financial measure.

	Three months ended March 31, 2025	March 31, 2024	Change Amount	Change %	Change in weighted average occupancy %	Change in in-place net rents %
Toronto downtown	**$ 18,899**	$ 18,979	$ (80)	(0.4)	(3.5)	2.5
Other markets	**6,066**	5,946	120	2.0	3.1	(4.5)
Comparative properties NOI	**24,965**	24,925	40	0.2	(1.0)	(0.1)
366 Bay Street, Toronto	**357**	2	355			
Properties under development	**846**	723	123			
Property management and other service fees	**533**	408	125			
Lease termination fees and other	**331**	3	328			
Change in provisions	**(164)**	(50)	(114)			
Straight-line rent	**494**	186	308			
Amortization of lease incentives	**(3,316)**	(3,010)	(306)			
Sold properties	**955**	2,266	(1,311)			
Net rental income	**$ 25,001**	$ 25,453	$ (452)	(1.8)		

For the three months ended March 31, 2025, comparative properties NOI increased slightly by 0.2%, or $40 thousand, over the prior year comparative quarter, as higher in-place rents in Toronto downtown from rent step-ups and higher rates on new leases, as well as higher weighted average occupancy, higher parking income and lower non-recoverable expenses in Other markets were offset by a lease expiry at 74 Victoria Street in Toronto downtown. For the three months ended March 31, 2025, net rental income decreased by 1.8%, or $0.5 million, over the prior year comparative quarter, primarily due to lower income from sold properties relating to the sale of 438 University Avenue in February 2025.

For the three months ended March 31, 2025, comparative properties NOI in Toronto downtown decreased slightly by 0.4%, or $0.1 million, over the prior year comparative quarter, primarily due to lower weighted average occupancy in the region driven by the 206,000 square foot lease expiry at 74 Victoria Street in October 2024, offset by higher in-place rents from rent step-ups and free rent periods rolling off and higher occupancy at other properties from new lease commencements.

In Other markets, comparative properties NOI increased by 2.0%, or $0.1 million, over the prior year comparative quarter, primarily due to higher weighted average occupancy from new leasing in Calgary and Saskatchewan, along with higher parking income and lower non-recoverable expenses in the region, which were partially offset by lease expiries in the Greater Toronto Area.

Lease termination fees and other are not necessarily of a recurring nature and the amounts may vary year-over-year. For the three months ended March 31, 2025, lease termination fees and other amounted to income of $0.3 million (March 31, 2024 – $3 thousand).

The Trust currently has two properties under development: 67 Richmond Street West in Toronto downtown and 606-4th Building & Barclay Parkade in Calgary.

OUR RESULTS OF OPERATIONS

Condensed consolidated statement of comprehensive income (loss)

(in thousands of Canadian dollars)	Three months ended March 31, 2025	2024
Investment properties revenue	**$ 47,929**	$ 48,495
Investment properties operating expenses	**(22,928)**	(23,042)
Net rental income	**25,001**	25,453
Other income (loss)		
Net income (loss) from investment in Dream Industrial REIT	**(8,220)**	3,054
Share of net loss from investment in joint ventures	**(150)**	(171)
Interest and other income	**393**	464
	(7,977)	3,347
Other expenses		
General and administrative	**(2,240)**	(2,238)
Interest:		
Debt	**(16,351)**	(15,422)
Subsidiary redeemable units	**(654)**	(872)
Depreciation on property and equipment	**(1)**	(22)
	(19,246)	(18,554)
Fair value adjustments, leasing costs, impairment and net losses on transactions		
Fair value adjustments to investment properties	**(18,783)**	(17,293)
Fair value adjustments to financial instruments	**(6,114)**	19,674
Internal leasing costs and net losses on transactions	**(3,662)**	(604)
Impairment of VTB mortgage receivable	**(2,278)**	—
	(30,837)	1,777
Income (loss) before income taxes	**(33,059)**	12,023
Current and deferred income taxes expense, net	**(124)**	(157)
Net income (loss)	**(33,183)**	11,866
Other comprehensive loss	**(847)**	(578)
Comprehensive income (loss)	**$ (34,030)**	$ 11,288

Investment properties revenue

Investment properties revenue includes base rent from investment properties, recoveries of operating costs and property taxes from tenants, parking services revenue, the impact of straight-line rent adjustments, lease termination fees and other adjustments, as well as fees earned from property management and other services, including leasing and construction. Leasing, construction and lease termination fees and other adjustments are not necessarily of a recurring nature and the amounts may vary year-over-year. Investment properties revenue for the three months ended March 31, 2025 was $47.9 million compared to $48.5 million in the prior year comparative quarter.

The decrease over the prior year comparative quarter was primarily driven by lower investment property revenue due to the sale of 438 University Avenue in February 2025 and lower weighted average occupancy in Toronto downtown due to the lease expiry at 74 Victoria Street in Q4 2024, partially offset by higher in-place net rents on renewals and new leasing in Toronto downtown and higher investment property revenue at 366 Bay Street in Toronto as a result of the full building lease on development completion.

Investment properties operating expenses

Investment properties operating expenses comprise operating costs and property taxes as well as certain expenses that are not recoverable from tenants. Operating expenses fluctuate with changes in occupancy levels, expenses that are seasonal in nature and the level of repairs and maintenance incurred in any given period.

Investment properties operating expenses for the three months ended March 31, 2025 was $22.9 million compared to $23.0 million in the prior year comparative quarter. The decrease in investment properties operating expenses over the prior year comparative quarter was primarily driven by lower expenses from the sale of 438 University Avenue this quarter, largely offset by higher utilities and heating, ventilation and air conditioning expenses due to higher property utilization.

Net income (loss) from investment in Dream Industrial REIT

Net income from our investment in Dream Industrial REIT includes our share of the entity's net income, net of adjustments related to our ownership of Dream Industrial REIT's subsidiary redeemable units. Net income from our investment in Dream Industrial REIT is not necessarily of a recurring nature and the amounts may vary from period-to-period due to fluctuations in the net income of Dream Industrial REIT and changes in our ownership levels. Net dilution gains and losses occur as a result of equity issuances by Dream Industrial REIT from public offerings and Dream Industrial REIT's deferred unit incentive and dividend reinvestment plans and vary from period-to-period based on the dilutive effect of the issuances on our share of the equity from Dream Industrial REIT relative to our share of the proceeds received from the equity issuances. Included in net income from our investment in Dream Industrial REIT are transactional losses on the sale of Dream Industrial REIT units.

The following table summarizes the net income from investment in Dream Industrial REIT:

	Three months ended March 31,	
	2025	2024
Share of income	**$ 2,101**	$ 3,136
Dilution loss	**(386)**	(82)
Loss on the sale of Dream Industrial REIT units	**(10,592)**	—
Transaction costs on sale of Dream Industrial REIT units	**(11)**	—
Reclassification of accumulated other comprehensive income to net income due to sale of units	**668**	—
Net income (loss) from investment in Dream Industrial REIT	**$ (8,220)**	$ 3,054

Our share of income from our investment in Dream Industrial REIT before dilution adjustments and transactional losses on the sale of Dream Industrial REIT units decreased by $1.0 million, over the prior year comparative quarter. The decrease over the prior year comparative quarter was primarily due to a reduction in ownership percentage due to the sale of Dream Industrial REIT units during the quarter.

On March 27, 2025, the Trust sold 1,900,000 Dream Industrial REIT units for net proceeds of $21.4 million. As a result of the sale, the Trust recorded a loss totalling $10.6 million for the difference between the net proceeds and the carrying value of the investment.

Share of net loss from investment in joint ventures

Our investment in joint ventures includes the Trust's 50% interest in a partnership that acquired 220 King Street West in Toronto during Q3 2019, the Trust's investment in Alate, a venture focused on the property technology market in which we have invested jointly with DAM, the Trust's 50% interest in a partnership with CentreCourt for the mixed-use development of Block 2 at 2200–2206 Eglinton Avenue East and 1020 Birchmount Road in Scarborough, Ontario, and the Trust's 50% interest in a partnership with INK Entertainment for the premium restaurant Daphne in the Bay Street corridor.

For the three months ended March 31, 2025, the Trust's share of net loss from investment in joint ventures amounted to a loss of $0.2 million, representing a reduced loss of $21 thousand over the prior year comparative quarter. The slight increase in income over the prior year comparative quarter was primarily due to income from our restaurant partnership compared to net losses in the prior year startup period and higher net rental income from 220 King Street West, partially offset by foreign exchange adjustments in our investment in Alate.

Interest and other income

Interest and other income mainly comprise interest earned on vendor take-back mortgage ("VTB mortgage") receivables and a loan facility committed as part of the sale of a property in 2018, cash on hand and miscellaneous income. The interest earned on cash on hand and miscellaneous income are not necessarily of a recurring nature and may vary year-over-year, depending on the amount of cash on hand and miscellaneous income in any given period.

For the three months ended March 31, 2025, interest and other income was $0.4 million compared to $0.5 million in the prior year comparative quarter. The decrease over the prior year comparative quarter was primarily due to lower interest income on the VTB mortgage receivable.

General and administrative expenses

The following table summarizes the nature of expenses included in G&A expenses:

	Three months ended March 31,	
	2025	2024
Salaries and benefits	**$ (940)**	$ (750)
Deferred compensation expense	**(397)**	(348)
Professional services fees, public reporting, overhead-related costs and other	**(903)**	(1,140)
General and administrative expenses	**$ (2,240)**	$ (2,238)

Interest expense – debt

For the three months ended March 31, 2025, interest expense on debt was $16.4 million relative to $15.4 million in the prior year comparative quarter.

The increase in interest expense on debt over the prior year comparative quarter was primarily due to higher interest rates on mortgages refinanced in the prior year, partially offset by a reduction in interest from the disposition of 438 University Avenue in February 2025 and lower interest rates on our variable debt.

Interest expense – subsidiary redeemable units

The interest expense on subsidiary redeemable units represents distributions paid and payable on the 2.6 million post-Unit Consolidation subsidiary redeemable units (March 31, 2024 – 2.6 million post-Unit Consolidation subsidiary redeemable units) owned by DAM.

Interest expense on subsidiary redeemable units for the three months ended March 31, 2025 was $0.7 million compared to $0.9 million in the prior year comparative quarter. The decrease in interest expense on subsidiary redeemable units was due to lower distributions as a result of the Unit Consolidation in February 2024.

Fair value adjustments to investment properties

Refer to the heading “Fair value adjustments to investment properties” in the “Investment Properties” section for a discussion of fair value adjustments to investment properties for the three months ended March 31, 2025.

Fair value adjustments to financial instruments

Fair value adjustments to financial instruments include remeasurements of the carrying value of subsidiary redeemable units and deferred trust units (“DTUs”), which are carried as unit-settled liabilities under IFRS Accounting Standards as a result of changes in the Trust’s REIT A Unit trading price and derivative contract remeasurements. The fair value of the derivative contracts is calculated internally using external data provided by qualified professionals based on the present value of the estimated future cash flows determined using observable yield curves. Fair value adjustments to financial instruments may vary significantly from period-to-period as a result of movements in the Trust’s REIT A Unit trading price and market yield curves.

For the three months ended March 31, 2025, the Trust recorded fair value losses of $6.1 million. Fair value losses in the current quarter consisted of fair value losses of $6.1 million from remeasurements on rate swap contracts and $0.2 million in losses from the remeasurement of DTUs, offset by fair value gains from the remeasurement of the carrying value of subsidiary redeemable units of $0.2 million as a result of a decrease in the Trust's unit price relative to December 31, 2024.

Internal leasing costs and net losses on transactions

The following table summarizes the nature of expenses included in internal leasing costs and net losses on transactions:

	Three months ended March 31,	
	2025	2024
Internal leasing costs	**$ (420)**	$ (574)
Costs attributable to sale of investment properties	**(2,727)**	(30)
Debt settlement costs	**(515)**	—
Internal leasing costs and net losses on transactions	**$ (3,662)**	$ (604)

Impairment of VTB mortgage receivable

On April 3, 2025, subsequent to the quarter, the Trust sold a VTB mortgage receivable to a purchaser for $15.0 million before transaction costs totalling $0.1 million. During the quarter the mortgage was marked to the sale price, resulting in an impairment expense of $2.3 million.

Current and deferred income taxes expense, net

Current and deferred income taxes are not necessarily of a recurring nature and the amounts may vary from period-to-period due to changes in tax legislation and the performance of our U.S. subsidiary.

For the three months ended March 31, 2025 and March 31, 2024, the Trust recorded net current and deferred taxes of $0.1 million and $0.2 million, respectively, relating to our sole investment property in the U.S.

Other comprehensive income (loss)

Other comprehensive income (loss) is not necessarily of a recurring nature and the amounts may vary from period-to-period primarily due to changes in exchange rates. Other comprehensive income (loss) comprises unrealized foreign currency translation gain (loss) related to the investment property located in the U.S., the Trust's share of Dream Industrial REIT's other comprehensive income and share of other comprehensive loss from an investment in a joint venture.

For the three months ended March 31, 2025, other comprehensive income (loss) amounted to a loss of $0.8 million compared to a loss of $0.6 million, for the three months ended March 31, 2024. The change in other comprehensive income (loss) over the prior year comparative quarter was primarily driven by the reclassification of accumulated other comprehensive income to net income on the sale of 1,900,000 units of Dream Industrial REIT this quarter, as well as foreign currency translation adjustments on our U.S. property.

Funds from operations

FFO is a non-GAAP financial measure and diluted FFO per unit is a non-GAAP ratio. Diluted FFO per unit is calculated as FFO (a non-GAAP financial measure) divided by the diluted weighted average number of units. Management believes that FFO (including diluted FFO per unit) is an important measure of our operating performance. This non-GAAP financial measure is a commonly used measure of performance of real estate operations. However, it is not a standardized financial measure under IFRS Accounting Standards and it might not be comparable to similar financial measures disclosed by other issuers. It does not represent net income or cash flows generated from (utilized in) operating activities, as defined by IFRS Accounting Standards, and is not necessarily indicative of cash available to fund Dream Office REIT's needs. FFO has been further defined and reconciled with net income in the "Non-GAAP Financial Measures and Ratios" section under the heading "Funds from operations and diluted FFO per unit". Diluted weighted average number of units is defined in the section "Supplementary Financial Measures and Other Disclosures" under the heading "Weighted average number of units".

The following table summarizes FFO and diluted FFO per unit:

	Three months ended March 31,	
	2025	2024
FFO for the period	**$ 13,276**	$ 14,106
Diluted weighted average number of units[(1)(2)]	**19,565**	19,410
Diluted FFO per unit[(2)]	**$ 0.68**	$ 0.73

(1) Diluted weighted average number of units includes the weighted average of all REIT A Units, subsidiary redeemable units, vested but unissued and unvested DTUs and associated income DTUs. Please refer to the "Supplementary Financial Measures and Other Disclosures" section under the heading "Weighted average number of units" for details of this measure.

(2) 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.

For the three months ended March 31, 2025, diluted FFO per unit decreased by $0.05 per unit to $0.68 per unit relative to $0.73 per unit in Q1 2024, driven by lower NOI due to the sale of 438 University Avenue partway through Q1 (-$0.07), higher interest expense (-$0.05) and higher tenant provisions (-$0.01), partially offset by higher straight-line rent from free-rent periods (+$0.02), higher income from the completed development at 366 Bay Street in Toronto (+$0.02), other cash income included in net rental income (+$0.02), higher income from properties under development (+$0.01) and higher FFO from Dream Industrial REIT (+$0.01).

Related party transactions

From time to time, Dream Office REIT and its subsidiaries enter into transactions with related parties that are generally conducted on a cost recovery basis or under normal commercial terms.

Related party transactions with Dream Asset Management Corporation

The following is a summary of costs processed by DAM and the Trust for the three months ended March 31, 2025 and March 31, 2024:

	Three months ended March 31,			
		2025		2024
Property management services fee charged by the Trust	**$**	**122**	$	109
Expenditures processed by the Trust on behalf of DAM (on a cost recovery basis)		**3,231**		3,063
Development fees charged by DAM		**(215)**		(143)
Expenditures processed by DAM on behalf of the Trust (on a cost recovery basis)		**(429)**		(370)
Net fees and reimbursements from DAM	**$**	**2,709**	$	2,659

For the three months ended March 31, 2025, total distributions and subsidiary redeemable interest paid and payable to DAM were $1.5 million (for the three months ended March 31, 2024 – $1.9 million).

Related party transactions with Dream Impact Trust

The following is a summary of the amounts that were charged to Dream Impact Trust for the three months ended March 31, 2025 and March 31, 2024:

	Three months ended March 31,			
		2025		2024
Property management and construction fees related to co-owned and managed properties	**$**	**190**	$	220
Costs processed on behalf of Dream Impact Trust related to co-owned and managed properties		**332**		381
Amounts charged to Dream Impact Trust under the services agreement		**224**		241
Total cost recoveries from Dream Impact Trust	**$**	**746**	$	842

Related party transactions with Dream Industrial REIT

The following is a summary of the cost recoveries from Dream Industrial REIT for the three months ended March 31, 2025 and March 31, 2024:

	Three months ended March 31,			
		2025		2024
Total cost recoveries from Dream Industrial REIT	**$**	**1,958**	$	2,017

SECTION III

INVESTMENT PROPERTIES

Investment properties continuity

Changes in the value of our investment properties by region, excluding an investment property owned through an investment in a joint venture that is equity accounted, for the three months ended March 31, 2025 are summarized in the following table:

	Three months ended											
		January 1, 2025		Building improvements, initial direct leasing costs and lease incentives		Fair value adjustments		Amortization of lease incentives, foreign exchange and other adjustments[1]		Sold property		**March 31, 2025**
Toronto downtown	$	1,750,357	$	9,277	$	(7,534)	$	(1,860)	$	—	**$**	**1,750,240**
Other markets		372,346		3,000		(5,254)		(833)		—		**369,259**
Active properties		2,122,703		12,277		(12,788)		(2,693)		—		**2,119,499**
Add:												
Properties under development		52,312		2,931		(3,020)		(138)		—		**52,085**
Total amounts included in condensed consolidated financial statements	$	2,175,015	$	15,208	$	(15,808)	$	(2,831)	$	—	**$**	**2,171,584**
Assets held for sale/sold property	$	105,600	$	2	$	(2,975)	$	(208)	$	(102,419)	**$**	—

(1) Included in Other markets is a foreign currency translation adjustment totalling $(37) related to a property located in the U.S. during the quarter.

Properties under development

As of March 31, 2025, the Trust has two properties under development: 606-4th Building & Barclay Parkade in Calgary and 67 Richmond Street West in Toronto downtown.

The development project underway at 606-4th Building & Barclay Parkade will convert the existing 126,000 square foot office building into a brand new 166-unit, purpose-built rental residential apartment. At 67 Richmond Street West, the Trust expanded the scope of the project in Q4 2024 to include building out model suites for the remainder of the vacant space at the property to meet the current market demand for move-in ready space and reduce lease-up time on completion. With the expansion in project scope, 67 Richmond Street West is expected to be completed at the end of Q2 2025.

Valuations of externally appraised properties

The following table summarizes the investment properties valued by qualified external valuation professionals for the three months ended March 31, 2025 and year ended December 31, 2024 by fair values:

	March 31, 2025	December 31, 2024
Investment properties valued by qualified external valuation professionals (in millions)	**$ 21**	$ 894
Number of investment properties valued by qualified external valuation professionals	**1**	8
Percentage of the total investment properties valued by qualified external valuation professionals	**1%**	41%

Fair value adjustments to investment properties

The valuation of investment properties relies on certain assumptions, which include, but are not limited to, market rents, leasing costs, vacancy rates, discount rates and capitalization rates ("cap rates"). The Trust monitors the effects of market trends and changes in the economic environment on the valuation of its investment properties. If there are changes in the critical and key assumptions used in valuing the investment properties or in regional, national or international economic conditions, the fair value of investment properties may change materially.

For the three months ended March 31, 2025, the Trust recorded a fair value loss totalling $15.8 million, comprising fair value losses of $7.5 million in Toronto downtown, $5.3 million in Other markets and $3.0 million in our properties under development. Fair value losses in Toronto downtown were primarily driven by write-downs at a few properties due to expansions in cap rates and write-offs of maintenance capital spend, partially offset by increases in in-place market rents at certain properties. Fair value losses in the Other markets region were primarily driven by a write-down at one property resulting from a change in valuation assumptions. Fair value losses in our property under development were primarily driven by revised leasing timelines.

Assumptions used in the valuation of investment properties

Refer to Note 3 of the condensed consolidated financial statements for details of the assumptions used in the Trust's investment property valuations, which are incorporated by reference into this MD&A.

Building improvements

Building improvements represent investments made in our investment properties to ensure optimal building performance; to improve the experience of, and attractiveness to, our tenants; and to reduce operating costs. In order to retain desirable rentable space and maintain or increase revenue over the long term, we must maintain or, in some cases, improve each property's condition to meet market demand.

Our strategy is to invest in capital projects that enhance our highest quality and best-located assets in order to attract quality tenants at the highest possible rents. In addition to making our properties more desirable, our capital program enhances property efficiency and reduces future maintenance and operating costs.

The table below summarizes the building improvements incurred for the three months ended March 31, 2025 and March 31, 2024:

	Three months ended March 31,	
Building improvements	**2025**	2024
Recoverable	**$ 1,575**	$ 770
Value-add	**2,795**	4,171
Non-recoverable	**474**	314
Active properties	**4,844**	5,255
Add:		
Properties under development	**2,713**	3,187
Interest capitalized to properties under development	**211**	232
Total	**$ 7,768**	$ 8,674
Less: Interest capitalized to properties under development	**(211)**	(232)
Total amounts included in condensed consolidated financial statements	**$ 7,557**	$ 8,442

For the three months ended March 31, 2025, we incurred $4.8 million in expenditures related to building improvements in our active portfolio.

Recoverable building improvements are capital expenditures on investment properties required to maintain current net rental rates for new leases that are recoverable from tenants. For the three months ended March 31, 2025, recoverable building improvements were $1.6 million, and included safety enhancements, heating, ventilation and air conditioning upgrades, elevator modernization, roofing replacements, and recoverable lobby and common area upgrades.

Value-add building improvements are building capital expenditures that are made with the aim of enhancing building quality in order to increase net rents on future leases or pre-development costs for contemplated future developments. For the three months ended March 31, 2025, value-add building improvements were $2.8 million.

Dispositions update

On February 24, 2025, the Trust completed the sale of 438 University Avenue in Toronto, Ontario for gross proceeds of $105.6 million before adjustments and transaction costs.

INVESTMENT IN DREAM INDUSTRIAL REIT

Dream Industrial REIT is an unincorporated, open-ended real estate investment trust listed on the Toronto Stock Exchange (“TSX”) under the symbol “DIR.UN”.

The table below summarizes the Trust’s ownership of Dream Industrial REIT:

	As at	
	March 31, 2025	December 31, 2024
Dream Industrial REIT units held, end of period	**4,185,818**	192,735
Dream Industrial LP Class B limited partnership units held, end of period	**7,453,489**	13,346,572
Total units held, end of period	**11,639,307**	13,539,307
Total Dream Industrial REIT units (including LP B Units) outstanding, end of period	**292,511,671**	291,166,556
Ownership at period-end	**4.0%**	4.7%

On March 24, 2025, the Trust converted 5,893,083 Dream Industrial LP Class B limited partnership units to Dream Industrial REIT units. Subsequently, on March 27, 2025, the Trust sold 1,900,000 Dream Industrial REIT units for net proceeds of $21.4 million. As a result of the sale, the Trust recorded a loss totalling $10.6 million for the difference between the net proceeds and the carrying value of the investment. Subsequent to the quarter, the Trust sold an additional 3,993,083 Dream Industrial REIT units, representing the remainder of the converted LP Class B limited partnership units from March 25, 2025 for total net proceeds of $40.4 million after transaction costs and fees. The proceeds from both sales were used to pay down the Trust's corporate credit facility with the intent to improve liquidity and reduce the Trust's leverage.

OUR FINANCING

Debt summary

The key performance indicators in the management of our debt are as follows:

Financing and liquidity metrics		March 31, 2025		December 31, 2024
Weighted average face rate of interest on debt (period-end)(1)		**5.00%**		4.75%
Interest coverage ratio (times)(2)		**1.7**		1.8
Net total debt-to-normalized adjusted EBITDAFV ratio (years)(2)		**11.5**		12.1
Level of debt (net total debt-to-net total assets)(2)		**51.5%**		52.9%
Average term to maturity on debt (years)		**3.8**		3.4
Variable rate debt as percentage of total debt(3)		**9.8%**		13.0%
Cash and cash equivalents	**$**	**18,047**	$	18,268
Cash and undrawn revolving credit facilities(2)	**$**	**70,835**	$	56,511
Total liquidity(2)	**$**	**149,665**	$	137,968
Unencumbered assets(2)	**$**	**2,178**	$	2,276

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

(2) Interest coverage ratio (times), net total debt-to-normalized adjusted EBITDAFV ratio and level of debt (net total debt-to-net total assets) are non-GAAP ratios. Cash and undrawn revolving credit facilities and total liquidity are non-GAAP financial measures. Unencumbered assets is a supplemental financial measure. Please refer to the "Non-GAAP Financial Measures and Ratios" and the "Supplementary Financial Measures and Other Disclosures" sections of this MD&A for additional information on these specified financial measures.

(3) Variable rate debt excludes debt with variable interest rates where the interest rate has been fixed by way of an economically effective hedge.

Net total debt-to-normalized adjusted EBITDAFV ratio decreased to 11.5 years at March 31, 2025 compared to 12.1 years at December 31, 2024 due to lower net debt balances as net proceeds from the sale of 438 University Avenue and 1,900,000 Dream Industrial REIT units during the quarter were used to repay drawings on the credit facility.

The net total debt-to-net total assets ratio decreased to 51.5% at March 31, 2025 primarily due to lower net debt balances as net proceeds from the sale of 438 University Avenue and 1,900,000 of our Dream Industrial REIT units during the quarter were used to repay drawings on the credit facility, partially offset by a reduction in total assets primarily due to the sale of 438 University Avenue and 1,900,000 of our Dream Industrial REIT units.

As at March 31, 2025, the Trust had approximately $149.7 million of total liquidity, comprising cash and undrawn revolving credit facilities of $70.8 million and additional liquidity related to undrawn amounts on our non-revolving term loan facility pertaining to the 15-year lease at 366 Bay Street totalling $0.4 million and undrawn amounts on our CIB Facility of $78.4 million, which provides low-cost, fixed-rate financing solely for the purpose of commercial property retrofits to achieve certain energy efficiency savings and GHG emission reductions. Cash and undrawn revolving credit facilities of $70.8 million comprises $18.0 million of cash and undrawn revolving credit facilities totalling $52.8 million. The increase of $11.7 million in total liquidity compared to December 31, 2024 is primarily due to lower net drawings as proceeds from the sale of 438 University Avenue and 1,900,000 of our Dream Industrial REIT units during the quarter were used to repay drawings on the credit facility partially offset by lower total availability as a result of fewer Dream Industrial REIT units pledged to the credit facility.

Liquidity and capital resources

Dream Office REIT's primary sources of capital are cash generated from operating activities, net proceeds from investment property dispositions, credit facilities, and mortgage financing and refinancing. Our primary uses of capital include the payment of distributions, costs of attracting and retaining tenants, recurring property maintenance, development projects, major property improvements, and debt principal and interest payments.

As at March 31, 2025, our current liabilities exceeded our current assets by $98.5 million. Typically, real estate entities seek to address liquidity needs by having a balanced debt maturity schedule and undrawn revolving credit facilities. We are able to use our revolving credit facilities on short notice, which eliminates the need to hold significant amounts of cash and cash equivalents on hand. Working capital balances can fluctuate significantly from period-to-period depending on the timing of receipts and payments. The Trust's credit facility availability may fluctuate from time to time due to the effect of interest rates, collateralized property performance and collateralized asset values, including units of Dream Industrial REIT pledged as collateral. Liquidity risk may be enhanced if the credit facility availability were to be significantly reduced. The Trust has addressed all 2025 debt obligations and has a remaining $44.7 million in debt obligations that are due within one year. We typically refinance maturing debt with mortgages of terms between five and ten years unless our strategy for the asset or preferential loan terms dictate otherwise, or with our undrawn revolving credit facilities. Amounts payable and accrued liabilities balances outstanding at the end of any reporting period depend primarily on the timing of leasing costs and capital expenditures incurred, as well as the impact of transaction costs incurred on acquisitions and dispositions, if any.

In order to meet ongoing operational and interest requirements, the Trust relies on cash flows generated from operations. Where, due to the timing of leasing cost payments, cash flows generated from operations are insufficient to cover immediate operational and leasing cost requirements, the Trust makes use of its revolving credit facilities. As at March 31, 2025, the Trust had approximately $149.7 million of total liquidity, comprising cash and undrawn revolving credit facilities of $70.8 million and additional liquidity related to undrawn amounts on our non-revolving term loan facility pertaining to the 15-year lease at 366 Bay Street totalling $0.4 million and undrawn amounts on our CIB Facility of $78.4 million, which provides low-cost, fixed-rate financing solely for the purpose of commercial property retrofits to achieve certain energy efficiency savings and GHG emission reductions. Cash and undrawn revolving credit facilities of $70.8 million comprises $18.0 million of cash and undrawn revolving credit facilities totalling $52.8 million. The Trust may also consider, from time to time, opportunistic asset sales at prices in line with fair values to enhance long-term financial flexibility.

We continue to maintain sufficient liquidity for capital expenditures to improve the quality of our properties.

Mortgage refinancing

On April 1, 2025, subsequent to the quarter, the Trust refinanced its last remaining 2025 debt maturity, a $30 million mortgage secured by a property in Toronto, Ontario. The refinanced mortgage totals $28 million and matures on April 1, 2028, bearing a floating interest rate based on daily CORRA. On April 21, 2025, the Trust entered into a fixed-for-variable interest rate swap to fix the interest rate on the mortgage at 5.26%.

Development facility

On March 7, 2025, the Trust secured a non-revolving development facility of up to $64.3 million at an interest rate to be set at the time of the first drawdown but not to exceed the 10-year Government of Canada bond rate plus 0.40%.

Credit facilities

On March 6, 2025, the Trust amended and extended the maturity of its $375 million credit facility to September 30, 2027. The amended facility bears interest at the unadjusted one-month term CORRA plus 2.245% or at the bank's prime plus 0.95% before sustainability-linked loan adjustments.

The amounts available and drawn under the credit facilities as at March 31, 2025 are summarized in the table below:

			March 31, 2025				
Facility	Maturity date	Interest rates on drawings[6]	**Face interest rate[7]**	**Borrowing capacity**	**Drawings**	**Letters of credit**	**Amount available**
Formula-based maximum not to exceed $375,000[1]	September 30, 2027	CORRA + 2.20% or prime + 0.900%	**5.41%**	**$ 297,726**	**$ (267,705)**	**$ (2,615)**	**$ 27,406**
Formula-based maximum not to exceed $10,000[2]	March 31, 2027	CORRA + 2.895% or prime + 0.950%	**n/a**	**8,337**	**—**	**—**	**8,337**
Formula-based maximum not to exceed $20,000[3]	Due on demand	CORRA + 2.595% or prime + 0.500%	**n/a**	**17,045**	**—**	**—**	**17,045**
Canada Infrastructure Bank credit facility	March 31, 2027[4]	2.15 %	**2.15%**	**112,870**	**(34,468)**	**—**	**78,402**
Non-revolving term loan facility[5]	November 30, 2028	6.75 %	**6.75%**	**8,200**	**(7,772)**	**—**	**428**
Total			**5.09%**	**$ 444,178**	**$ (309,945)**	**$ (2,615)**	**$ 131,618**

(1) The $375,000 revolving credit facility is secured by five investment properties, 6,023,489 Dream Industrial LP Class B limited partnership units and 3,993,083 Dream Industrial REIT units.

(2) The $10,000 revolving credit facility is secured by 1,430,000 Dream Industrial LP Class B limited partnership units.

(3) The $20,000 demand revolving credit facility is secured by one investment property.

(4) The maturity date of the CIB Facility represents the non-revolving availability period. Subsequent to the availability period, this non-revolving credit facility will convert to a 20-year amortizing term credit facility. The CIB Facility may be used solely for the purpose of commercial property retrofits to achieve certain energy efficiency savings and GHG emission reductions.

(5) The non-revolving term loan facility is restricted for use towards meeting a tenant's construction allowance requirements in connection with a lease negotiated with a commercial banking tenant.

(6) CORRA borrowing pricing is based on the unadjusted one-month term CORRA tenor. CORRA borrowing pricing includes sustainability-linked pricing adjustments.

(7) Face interest rate includes the effect of applicable interest rate swaps.

n/a – not applicable

As at March 31, 2025, drawings on the CIB Facility represent 80% of the costs to date for the capital retrofits at certain Toronto downtown properties in connection with projects to reduce the operational carbon emissions in these buildings.

Debt maturity profile

The following table summarizes our debt maturity profile, excluding debt in joint ventures that are equity accounted, as at March 31, 2025:

	Mortgages		Credit facilities		Total	
Debt maturities	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
2025	$ 30,000	5.85%	$ —	—	$ 30,000	5.85%
2026	165,506	4.80%	—	—	165,506	4.80%
2027	178,053	4.90%	267,705	5.52%	445,758	5.27%
2028	—	—	7,772	6.75%	7,772	6.75%
2029	418,436	4.56%	—	—	418,436	4.56%
2030	141,800	6.14%	—	—	141,800	6.14%
2047	—	—	34,468	2.15%	34,468	2.15%
Subtotal before undernoted items	$ 933,795	4.95%	$ 309,945	5.17%	$ 1,243,740	5.01%
Scheduled principal repayments on non-matured debt (2025–2027)	23,873	—	—	—	23,873	—
Subtotal before undernoted items	$ 957,668	4.90%	$ 309,945	5.17%	$ 1,267,613	5.00%
Unamortized financing costs	(3,453)		(1,340)		(4,793)	
Debt per condensed consolidated financial statements	$ 954,215	4.95%	$ 308,605	5.28%	$ 1,262,820	5.03%

Commitments and contingencies

Dream Office REIT and its operating subsidiaries are contingently liable under guarantees that are issued in the normal course of business, on certain debt assumed by purchasers of investment properties, and 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 and adverse effect on the condensed consolidated financial statements of the Trust as at March 31, 2025.

The Trust is contingently liable under a guarantee that was issued on debt assumed by a purchaser of an investment property totalling $46.0 million (December 31, 2024 – $46.5 million) with a term to maturity of 1.3 years (December 31, 2024 – 1.6 years). The guaranteed debt is secured by a property in British Columbia.

In 2015, a subsidiary of the Trust 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 the Trust. These federal and provincial reassessments, including interest and penalties, total $17.4 million. There has been no change to total current taxes payable by the Trust as no cash payment is expected to be made unless it is ultimately established that the Trust has an obligation to make one. Management does not expect any payment with respect to the reassessments will ultimately be made by the Trust or any of its subsidiaries. For this reason, no amounts have been recorded in the condensed consolidated financial statements as at March 31, 2025 relating to these reassessments.

At March 31, 2025, Dream Office REIT's future minimum commitments are as follows:

	Minimum payments due			
	Within 1 year	1–5 years	> 5 years	Total
Operating commitments	$ 3,309	$ 2,953	$ —	$ 6,262
Fixed price contracts	1,444	5,776	5,450	12,670
Total	$ 4,753	$ 8,729	$ 5,450	$ 18,932

Since 2018, the Trust has invested US$8.4 million (December 31, 2024 – US$8.4 million) towards real estate technologies through a joint venture. As at March 31, 2025, the Trust has a remaining commitment totalling US$3.2 million to the fund.

In the event that a contemplated property development project proceeds, the Trust has committed to contribute one of its investment properties with a fair value of $44.9 million to the development project.

In the event that the mixed-use development of Block 2 at 2200–2206 Eglinton Avenue East and 1020 Birchmount Road in Scarborough, Ontario proceeds, the Trust has committed up to a maximum of $80 million.

OUR EQUITY

Total equity

Our discussion of equity includes the subsidiary redeemable units, which are economically equivalent to REIT Units. Pursuant to IFRS Accounting Standards, the subsidiary redeemable units are classified as a liability in our condensed consolidated financial statements.

						Unitholders' equity
			March 31, 2025			December 31, 2024
	Number of units[1]		**Amount**	Number of units[1]		Amount
Unitholders' equity	**16,360,972**	**$**	**1,837,869**	16,337,348	$	1,837,446
Deficit	**—**		**(802,055)**	—		(764,786)
Accumulated other comprehensive income	**—**		**7,016**	—		7,863
Equity per condensed consolidated financial statements	**16,360,972**		**1,042,830**	16,337,348		1,080,523
Add: Subsidiary redeemable units	**2,616,911**		**46,555**	2,616,911		46,738
Total equity (including subsidiary redeemable units)[2]	**18,977,883**	**$**	**1,089,385**	18,954,259	$	1,127,261
NAV per unit[1][3]		**$**	**57.40**		$	59.47

(1) 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.

(2) Total equity (including subsidiary redeemable units) is a non-GAAP financial measure. Total equity (including subsidiary redeemable units) is not a standardized financial measure under IFRS Accounting Standards and might not be comparable to similar measures disclosed by other issuers. Please refer to the section "Non-GAAP Financial Measures and Ratios" under the heading "Total equity (including subsidiary redeemable units)" for additional information on this non-GAAP financial measure.

(3) NAV per unit is a non-GAAP ratio. It is defined in this section under the heading "NAV per unit" and in the section "Non-GAAP Financial Measures and Ratios" under the heading "NAV per unit".

The amended and restated Declaration of Trust of Dream Office REIT dated June 6, 2023 (as amended, restated, amended and restated, or otherwise revised from time to time, the "Declaration of Trust") authorizes the issuance of an unlimited number of the following classes of units: REIT Units, issuable in one or more series, Transition Fund Units and Special Trust Units. The Special Trust Units may be issued only to holders of subsidiary redeemable units, are not transferable separately from these units and are used to provide voting rights with respect to Dream Office REIT to persons holding subsidiary redeemable units. The subsidiary redeemable units are held by DAM, a related party to Dream Office REIT, and DAM holds an equivalent number of Special Trust Units. Both the REIT Units and Special Trust Units entitle the holder to one vote for each unit at all meetings of the unitholders. The subsidiary redeemable units are exchangeable on a one-for-one basis for REIT B Units at the option of the holder, which can then be converted into REIT A Units. The subsidiary redeemable units and corresponding Special Trust Units together have economic and voting rights equivalent in all material respects to REIT A Units. The REIT A Units and REIT B Units have economic and voting rights equivalent in all material respects to each other. There are no Transition Fund Units outstanding.

As at March 31, 2025, DAM held 3,314,226 REIT A Units and 2,616,911 subsidiary redeemable units for a total ownership interest of approximately 31.3%.

NAV per unit

NAV per unit is calculated as total equity (including subsidiary redeemable units) (a non-GAAP financial measure) divided by the total number of REIT A Units and subsidiary redeemable units. This non-GAAP ratio is a useful measure to investors as it reflects management's view of the intrinsic value of the Trust and enables investors to determine if the Trust's REIT Unit price is trading at a discount or premium relative to the NAV per unit at each reporting period. However, NAV per unit is not a standardized financial measure under IFRS Accounting Standards and might not be comparable to similar financial measures disclosed by other issuers.

As at March 31, 2025, our NAV per unit decreased to $57.40 compared to $59.47 at December 31, 2024. The decrease in NAV per unit relative to December 31, 2024 was driven by fair value losses on investment properties primarily due to changes in assumptions and maintenance capital and leasing costs write-offs in both regions, impairment recognized on a VTB mortgage receivable, the sale of 1,900,000 Dream Industrial REIT units below carrying value, as well as fair value losses on interest rate swap contracts, partially offset by cash flow retention (FFO net of distributions). As at March 31, 2025, equity per the condensed consolidated financial statements was $1.0 billion.

The table below reconciles the major components of NAV per unit to total equity per the condensed consolidated financial statements:

	Total	Per unit	GLA (in millions of sq. ft.)	Occupancy – in-place and committed	Weighted average lease term (years)
Investment properties					
Toronto downtown	$ 1,750,240	$ 92.23	2.9	84.2%	6.0
Other markets	369,259	19.46	1.7	76.1%	5.5
Active investment properties	2,119,499	111.69	4.6	81.2%	5.8
Mortgages secured by active investment properties	(937,792)	(49.41)			
Active investment properties, net of mortgages	1,181,707	62.28			
Properties under development, net of mortgages	35,662	1.88			
Investment in Dream Industrial REIT	195,116	10.28			
Investments in joint ventures	27,108	1.43			
Cash and cash equivalents	18,047	0.95			
Credit facilities	(308,605)	(16.26)			
Other items	(59,650)	(3.16)			
Net asset value	$ 1,089,385	$ 57.40			
Less: Subsidiary redeemable units	(46,555)				
Total equity per condensed consolidated financial statements	**$ 1,042,830**				

Outstanding equity

The following table summarizes the changes in our outstanding equity:

For the three months ended March 31, 2025 and subsequent to the quarter	REIT A Units(1)	Subsidiary redeemable units(1)	Total(1)
Total units issued and outstanding at January 1, 2025	16,337,348	2,616,911	18,954,259
REIT A Units issued pursuant to Deferred Unit Incentive Plan (“DUIP”)	23,624	—	23,624
Total units issued and outstanding at March 31, 2025 and May 8, 2025	16,360,972	2,616,911	18,977,883
Percentage of all units	86.2%	13.8%	100.0%

(1) 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 amounts disclosed reflect the post-Unit Consolidation units for all periods presented.

The DUIP provides for the grant of DTUs to trustees of the Trust, officers and employees, as well as employees of affiliates. DTUs are granted at the discretion of the Board of Trustees of the Trust, and participants are also credited with income DTUs based on distributions as they are declared and paid by the Trust. Distributions on the unvested DTUs are paid in the form of units converted at market price of the units of the Trust on the date of distribution. As at March 31, 2025, there were 657,766 DTUs and income DTUs outstanding (December 31, 2024 – 549,909) under the DUIP.

Normal course issuer bid

For the three months ended March 31, 2025 and year ended December 31, 2024, there were no REIT A Units purchased for cancellation under the NCIB program.

Weighted average number of units

The following table outlines the basic and diluted weighted average number of units for the three months ended March 31, 2025 and March 31, 2024:

	Three months ended March 31,	
Weighted average number of units(1) (in thousands)	**2025**	2024(2)
Basic	**19,336**	19,232
Diluted	**19,565**	19,410

(1) Weighted average number of units is defined in the section "Supplementary Financial Measures and Ratios and Other Disclosures" under the heading "Weighted average number of units".

(2) 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 amounts disclosed reflect the post-Unit Consolidation units for all periods presented.

Distribution policy

Our Declaration of Trust provides our trustees with the discretion to determine the percentage payout of income that would be in the best interest of the Trust. For the three months ended March 31, 2025 and March 31, 2024, the Trust declared monthly distributions totalling $0.25 and $0.33 per post-consolidation unit, respectively.

The following table summarizes our total distributions paid and payable (a non-GAAP financial measure) for the three months ended March 31, 2025 and March 31, 2024:

	Three months ended March 31,	
	2025	2024
Total distributions paid and payable on REIT A Units	**$ 4,086**	$ 5,439
Add: Interest on subsidiary redeemable units	**654**	872
Total distributions paid and payable(1)	**$ 4,740**	$ 6,311

(1) Total distributions paid and payable is a non-GAAP financial measure. Total distributions paid and payable is not a standardized financial measure under IFRS Accounting Standards and might not be comparable to similar measures disclosed by other issuers. Please refer to the "Non-GAAP Financial Measures and Ratios" section under the heading "Total distributions paid and payable" for additional information on this non-GAAP financial measure.

The decrease in total distributions paid and payable on a year-over-year basis for the three months ended March 31, 2025 was due to the effective reduction in distributions as a result of the Unit Consolidation in the prior year.

The following table summarizes our monthly distributions paid and payable subsequent to quarter-end:

Date distribution announced	Month of distribution	Date distribution was paid or is payable	Distribution per Unit	Total distributions paid or payable on REIT A Units	Interest on subsidiary redeemable units	Total distributions paid or payable
March 20, 2025	March 2025	April 15, 2025	$ 0.08333	$ 1,363	$ 218	$ 1,581
April 21, 2025	April 2025	May 15, 2025	0.08333	1,363	218	1,581

Cash flows from operating activities less cash interest paid on debt, net income and distributions declared

In any given period, actual cash flows generated from (utilized in) operating activities less cash interest paid on debt may differ from total distributions paid and payable (a non-GAAP financial measure), primarily due to fluctuations in non-cash working capital and the impact of leasing costs, which fluctuate with lease maturities, renewal terms, the type of asset being leased and when tenants fulfill the terms of their respective lease agreements. Operating capital requirements can fluctuate seasonally, and the timing of when leasing costs are incurred is unpredictable. Such costs are funded with our cash and cash equivalents on hand and, if necessary, with our existing revolving credit facilities. As a result of these factors, the Trust anticipates that in certain future periods, cash flows generated from (utilized in) operating activities less cash interest paid on debt may be less than total distributions paid and payable.

To the extent that there are shortfalls in cash flows generated from (utilized in) operating activities less interest paid on debt when compared to total distributions paid and payable, the Trust will fund the shortfalls with cash and cash equivalents on hand and with our existing revolving credit facilities. The Trust funded the current period shortfall using its revolving credit facilities. The use of the revolving credit facilities may involve risks compared with using cash and cash equivalents on hand as a source of funding, such as the risk that interest rates may rise in the future, which may make it more expensive for the Trust to borrow under the revolving credit facilities; the risk that credit facilities may not be renewed at maturity or may be renewed on unfavourable terms; and the risk associated with increasing the overall indebtedness of the Trust. The Trust determines the distribution rate by, among other considerations, its assessment of cash flows generated from (utilized in) operating activities less interest paid on debt. Management reviews the estimated annual distributable cash flows with the Board of Trustees periodically to assist the Board in determining the targeted distribution rate.

In any given period, the Trust anticipates that net income will continue to vary from total distributions paid and payable as net income includes non-cash items such as fair value adjustments to investment properties and financial instruments and costs related to dispositions such as debt settlement costs and costs attributable to sales of investment properties. Accordingly, the Trust does not use net income as a proxy for determining distributions.

The following table summarizes net income, cash flows generated from (utilized in) operating activities, cash interest paid on debt, and total distributions paid and payable for the three months ended March 31, 2025 and March 31, 2024:

	Three months ended March 31,	
	2025	2024
Net income (loss) for the period	**$ (33,183)**	$ 11,866
Cash flows generated from (utilized in) operating activities	**20,875**	21,399
Cash interest paid on debt	**(17,304)**	(15,538)
Total distributions paid and payable[1] for the period	**(4,740)**	(6,311)

(1) Total distributions paid and payable (a non-GAAP financial measure) is defined in the section "Non-GAAP Financial Measures and Ratios" under the heading "Total distributions paid and payable".

As required by National Policy 41-201, "Income Trusts and Other Indirect Offerings", the following table outlines the difference between net income and total distributions paid and payable (a non-GAAP financial measure), as well as the difference between cash flows generated from (utilized in) operating activities less cash interest paid on debt and total distributions paid and payable, in accordance with the guidelines:

	Three months ended March 31,	
	2025	2024
Excess (shortfall) of net income (loss) over total distributions paid and payable[1][2]	**$ (37,923)**	$ 5,555
Shortfall of cash flows generated from (utilized in) operating activities less cash interest paid on debt over total distributions paid and payable[2][3]	**(1,169)**	(450)

(1) Excess (shortfall) of net income over total distributions paid and payable is calculated as net income (loss) less total distributions paid and payable.

(2) Total distributions paid and payable (a non-GAAP financial measure) is defined in the section "Non-GAAP Financial Measures and Ratios" under the heading "Total distributions paid and payable".

(3) Shortfall of cash flows generated from (utilized in) operating activities less cash interest paid on debt over total distributions paid and payable is calculated as cash flows generated from (utilized in) operating activities less cash interest paid on debt less total distributions paid and payable.

For the three months ended March 31, 2025, total distributions paid and payable exceeded net income by $37.9 million primarily due to the effect of fair value losses on investment properties and financial instruments, impairment on VTB mortgage receivable and the loss on sale of Dream Industrial REIT units that are non-cash in nature.

For the three months ended March 31, 2025, total distributions paid and payable exceeded cash flows generated from (utilized in) operating activities less cash interest paid on debt by $1.2 million (for the three months ended March 31, 2024 – $0.5 million) due to leasing costs.

While the cash distributions received from Dream Industrial REIT have been included as part of cash flows generated from (utilized in) investing activities in the condensed consolidated financial statements, management is of the view that such distributions are operating in nature and could be used to mitigate any shortfalls of cash flows generated from (utilized in) operating activities less interest paid on debt over total distributions paid and payable. For the three months ended March 31, 2025, the Trust received cash distributions from Dream Industrial REIT totalling $2.4 million (for the three months ended March 31, 2024 – $2.4 million).

SECTION IV

NON-GAAP FINANCIAL MEASURES AND RATIOS

Included in this section are reconciliations of non-GAAP financial measures presented throughout this MD&A to the most directly comparable financial measure. These measures are not standardized financial measures under IFRS Accounting Standards and might not be comparable to similar financial measures disclosed by other issuers.

Cash and undrawn revolving credit facilities and total liquidity

Cash and undrawn revolving credit facilities is defined as the sum of cash and cash equivalents and undrawn revolving credit facilities at period-end, excluding cash held in joint ventures that are equity accounted. Total liquidity is defined as the sum of cash and undrawn revolving credit facilities and undrawn non-revolving credit facilities at period-end. Management believes that cash and undrawn revolving credit facilities and total liquidity, which are non-GAAP financial measures, are important measures for investors to assess our resources available to meet all our ongoing obligations and future commitments.

The table below reconciles cash and undrawn revolving credit facilities and total liquidity to cash and cash equivalents (the most directly comparable financial measure) as at March 31, 2025 and December 31, 2024:

				As at
		March 31, 2025		December 31, 2024
Cash and cash equivalents	**$**	**18,047**	$	18,268
Undrawn revolving credit facilities		**52,788**		38,243
Cash and undrawn revolving credit facilities		**70,835**		56,511
Undrawn CIB Facility		**78,402**		81,029
Undrawn non-revolving term loan facility		**428**		428
Total liquidity	**$**	**149,665**	$	137,968

The undrawn CIB Facility may be used solely for the purpose of commercial property retrofits to achieve certain energy efficiency savings and GHG emission reductions.

The undrawn non-revolving term loan facility is restricted for use towards meeting a tenant's construction allowance requirements in connection with a lease negotiated with a commercial banking tenant.

Total equity (including subsidiary redeemable units)

One of the components used to determine the Trust's NAV per unit (a non-GAAP ratio) is total equity (including subsidiary redeemable units), a non-GAAP financial measure. Total equity (including subsidiary redeemable units) is calculated as the sum of the equity amount per condensed consolidated financial statements and the subsidiary redeemable units' amount. Management believes it is important to include the subsidiary redeemable units' amount for the purpose of determining the Trust's capital management. Management does not consider the subsidiary redeemable units to be debt or borrowings of the Trust, but rather a component of the Trust's equity.

On February 22, 2024, the Trust implemented a Unit Consolidation of all the issued and outstanding REIT A Units, REIT B Units and Special Trust Units of the REIT and the subsidiary redeemable units on the basis of one (1) post-consolidation unit for every two (2) pre-consolidation units. As such, effective January 1, 2024, the Trust has restated its total equity (including subsidiary redeemable units) for comparative periods to conform to the current period presentation.

The table within the section "Our Equity" under the heading "Total equity" reconciles total equity (including subsidiary redeemable units) to total equity per the consolidated financial statements (the most directly comparable financial measure).

Total distributions paid and payable

Total distributions paid and payable is a non-GAAP financial measure calculated as the sum of the distributions paid and payable on REIT A Units and interest expense on subsidiary redeemable units per condensed consolidated financial statements. Because management considers the subsidiary redeemable units to be a component of the Trust's equity, management considers the interest paid on the subsidiary redeemable units to be a component of total distributions paid to unitholders.

The table within the section "Our Equity" under the heading "Distribution policy" reconciles total distributions paid and payable to total distributions paid and payable on REIT A Units (the most directly comparable financial measure) for the three months ended March 31, 2025 and March 31, 2024.

NAV per unit

NAV per unit is a non-GAAP ratio calculated as total equity (including subsidiary redeemable units) (a non-GAAP financial measure) divided by the total number of REIT A Units and subsidiary redeemable units. This non-GAAP ratio is an important measure used by the Trust, as it reflects management's view of the intrinsic value of the Trust and enables investors to determine if the Trust's REIT Unit price is trading at a discount or premium relative to the NAV per unit at each reporting period.

As a result of the Unit Consolidation implemented on February 22, 2024, all the issued and outstanding REIT A Units, REIT B Units and Special Trust Units of the REIT and the subsidiary redeemable units were consolidated on the basis of one (1) post-consolidation unit for every two (2) pre-consolidation units. As such, effective January 1, 2024, the Trust has restated its NAV per unit calculation for comparative periods to conform to the current period presentation.

The table within the section "Our Equity" under the heading "Total equity" reconciles NAV per unit to equity per the consolidated financial statements (the most directly comparable financial measure) as at March 31, 2025 and December 31, 2024.

Funds from operations and diluted FFO per unit

Management believes FFO, a non-GAAP financial measure, and diluted FFO per unit, a non-GAAP ratio, provide our investors with additional relevant information on our operating performance. Fair value adjustments to investment properties and financial instruments, including fair value adjustments to interest rate swaps constituting economically effective hedges for which the Trust elects not to apply hedge accounting under IFRS Accounting Standards, gains or losses on disposal of investment properties, debt settlement costs due to the disposal of investment properties, and other items detailed in the following table do not necessarily provide an accurate picture of the Trust's past, recurring or future operating performance. FFO and diluted FFO per unit are commonly used measures of performance of real estate operations; however, they do not represent net income or cash flows generated from (utilized in) operating activities, as defined by IFRS Accounting Standards, and are not necessarily indicative of cash available to fund Dream Office REIT's needs.

In January 2022, REALPAC issued guidance on determining FFO and adjusted funds from operations for IFRS Accounting Standards. The Trust has reviewed the REALPAC FFO guidance, and the Trust's determination of FFO substantially aligns with the REALPAC FFO guidelines, with the exception of the treatment of debt settlement costs due to disposals of investment properties, the impairment of VTB mortgage receivables and enterprise resource planning implementation costs. Debt settlement costs are primarily funded from net proceeds from dispositions rather than from investment property operations. Thus, the Trust is of the view that debt settlement costs due to disposals of investment properties should not be included in the determination of FFO. Similarly, as the Trust's VTB mortgage receivable represents a component of proceeds on the sale of investment properties, the Trust does not consider impairment of these receivables to be an operating item. Consequently, the Trust has adjusted for the effect of VTB mortgage receivable impairment in deriving these measures. The Trust is currently undergoing an enterprise resource planning systems upgrade and modernization with a cloud migration component. IFRS Accounting Standards prohibit the capitalization of costs incurred in implementing cloud systems. The Trust considers these costs to be not reflective of the operations of the Trust and so has adjusted for these costs in its determination of FFO.

As a result of the Unit Consolidation implemented on February 22, 2024, all the issued and outstanding REIT A Units, REIT B Units and Special Trust Units of the REIT and the subsidiary redeemable units were consolidated on the basis of one (1) post-consolidation unit for every two (2) pre-consolidation units. As such, effective January 1, 2024, the Trust has restated its diluted weighted average number of units and the FFO per unit calculation for comparative periods to conform to the current period presentation.

FFO is reconciled to net income (the most directly comparable financial measure) in the table below for the three months ended March 31, 2025 and March 31, 2024. Diluted FFO per unit is a non-GAAP ratio calculated as FFO (a non-GAAP financial measure) divided by the weighted average number of units.

The table below summarizes the components used to calculate diluted FFO per unit for the three months ended March 31, 2025 and March 31, 2024:

	Three months ended March 31,	
	2025	2024
Net income (loss) for the period	**$ (33,183)**	$ 11,866
Add (deduct):		
Net loss (income) from investment in Dream Industrial REIT	**8,220**	(3,054)
Share of FFO from investment in Dream Industrial REIT	**3,435**	3,268
Depreciation and amortization	**3,327**	3,038
Costs attributable to sale of investment properties	**2,727**	30
Interest expense on subsidiary redeemable units	**654**	872
Fair value adjustments to investment properties	**18,783**	17,293
Fair value adjustments to investment properties held in joint ventures	**(2)**	(11)
Fair value adjustments to financial instruments and DUIP included in G&A expenses	**6,001**	(19,890)
Internal leasing costs	**420**	574
Principal repayments on finance lease liabilities	**(15)**	(14)
Enterprise resource planning software upgrade costs included in G&A expenses	**17**	—
Deferred income taxes expense	**99**	134
Impairment of VTB mortgage receivable	**2,278**	—
Debt settlement costs due to disposals of investment properties, net	**515**	—
FFO for the period	**$ 13,276**	$ 14,106
Diluted weighted average number of units[1]	**19,565**	19,410
Diluted FFO per unit[1]	**$ 0.68**	$ 0.73

(1) 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.

Comparative properties NOI

Comparative properties NOI is a non-GAAP financial measure used by management in evaluating the operating performance of properties owned by the Trust in the current and comparative periods presented. Comparative properties NOI enables investors to evaluate our current and future operating performance, especially to assess the effectiveness of our management of properties generating NOI growth from existing properties in the respective regions.

When the Trust compares comparative properties NOI on a year-over-year basis for the three months ended March 31, 2025 and March 31, 2024, the Trust excludes investment properties acquired and properties under development completed after January 1, 2024 and assets held for sale or disposed of prior to or during the current period. Comparative properties NOI also excludes NOI from properties under development; property management and other service fees; lease termination fees; one-time property adjustments, if any; provisions; straight-line rent; and amortization of lease incentives.

Comparative properties NOI for the respective periods has been reconciled to net rental income (the most directly comparable measure) within the section “Our Operations” under the heading “Comparative properties NOI”.

Adjusted earnings before interest, taxes, depreciation, amortization and fair value adjustments (“adjusted EBITDAFV”)

Adjusted EBITDAFV is a non-GAAP financial measure defined by the Trust as net income for the period adjusted for change in provisions, lease termination fees, one-time property adjustments, non-cash items included in investment properties revenue, fair value adjustments to investment properties and financial instruments, share of income from investment in Dream Industrial REIT, share of net loss from investment in joint ventures, distributions received from Dream Industrial REIT, interest expense on debt and subsidiary redeemable units, depreciation on property and equipment, impairment, net losses on transactions and other items, and net current and deferred income tax expense (recovery). The aforementioned adjustments included in net income do not necessarily provide an accurate picture of the Trust’s past or recurring operating performance. Management believes adjusted EBITDAFV provides our investors with additional relevant information on our operating performance, excluding any non-cash items and extraneous factors. Adjusted EBITDAFV is a commonly used measure of performance of real estate operations; however, it does not represent net income or cash flows generated from (utilized in) operating activities, as defined by IFRS Accounting Standards, and is not necessarily indicative of cash available to fund the Trust’s needs.

Adjusted EBITDAFV has been reconciled to net income (the most directly comparable financial measure) for the three months ended March 31, 2025 and March 31, 2024 in the table below:

	Three months ended		Year ended
	March 31, 2025	March 31, 2024	December 31, 2024
Net income (loss) for the period	**$ (33,183)**	$ 11,866	$ (104,934)
Add (deduct):			
Interest – debt	**16,351**	15,422	65,051
Interest – subsidiary redeemable units	**654**	872	2,835
Current and deferred income taxes expense (recovery), net	**124**	157	(2,290)
Depreciation on property and equipment	**1**	22	121
Fair value adjustments to investment properties	**18,783**	17,293	114,589
Fair value adjustments to financial instruments	**6,114**	(19,674)	221
Net loss (income) from investment in Dream Industrial REIT	**8,220**	(3,054)	(10,425)
Distributions earned from Dream Industrial REIT	**2,258**	2,369	9,477
Share of net loss (income) from investment in joint ventures	**150**	171	(336)
Non-cash items included in investment properties revenue[1]	**2,822**	2,824	9,122
Change in provisions	**164**	50	230
Lease termination fees and other	**(331)**	(3)	(1,202)
Impairment of VTB mortgage receivable	**2,278**	—	29,199
Internal leasing costs and net losses on transactions	**3,662**	604	3,122
Adjusted EBITDAFV for the period	**$ 28,067**	$ 28,919	$ 114,780

(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

Management believes that the trailing 12-month adjusted EBITDAFV and trailing 12-month interest expense on debt, both of which are non-GAAP measures, are important measures in identifying longer-term trends in property operating performance and the cost of the Trust’s debt. These non-GAAP measurements do not have standardized meanings and may not be comparable with similar measures presented by other income trusts.

The following tables calculate adjusted EBITDAFV and interest expense on debt for the trailing 12-month period ended March 31, 2025:

	Trailing 12-month period ended March 31, 2025
Adjusted EBITDAFV for the three months ended March 31, 2025	$ 28,067
Add: Adjusted EBITDAFV for the year ended December 31, 2024	114,780
Less: Adjusted EBITDAFV for the three months ended March 31, 2024	(28,919)
Trailing 12-month adjusted EBITDAFV	**$ 113,928**

	Trailing 12-month period ended March 31, 2025
Interest expense on debt for the three months ended March 31, 2025	$ 16,351
Add: Interest expense on debt for the year ended December 31, 2024	65,051
Less: Interest expense on debt for the three months ended March 31, 2024	(15,422)
Trailing 12-month interest expense on debt	**$ 65,980**

Interest coverage ratio (times)

Management believes that interest coverage ratio, a non-GAAP ratio, is an important measure that assists investors in determining our ability to cover interest expense based on our operating performance. Interest coverage ratio is calculated as the ratio between trailing 12-month adjusted EBITDAFV and trailing 12-month interest expense on debt, both of which are non-GAAP financial measures. The Trust uses trailing 12-month figures to assist investors in identifying longer-term trends in property operating performance and the cost of the Trust’s debt.

The following table calculates the interest coverage ratio for the trailing 12-month periods ended March 31, 2025 and December 31, 2024:

	For the trailing 12-month period ended	
	March 31, 2025	December 31, 2024
Trailing 12-month adjusted EBITDAFV	**$ 113,928**	$ 114,780
Trailing 12-month interest expense on debt	**$ 65,980**	$ 65,051
Interest coverage ratio (times)	**1.7**	1.8

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

Management believes that net total debt-to-normalized adjusted EBITDAFV ratio (years), a non-GAAP ratio, is an important measure that assists our investors in determining the time it takes the Trust, on a go forward basis, based on its normalized operating performance, to repay our debt.

Net total debt (a non-GAAP measure) is calculated as the sum of current and non-current debt less cash on hand. Cash on hand excludes cash and cash equivalents held in co-owned properties and joint ventures that are equity accounted and which cannot be used at the Trust's sole discretion. Net total debt is a component in the calculation of net total debt-to-normalized adjusted EBITDAFV ratio (years). Management believes net total debt is an important financial measure that investors may use to monitor the principal amount of debt outstanding after factoring in cash on hand, and as a component of investors' assessment of the Trust's ability to take on additional debt and its ability to manage overall balance sheet risk levels.

Net total debt-to-normalized adjusted EBITDAFV ratio (years) as shown below is calculated as net total debt (a non-GAAP financial measure), which includes debt related to assets held for sale, divided by normalized adjusted EBITDAFV – annualized (a non-GAAP financial measure). Normalized adjusted EBITDAFV – annualized is calculated as the quarterly adjusted EBITDAFV (a non-GAAP measure) less the NOI of disposed properties for the quarter plus the normalized NOI of properties acquired in the quarter. Management believes that normalized adjusted EBITDAFV – annualized (a non-GAAP financial measure) provides investors with additional relevant information based on our normalized operating performance. Adjusted EBITDAFV (a non-GAAP financial measure) is defined under the heading "Adjusted earnings before interest, taxes, depreciation, amortization and fair value adjustments ("adjusted EBITDAFV")" within this section.

The following table calculates the annualized net total debt-to-normalized adjusted EBITDAFV ratio (years) as at March 31, 2025 and December 31, 2024:

	March 31, 2025	December 31, 2024
Non-current debt	**$ 1,219,746**	$ 956,076
Current debt	**43,074**	351,538
Total debt	**1,262,820**	1,307,614
Add: Debt related to assets held for sale	**—**	68,887
Less: Cash on hand(1)	**(17,324)**	(17,545)
Net total debt	**$ 1,245,496**	$ 1,358,956
Adjusted EBITDAFV(2) – quarterly	**28,067**	28,691
Less: NOI of disposed properties for the quarter	**(955)**	(635)
Normalized adjusted EBITDAFV – quarterly	**$ 27,112**	$ 28,056
Normalized adjusted EBITDAFV – annualized	**$ 108,448**	$ 112,224
Net total debt-to-normalized adjusted EBITDAFV ratio (years)	**11.5**	12.1

(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.

(2) Adjusted EBITDAFV (a non-GAAP financial measure) has been reconciled to net income under the heading "Adjusted earnings before interest, taxes, depreciation, amortization and fair value adjustments ("adjusted EBITDAFV")" within this section.

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

Net total debt (a non-GAAP measure) is a component in the calculation of net total debt-to-net total assets. Net total debt (a non-GAAP financial measure) is defined under the heading "Net total debt-to-normalized adjusted EBITDAFV ratio (years)" within this section.

Net total assets is a non-GAAP measure calculated as the sum of total assets less cash on hand. Cash on hand excludes cash and cash equivalents held in co-owned properties and joint ventures that are equity accounted that cannot be used at the Trust's sole discretion. Net total assets is a component in the calculation of net total debt-to-net total assets. Management believes net total assets is an important financial measure used as a component in investors' assessment of the Trust's ability to take on additional debt and its ability to manage overall balance sheet risk levels.

Level of debt (net total debt-to-net total assets), a non-GAAP ratio, is calculated as net total debt (a non-GAAP financial measure) divided by net total assets (a non-GAAP financial measure). Management believes this measure is an important measure to assist investors in assessing the Trust's leverage.

The following table reconciles net total debt to non-current debt (the most comparable financial measure) and net total assets to total assets (the most directly comparable financial measure) as at March 31, 2025 and December 31, 2024:

	Amounts included in condensed consolidated financial statements	
	March 31, 2025	December 31, 2024
Non-current debt	**$ 1,219,746**	$ 956,076
Current debt	**43,074**	351,538
Total debt	**1,262,820**	1,307,614
Add: Debt related to assets held for sale	**—**	68,887
Less: Cash on hand(1)	**(17,324)**	(17,545)
Net total debt	**$ 1,245,496**	$ 1,358,956
Total assets	**2,437,215**	2,584,927
Less: Cash on hand(1)	**(17,324)**	(17,545)
Net total assets	**$ 2,419,891**	$ 2,567,382
Net total debt-to-net total assets	**51.5%**	52.9%

(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.

SUPPLEMENTARY FINANCIAL MEASURES AND OTHER DISCLOSURES

Unencumbered assets

Unencumbered assets represent the value of investment properties, excluding properties held for sale or investment properties in joint ventures that are equity accounted, which have not been pledged as collateral for the Trust's secured credit facilities or mortgages, plus the fair value of unpledged Dream Industrial REIT units. This measure is used by management in assessing the borrowing capacity available to the Trust.

The table below presents the components of unencumbered assets as at March 31, 2025 and December 31, 2024:

	As at	
	March 31, 2025	December 31, 2024
Fair value of unpledged Dream Industrial REIT units(1)	**$ 2,178**	$ 2,276
Unencumbered assets	**$ 2,178**	$ 2,276

(1) Fair value of unpledged Dream Industrial REIT units is determined as the closing price of the Dream Industrial REIT units at the end of each period multiplied by the number of units not pledged as security for the revolving credit facilities.

Weighted average number of units

The basic weighted average number of units comprises the weighted average of all REIT Units, subsidiary redeemable units and vested but unissued DTUs and income DTUs. The diluted weighted average number of units outstanding used in the FFO per unit (a non-GAAP ratio) calculation includes the basic weighted average number of units, unvested DTUs and associated income DTUs.

As a result of the Unit Consolidation implemented on February 22, 2024, all the issued and outstanding REIT A Units, REIT B Units and Special Trust Units of the REIT and the subsidiary redeemable units were consolidated on the basis of one (1) post-consolidation unit for every two (2) pre-consolidation units. As such, effective January 1, 2024, the Trust has restated its basic and diluted weighted average number of units for comparative periods to conform to the current period presentation.

QUARTERLY INFORMATION

The following tables show quarterly information since April 1, 2023.

Key portfolio, leasing, financing and other capital information

	2025				2024			2023
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Portfolio(1)								
Number of properties	**26**	26	27	27	28	28	28	28
GLA (millions of sq. ft.)	**4.8**	4.8	5.1	5.1	5.1	5.1	5.1	5.1
Leasing – total portfolio(2)								
In-place and committed occupancy	**81.2%**	81.1%	84.5%	84.3%	83.5%	84.4%	84.3%	83.9%
In-place occupancy	**78.4%**	77.5%	80.9%	79.2%	79.3%	82.0%	80.8%	80.9%
Tenant retention ratio	**41.3%**	58.5%	76.0%	43.6%	31.0%	85.7%	56.1%	46.1%
Average in-place and committed net rent per square foot (period-end)	**$27.39**	$27.20	$26.37	$26.33	$26.78	$26.35	$25.47	$25.33
Financing								
Weighted average face rate of interest on debt (period-end)(3)	**5.00%**	4.75%	4.73%	4.69%	4.54%	4.53%	4.59%	4.40%
Interest coverage ratio (times)(4)	**1.7**	1.8	1.8	1.8	1.9	2.0	2.1	2.2
Net total debt-to-normalized adjusted EBITDAFV ratio (years)(4)	**11.5**	12.1	11.7	11.8	11.6	11.5	11.6	10.9
Total debt (in billions)	**$1.3**	$1.3	$1.4	$1.4	$1.3	$1.3	$1.3	$1.3
Level of debt (net total debt-to-net total assets)(4)	**51.5%**	52.9%	51.9%	50.9%	50.4%	50.0%	48.8%	48.3%
Capital								
Total number of REIT A Units and subsidiary redeemable units (in millions)(5)(6)	**19.0**	19.0	19.0	18.9	18.9	18.9	18.9	18.9
NAV per unit(4)(6)	**$57.40**	$59.47	$61.24	$64.82	$65.92	$66.31	$68.83	$69.43

(1) Excludes properties held for sale and investments in joint ventures that are equity accounted at the end of each period, as applicable.

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

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

(4) For additional information on the following non-GAAP ratios – interest coverage ratio (times), net total debt-to-normalized adjusted EBITDAFV ratio (years), level of debt (net total debt-to-net total assets) and NAV per unit – see the "Non-GAAP Financial Measures and Ratios" section of the MD&A.

(5) Total number of REIT A Units and subsidiary redeemable units includes 2.6 million subsidiary redeemable units, which are classified as a liability under IFRS Accounting Standards.

(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.

Results of operations

	2025				2024			2023
(in thousands of Canadian dollars)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Investment properties revenue	**$ 47,929**	$ 50,146	$ 48,790	$ 48,683	$ 48,495	$ 47,675	$ 47,545	$ 47,019
Investment properties operating expenses	**(22,928)**	(22,860)	(22,697)	(21,382)	(23,042)	(21,915)	(22,438)	(21,723)
Net rental income	**25,001**	27,286	26,093	27,301	25,453	25,760	25,107	25,296
Other income (loss)	**(7,977)**	3,882	2,463	2,634	3,347	380	455	(32,286)
Other expenses	**(19,246)**	(20,739)	(19,498)	(19,761)	(18,554)	(19,715)	(19,010)	(18,166)
Fair value adjustments, internal leasing costs, impairment and net gains (losses) on transactions	**(30,837)**	(31,692)	(84,590)	(32,626)	1,777	(48,670)	7,195	(24,665)
Income (loss) before income taxes	**(33,059)**	(21,263)	(75,532)	(22,452)	12,023	(42,245)	13,747	(49,821)
Current and deferred income taxes recovery (expense), net	**(124)**	2,162	(226)	511	(157)	(179)	(191)	115
Net income (loss) for the period	**(33,183)**	(19,101)	(75,758)	(21,941)	11,866	(42,424)	13,556	(49,706)
Other comprehensive income (loss)	**(847)**	2,437	92	577	(578)	(1,589)	700	(7,773)
Comprehensive income (loss) for the period	**$ (34,030)**	$ (16,664)	$ (75,666)	$ (21,364)	$ 11,288	$ (44,013)	$ 14,256	$ (57,479)

Our results of operations may vary significantly from period-to-period as a result of fair value adjustments to investment properties, fair value adjustments to financial instruments, net gains or losses on transactions, and other activities.

Reconciliation of net income (loss) to funds from operations

(in thousands of Canadian dollars except for unit and per unit amounts)

	2025				2024			2023
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net income (loss) for the period	**$(33,183)**	$(19,101)	$(75,758)	$(21,941)	$ 11,866	$(42,424)	$ 13,556	$(49,706)
Add (deduct):								
Net loss (income) from investment in Dream Industrial REIT	**8,220**	(3,369)	(1,611)	(2,391)	(3,054)	(169)	(449)	33,725
Share of FFO from investment in Dream Industrial REIT	**3,435**	3,472	3,462	3,335	3,268	3,280	3,327	4,839
Depreciation and amortization	**3,327**	3,011	3,459	3,227	3,038	3,711	2,960	2,972
Costs (recovery) attributable to sale of investment properties(1)	**2,727**	279	347	535	30	157	—	(3)
Interest expense on subsidiary redeemable units	**654**	654	655	654	872	1,309	1,308	1,309
Fair value adjustments to investment properties	**18,783**	38,903	33,799	24,594	17,293	28,823	16,649	38,866
Fair value adjustments to investment properties held in joint ventures	**(2)**	34	128	23	(11)	355	84	27
Fair value adjustments to financial instruments and DUIP included in G&A expenses	**6,001**	(12,379)	24,981	6,941	(19,890)	18,985	(24,452)	(14,885)
Internal leasing costs	**420**	494	437	426	574	408	405	492
Principal repayments on finance lease liabilities	**(15)**	(14)	(15)	(14)	(14)	(14)	(13)	(14)
Enterprise resource planning software upgrade costs included in G&A expenses	**17**	14	—	—	—	—	—	—
Deferred income taxes expense (recovery)	**99**	(2,188)	201	(531)	134	167	191	(115)
Debt settlement costs due to disposals of investment properties, net	**515**	—	—	—	—	—	—	—
Impairment of VTB mortgage receivable	**2,278**	4,294	24,905	—	—	—	—	—
FFO for the period(2)	**$ 13,276**	$ 14,104	$ 14,990	$ 14,858	$ 14,106	$ 14,588	$ 13,566	$ 17,507
Diluted weighted average number of units(3)(4)	**19,565**	19,500	19,492	19,479	19,410	19,359	19,347	24,941
Diluted FFO per unit(4)(5)	**$ 0.68**	$ 0.72	$ 0.77	$ 0.76	$ 0.73	$ 0.75	$ 0.70	$ 0.70

(1) Includes both continuing and discontinued operations.

(2) FFO is a non-GAAP financial measure. Refer to the section "Non-GAAP Financial Measures and Ratios" under the heading "Funds from operations and diluted FFO per unit" for further details.

(3) A description of the determination of diluted weighted average number of units can be found in the section "Supplementary Financial Measures and Other Disclosures".

(4) 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.

(5) Diluted FFO per unit is a non-GAAP ratio. Refer to the section "Non-GAAP Financial Measures and Ratios" under the heading "Funds from operations and diluted FFO per unit" for further details.

SECTION V

DISCLOSURE CONTROLS AND PROCEDURES

As at and for the period ended March 31, 2025, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Trust, along with the assistance of senior management, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to Dream Office REIT is made known to the CEO and CFO in a timely manner and information required to be disclosed by Dream Office REIT is recorded, processed, summarized and reported within the time periods specified in securities legislation, and have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the condensed consolidated financial statements in accordance with IFRS Accounting Standards.

During the three months ended March 31, 2025, there were no changes that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting.

RISKS AND OUR STRATEGY TO MANAGE

In addition to the specific risks discussed in this MD&A, we are exposed to various risks and uncertainties, many of which are beyond our control and could have an impact on our business, financial condition, operating results and prospects. Unitholders should consider these risks and uncertainties when assessing our outlook in terms of investment potential. For a further discussion of the risks and uncertainties identified by Dream Office REIT, please refer to our latest Annual Report and Annual Information Form filed on the System for Electronic Document Analysis and Retrieval+ ("SEDAR+") (www.sedarplus.com).

REAL ESTATE OWNERSHIP

Real estate ownership is generally subject to numerous factors and 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), changes in government policy, the attractiveness of properties to potential tenants or purchasers, competition with other landlords with similar available space, and the ability of the owner to provide adequate maintenance at competitive costs.

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 from operations and make distributions and interest payments.

Certain significant expenditures (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 the property is producing sufficient income to pay such expenses. 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 that 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. 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.

ECONOMIC ENVIRONMENT

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, including as a result of the imposition of duties, tariffs and other trade protection measures and their effects, could materially and adversely affect the Trust's ability to generate revenues, thereby increasing operating costs and 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.

FINANCING

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 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; government policies; 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 A Units.

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, 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; 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 the outstanding borrowings; and impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general trust or other purposes.

LIQUIDITY

Our ability to meet our financial obligations as they become due represents our exposure to liquidity risk. Our principal liquidity needs arise from the payment of distributions, costs of attracting and retaining tenants, recurring property maintenance, development projects, major property improvements, costs of refinancing maturing debt, debt principal repayments and interest payments. As at March 31, 2025, current liabilities totalled $141.6 million, exceeding current assets of $43.1 million, resulting in a working capital deficiency of $98.5 million. Our net working capital deficiencies are currently funded using cash on hand, cash flows from operations and from the Trust's credit facilities.

Our ability to meet our future obligations may be impacted by the liquidity risk associated with receiving tenant rent payments and loans receivable and realization of fair value on any full or partial disposition of real property.

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit our ability to vary our portfolio promptly in response to changing economic or investment conditions. If we are required to liquidate our real property investments, the proceeds to us might be significantly less than the aggregate carrying value of our properties.

The Trust's credit facilities contain covenants, certain of which require it to maintain certain financial ratios and a minimum level of equity. In addition, certain of the Trust's mortgages have covenants tied to the performance of the mortgaged properties. The mortgages generally have cure mechanisms in the case of a failure to meet a property level covenant. If a property covenant is breached and not cured, or if the Trust fails to meet the covenants on its credit facilities, the related debt may become due and payable immediately, which would have significant impacts on the Trust's liquidity and ability to meet its obligations.

The CIB Facility may solely be used for the purpose of commercial property retrofits to achieve certain energy efficiency savings and GHG emission reductions. The terms of the CIB facility require the Trust to achieve certain minimum GHG reduction targets as a result of the projects funded by the CIB Facility. If the Trust fails to achieve these reduction thresholds on the funded projects, the Trust could be required to repay a portion of the CIB Facility.

Management manages liquidity risk by monitoring actual and projected cash flows and liquidity requirements of the Trust. Management seeks to ensure that it has sufficient cash to meet operational needs by maintaining sufficient cash, ensuring availability under its credit facility and its ability to lease out vacant space. The Trust mitigates its liquidity risk by staggering the maturity dates of its borrowing, maintaining borrowing relationships with different lenders and maintaining sufficient availability on its credit facilities. For the 12 months following March 31, 2025, debt and scheduled principal repayments of $44.7 million will mature and need to be settled by means of renewal or repayment, of which the Trust has addressed subsequent to the quarter, a $30 million maturing mortgage renewed on April 1, 2025 for a total of $28 million. The Trust manages the risk of refinancings to liquidity by proactively engaging lenders in advance of maturity to renew or otherwise refinance mortgages as they come due.

The failure of the Trust to adequately manage its liquidity risk could have an adverse effect on our financial condition and results of operation, decrease the amount of cash available for distribution to unitholders and cause the price of our units to decrease.

INTEREST RATES

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 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 applicable 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 applicable Units. The Trust is also subject to interest rate risk on its drawings on its CIB Facility whereby the interest rate on the facility will be adjusted at the end of the non-revolving availability period to a rate between 1% and 3% depending on whether it meets, or fails to meet, specified decarbonization goals.

ADVERSE GLOBAL MARKET, ECONOMIC AND POLITICAL CONDITIONS

Adverse Canadian, European, U.S. 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, and international sanctions, 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.

The imposition of duties, tariffs and other trade restrictions (including any retaliation to such measures) could result in increased costs of supplies, slow economic growth and materially impact the business of our tenants and their ability to make lease payments and renew leases. A trade war could also increase the likelihood and intensity of other risks discussed in this Quarterly Report and our Annual Information Form. These risks could have a material adverse effect on our business, results of operations and financial condition.

SECTION VI

CRITICAL ACCOUNTING JUDGMENTS

Preparing the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

The following are the critical accounting judgments used in applying the Trust's accounting policies that have the most significant effect on the amounts in the consolidated financial statements:

Investment properties

Critical judgments are made in respect of the fair values of investment properties. The fair values of these investments are reviewed at least quarterly by management with reference to independent property appraisals and market conditions existing at the reporting date, using generally accepted market practices. The independent appraisers are experienced, nationally recognized and qualified in the professional valuation of investment properties in their respective geographic areas. Judgment is also applied in determining the extent and frequency of obtaining independent appraisals. At each reporting period, a select number of properties, determined on a rotational basis, are valued by independent appraisers. For properties not subject to independent appraisals, valuations are prepared internally during each reporting period.

Critical assumptions used in estimating the fair values of investment properties include capitalization rates, discount rates that reflect current market uncertainties, terminal cap rates and market rents. Other key assumptions relating to the estimates of fair values of investment properties include components of stabilized NOI, leasing costs and vacancy rates. The Trust examines the critical and key assumptions at the end of each reporting period and updates these assumptions based on recent leasing activity and external market data available at that time. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of investment properties may change materially.

The Trust makes judgments with respect to whether lease incentives provided in connection with a lease enhance the value of the leased space, which determines whether or not such amounts are treated as tenant improvements and added to investment properties. Lease incentives, such as cash, rent-free periods and lessee or lessor owned improvements, may be provided to lessees to enter into an operating lease. Lease incentives that do not provide benefits beyond the initial lease term are included in the carrying amount of investment properties and are amortized as a reduction of rental revenue on a straight-line basis over the term of the lease.

Judgment is also applied in determining whether certain costs are additions to the carrying amount of the investment property. For properties under development, the Trust exercises judgment in determining when development activities have commenced, when and how much borrowing costs are to be capitalized to the development project, and the point of practical completion.

Impairment

The Trust assesses the possibility and amount of any impairment loss or write-down as it relates to equity accounted investments.

IAS 36, "Impairment of Assets" ("IAS 36"), requires management to use judgment in determining the recoverable amount of equity accounted investments that are tested for impairment. Judgment is also involved in estimating the value-in-use of the equity accounted investments, including estimates of future cash flows, discount rates, terminal cap rates and associate income and distribution payout ratios. The values assigned to these key assumptions reflect past experience and are consistent with external sources of information.

FUTURE CHANGES IN ACCOUNTING POLICIES

IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures"

In May 2024, amendments to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" were issued. The amendments clarify the timing of recognition and derecognition for a financial asset or financial liability, including clarifying that a financial liability is derecognized on the settlement date. Further, the amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. The amendments also require additional disclosures for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income. These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments related to the classification of financial assets. The Trust is in the process of assessing the impact of these new standards.

ADDITIONAL INFORMATION

Additional information relating to Dream Office REIT, including the latest Annual Information Form of Dream Office REIT, is available on SEDAR+ at www.sedarplus.com.

SECTION VII

ASSET LISTING

The following table includes supplementary information on our portfolio as at March 31, 2025:

Property	Ownership	Owned share of total GLA (in thousands of sq. ft.)	Number of tenants (in-place and committed)	Average tenant size (in thousands of sq. ft.)	Average remaining lease term (in years)	In-place and committed occupancy
Adelaide Place, Toronto	100.0%	670	58	10	6.3	86.7%
30 Adelaide Street East, Toronto	100.0%	416	11	38	7.5	99.9%
655 Bay Street, Toronto	100.0%	308	18	17	6.2	98.7%
74 Victoria Street/137 Yonge Street, Toronto	100.0%	266	5	25	3.6	46.4%
36 Toronto Street, Toronto	100.0%	214	28	5	4.1	69.7%
330 Bay Street, Toronto	100.0%	169	34	4	6.1	79.5%
20 Toronto Street/33 Victoria Street, Toronto	100.0%	159	14	11	6.3	97.9%
250 Dundas Street West, Toronto	100.0%	121	19	5	2.4	77.7%
80 Richmond Street West, Toronto	100.0%	102	26	3	5.1	65.1%
425 Bloor Street East, Toronto(1)	100.0%	83	6	13	6.0	96.2%
212 King Street West, Toronto	100.0%	73	8	8	1.7	91.5%
357 Bay Street, Toronto	100.0%	65	1	65	10.6	100.0%
360 Bay Street, Toronto	100.0%	59	9	4	3.5	65.0%
6 Adelaide Street East, Toronto	100.0%	55	12	4	4.2	90.3%
350 Bay Street, Toronto	100.0%	53	7	5	4.6	61.3%
366 Bay Street, Toronto(2)	100.0%	40	1	40	14.7	100.0%
56 Temperance Street, Toronto	100.0%	33	8	4	4.0	100.0%
Toronto downtown		**2,886**	**265**	**9**	**6.0**	**84.2%**
50 & 90 Burnhamthorpe Road West, Mississauga (Sussex Centre)(3)	49.9%	327	59	7	4.9	67.3%
2200-2206 Eglinton Avenue East & 1020 Birchmount Road, Scarborough	100.0%	442	15	20	5.3	69.2%
444 – 7th Building, Calgary	100.0%	261	10	22	6.2	84.9%
Vendasta Square, Saskatoon	100.0%	229	10	14	7.5	62.7%
Co-operators Place, Regina	100.0%	206	4	43	10.0	83.0%
12800 Foster Street, Overland Park, Kansas, U.S.	100.0%	185	1	185	0.7	100.0%
Kensington House, Calgary	100.0%	77	16	4	3.5	87.6%
Other markets		**1,727**	**115**	**13**	**5.5**	**76.1%**
Total portfolio		**4,613**	**380**	**10**	**5.8**	**81.2%**
606 – 4th Building & Barclay Parkade, Calgary(4)	100.0%	126	11	10	2.0	83.2%
67 Richmond Street West, Toronto(5)	100.0%	51	3	6	7.1	36.5%
Total properties under development		**177**	**14**	**9**	**2.8**	**69.8%**
Total portfolio and properties under development		**4,790**	**394**	**10**	**5.7**	**80.7%**
220 King Street West, Toronto(6)	50.0%	11	6	4	0.9	100.0%

(1) Property subject to a ground lease.
(2) This property was reclassified from properties under development to Toronto downtown on July 1, 2024.
(3) The Trust owns 49.9% of this property through a co-ownership with Dream Impact Trust, a related party to the Trust.
(4) This property was reclassified from Other markets to properties under development on October 1, 2024.
(5) This property was reclassified from Toronto downtown to properties under development on May 1, 2022.
(6) The Trust owns 50% of this property through a joint venture arrangement that is equity accounted.

Condensed consolidated balance sheets

(unaudited)
(in thousands of Canadian dollars)

	Note	March 31, 2025	December 31, 2024
Assets			
NON-CURRENT ASSETS			
Investment properties	3	**$ 2,171,584**	$ 2,175,015
Investment in Dream Industrial REIT	4	**195,116**	227,320
Investments in joint ventures		**27,108**	27,738
Deferred tax assets, net		**222**	321
Other non-current and derivative assets		**47**	47
		2,394,077	2,430,441
CURRENT ASSETS			
Amounts receivable		**9,388**	10,327
Prepaid expenses and other assets		**703**	885
Vendor take-back mortgage receivable	11	**15,000**	19,406
Cash and cash equivalents		**18,047**	18,268
		43,138	48,886
Assets held for sale	12	**—**	105,600
Total assets		**$ 2,437,215**	$ 2,584,927
Liabilities			
NON-CURRENT LIABILITIES			
Debt	5	**$ 1,219,746**	$ 956,076
Other non-current and derivative liabilities	6	**33,027**	27,108
		1,252,773	983,184
CURRENT LIABILITIES			
Debt	5	**43,074**	351,538
Subsidiary redeemable units		**46,555**	46,738
Amounts payable and accrued liabilities	7	**51,983**	54,057
		141,612	452,333
Debt related to assets held for sale	12	**—**	68,887
Total liabilities		**1,394,385**	1,504,404
Equity			
Unitholders' equity		**1,837,869**	1,837,446
Deficit		**(802,055)**	(764,786)
Accumulated other comprehensive income		**7,016**	7,863
Total equity		**1,042,830**	1,080,523
Total liabilities and equity		**$ 2,437,215**	$ 2,584,927

See accompanying notes to the condensed consolidated financial statements.

On behalf of the Board of Trustees of Dream Office Real Estate Investment Trust:

"Qi Tang"	***"Michael J. Cooper"***
QI TANG	**MICHAEL J. COOPER**
Trustee	Trustee

Condensed consolidated statements of comprehensive income (loss)

(unaudited)
(in thousands of Canadian dollars)

		Three months ended March 31,	
	Note	**2025**	2024
Investment properties revenue	8	**$ 47,929**	$ 48,495
Investment properties operating expenses		**(22,928)**	(23,042)
Net rental income		**25,001**	25,453
Other income (loss)			
Net income (loss) from investment in Dream Industrial REIT	4	**(8,220)**	3,054
Share of net loss from investment in joint ventures		**(150)**	(171)
Interest and other income		**393**	464
		(7,977)	3,347
Other expenses			
General and administrative		**(2,240)**	(2,238)
Interest:			
Debt		**(16,351)**	(15,422)
Subsidiary redeemable units		**(654)**	(872)
Depreciation on property and equipment		**(1)**	(22)
		(19,246)	(18,554)
Fair value adjustments, leasing costs, impairment and net losses on transactions			
Fair value adjustments to investment properties	3, 12	**(18,783)**	(17,293)
Fair value adjustments to financial instruments	9	**(6,114)**	19,674
Internal leasing costs and net losses on transactions	10	**(3,662)**	(604)
Impairment of VTB mortgage receivable	11	**(2,278)**	—
		(30,837)	1,777
Income (loss) before income taxes		**(33,059)**	12,023
Current and deferred income taxes expense, net		**(124)**	(157)
Net income (loss)		**(33,183)**	11,866
Other comprehensive loss			
Items that will be reclassified subsequently to net income (loss):			
Amortization of historical interest rate hedging arrangement		**—**	9
Unrealized gain (loss) on foreign currency translation		**(43)**	1,174
Other comprehensive income (loss) from investment in Dream Industrial REIT	4	**(324)**	844
Items that will not be reclassified subsequently to net income (loss):			
Share of other comprehensive loss from investment in joint ventures		**(480)**	(2,605)
Other comprehensive loss		**(847)**	(578)
Comprehensive income (loss)		**$ (34,030)**	$ 11,288

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of changes in equity

(unaudited)
(all dollar amounts in thousands of Canadian dollars)

		Attributable to unitholders of the Trust								
Three months ended March 31, 2025	**Note**	**Number of REIT A Units**		**Unitholders' equity**		**Deficit**		**Accumulated other comprehensive income**		**Total equity**
Balance at January 1, 2025		**16,337,348**	**$**	**1,837,446**	**$**	**(764,786)**	**$**	**7,863**	**$**	**1,080,523**
Net loss for the period		**—**		**—**		**(33,183)**		**—**		**(33,183)**
Distributions paid and payable	13	**—**		**—**		**(4,086)**		**—**		**(4,086)**
Deferred trust units exchanged for REIT A Units		**23,624**		**423**		**—**		**—**		**423**
Other comprehensive loss		**—**		**—**		**—**		**(847)**		**(847)**
Balance at March 31, 2025		**16,360,972**	**$**	**1,837,869**	**$**	**(802,055)**	**$**	**7,016**	**$**	**1,042,830**

		Attributable to unitholders of the Trust								
Three months ended March 31, 2024	Note	Number of REIT A Units (Note 2)		Unitholders' equity		Deficit		Accumulated other comprehensive income		Total equity
Balance at January 1, 2024		16,313,022	$	1,837,138	$	(642,162)	$	5,335	$	1,200,311
Net income for the period		—		—		11,866		—		11,866
Distributions paid and payable	13	—		—		(5,439)		—		(5,439)
Deferred trust units exchanged for REIT A Units		16,625		261		—		—		261
Unit cancellation costs		—		(5)		—		—		(5)
Other comprehensive loss		—		—		—		(578)		(578)
Balance at March 31, 2024		16,329,647	$	1,837,394	$	(635,735)	$	4,757	$	1,206,416

See accompanying notes to the condensed consolidated financial statements.

Condensed consolidated statements of cash flows

(unaudited)
(in thousands of Canadian dollars)

	Note	Three months ended March 31, 2025	2024
Generated from (utilized in) operating activities			
Net income (loss) for the period		**$ (33,183)**	$ 11,866
Non-cash items:			
Net income (loss) from investment in Dream Industrial REIT	4	**8,220**	(3,054)
Fair value adjustments to investment properties	3, 12	**18,783**	17,293
Fair value adjustments to financial instruments	9	**6,114**	(19,674)
Amortization and depreciation	14	**3,324**	3,047
Impairment of VTB mortgage receivable	11	**2,278**	—
Other adjustments	14	**3,567**	625
Interest expense on debt		**16,351**	15,422
Interest expense on subsidiary redeemable units		**654**	872
Change in non-cash working capital	14	**(1,751)**	1,028
Investment in lease incentives and initial direct leasing costs		**(3,482)**	(6,026)
		20,875	21,399
Generated from (utilized in) investing activities			
Investment in building improvements		**(5,522)**	(5,606)
Investment in properties under development		**(2,092)**	(2,531)
Contributions to joint ventures		**—**	(218)
Distributions from investment in Dream Industrial REIT		**2,369**	2,369
Net cash proceeds from sale of Dream Industrial REIT units		**21,402**	—
Net proceeds from disposal of investment properties		**99,692**	(57)
Advances on loan facility		**—**	(475)
		115,849	(6,518)
Generated from (utilized in) financing activities			
Borrowings	5	**7,627**	13,640
Scheduled principal repayments	5, 12	**(2,378)**	(3,505)
Lump sum repayments	5	**(49,862)**	(637)
Lump sum repayments on property dispositions	12	**(68,624)**	—
Financing cost additions	5	**(993)**	—
Interest paid on debt		**(17,304)**	(15,538)
Interest paid on subsidiary redeemable units		**(872)**	(1,090)
Distributions paid on REIT A Units(1)	13	**(4,084)**	(6,797)
Cancellation of REIT A Units under NCIB and unit transaction costs		**—**	(5)
Debt settlement costs paid		**(434)**	—
Principal repayments on finance lease liabilities		**(15)**	(14)
		(136,939)	(13,946)
Change in cash and cash equivalents		**(215)**	935
Foreign exchange gain (loss) on cash held in foreign currency		**(6)**	184
Cash and cash equivalents, beginning of period		**18,268**	13,273
Cash and cash equivalents, end of period		**$ 18,047**	$ 14,392

(1) 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 per unit amounts disclosed reflect the post-Unit Consolidation units for all periods presented. Refer to Note 2 for further details.

See accompanying notes to the condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

(unaudited, all dollar amounts in thousands of Canadian dollars, except for per unit or per square foot amounts)

Note 1

ORGANIZATION

Dream Office Real Estate Investment Trust ("Dream Office REIT" or the "Trust") is an open-ended investment trust created pursuant to a Declaration of Trust, as amended and restated, under the laws of the Province of Ontario. The condensed consolidated financial statements of Dream Office REIT include the accounts of Dream Office REIT and its subsidiaries. Dream Office REIT indirectly owns office properties through its subsidiaries primarily in downtown Toronto. A subsidiary of Dream Office REIT performs the property management function.

The principal office and centre of administration of the Trust is 30 Adelaide Street East, Suite 301, Toronto, Ontario, M5C 3H1. The Trust is listed on the Toronto Stock Exchange ("TSX") under the symbol "D.UN". Dream Office REIT's condensed consolidated financial statements for the three months ended March 31, 2025 were authorized for issuance by the Board of Trustees on May 8, 2025, after which they may be amended only with the Board of Trustees' approval.

For simplicity, throughout the Notes, reference is made to the units of the Trust as follows:

- "REIT A Units", meaning the REIT Units, Series A;
- "REIT B Units", meaning the REIT Units, Series B;
- "REIT Units", meaning the REIT A Units and REIT B Units, collectively;
- "Units", meaning the REIT Units and Special Trust Units, collectively; and
- "subsidiary redeemable units", meaning the LP Class B Units, Series 1, limited partnership units of Dream Office LP, a subsidiary of Dream Office REIT.

Note 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The condensed consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and International Accounting Standard ("IAS") 34, "Interim financial reporting". Accordingly, certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with IFRS Accounting Standards have been omitted or condensed. The condensed consolidated financial statements should be read in conjunction with the Trust's annual consolidated financial statements for the year ended December 31, 2024, which have been prepared in accordance with IFRS Accounting Standards.

Effective February 22, 2024, the Trust completed a unit consolidation of all the issued and outstanding 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 February 22, 2024 ("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.

Accounting policies

The condensed consolidated financial statements have been prepared using the same accounting policies and methods as those used in the Trust's annual consolidated financial statements for the year ended December 31, 2024.

Critical accounting judgments, estimates and assumptions in applying accounting policies

Preparing the condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which forms the basis of the carrying amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that might require a material adjustment to the carrying amount of the affected asset or liability in the future. Management has applied the same methodologies in making critical accounting judgments, estimates and assumptions as disclosed in the Trust's annual consolidated financial statements for the year ended December 31, 2024.

Note 3

INVESTMENT PROPERTIES

	Three months ended March 31, 2025			Year ended December 31, 2024		
	Active properties	**Properties under development**	**Investment properties**	Active properties	Properties under development	Investment properties
Balance, beginning of period	**$ 2,122,703**	**$ 52,312**	**$ 2,175,015**	$ 2,278,070	$ 64,304	$ 2,342,374
Additions:						
Building improvements	**4,844**	**2,713**	**7,557**	32,286	7,496	39,782
Lease incentives and initial direct leasing costs	**7,433**	**7**	**7,440**	23,406	3,771	27,177
Capitalized interest	**—**	**211**	**211**	—	871	871
Total additions to investment properties	**12,277**	**2,931**	**15,208**	55,692	12,138	67,830
Transfers, dispositions, assets classified as held for sale and other:						
Properties under development transferred to active properties during the period	**—**	**—**	**—**	31,049	(31,049)	—
Active properties transferred to properties under development during the period	**—**	**—**	**—**	(16,037)	16,037	—
Investment properties classified as held for sale during the period	**—**	**—**	**—**	(114,200)	—	(114,200)
Total transferred, disposed, classified as held for sale and other	**—**	**—**	**—**	(99,188)	(15,012)	(114,200)
Changes included in net income (loss):						
Fair value adjustments to investment properties	**(12,788)**	**(3,020)**	**(15,808)**	(105,860)	(8,729)	(114,589)
Change in straight-line rent	**310**	**11**	**321**	2,854	11	2,865
Amortization and write-off of lease incentives	**(2,966)**	**(149)**	**(3,115)**	(12,241)	(400)	(12,641)
Total changes included in net income	**(15,444)**	**(3,158)**	**(18,602)**	(115,247)	(9,118)	(124,365)
Change included in other comprehensive income (loss):						
Foreign currency translation	**(37)**	**—**	**(37)**	3,376	—	3,376
Total change included in other comprehensive income (loss)	**(37)**	**—**	**(37)**	3,376	—	3,376
Balance, end of period	**$ 2,119,499**	**$ 52,085**	**$ 2,171,584**	$ 2,122,703	$ 52,312	$ 2,175,015
Change in unrealized income included in net income (loss) for the period						
Unrealized change in fair value of investment properties	**$ (12,788)**	**$ (3,020)**	**$ (15,808)**	$ (105,860)	$ (8,729)	$ (114,589)

Investment properties include $16,580 (December 31, 2024 – $16,809) related to straight-line rent receivables.

As of March 31, 2025 and December 31, 2024, all of the Trust's investment properties were pledged as security for debt.

Valuations of externally appraised properties

The following table summarizes the investment properties valued by qualified external valuation professionals for the three months ended March 31, 2025 and year ended December 31, 2024 by fair values:

		Three months ended March 31, 2025		Year ended December 31, 2024
Investment properties valued by qualified external valuation professionals	$	**21,300**	$	893,997
Number of investment properties valued by qualified external valuation professionals		**1**		8
Percentage of the total investment properties valued by qualified external valuation professionals		**1%**		41%

Fair value adjustments to investment properties

When performing fair value assessments for its investment properties, the Trust incorporates a number of factors, including recent market transactions, recent leasing activity, market vacancy, leasing costs and other information obtained from market research and recently completed leases. The fair value of the investment properties as at March 31, 2025 and December 31, 2024 represents the Trust's best estimate based on internally and externally available information as at the end of each reporting period.

Management's valuation process relies on certain assumptions, which include, but are not limited to, market rents, leasing costs, vacancy rates, discount rates and capitalization ("cap") rates. The Trust monitors market trends and changes in the economic environment on the valuation of its investment properties. If there are changes in the critical and key assumptions used in valuing the investment properties, or in regional, national or international economic conditions, the fair value of investment properties may change materially. The significant and unobservable Level 3 valuation metrics used in the valuation methods are set out in the tables below.

As at March 31, 2025, the Trust valued 21 properties using the cap rate method, two properties under development using the discounted cash flow method, and three properties with redevelopment potential using the direct comparison approach (December 31, 2024 – 21 properties were valued using the cap rate method, two properties using the discounted cash flow method and three properties using the direct comparison approach).

Assumptions used in the valuation of investment properties using the cap rate method

The critical valuation metrics by segment for properties valued using the cap rate method as at March 31, 2025 and December 31, 2024 are set out below:

	March 31, 2025		December 31, 2024	
	Range (%)	**Weighted average cap rates (%)**	Range (%)	Weighted average cap rates (%)
Toronto downtown	**5.50–6.25**	**5.69**	5.25–6.00	5.37
Other markets	**7.00–10.00**	**7.87**	7.25–10.00	8.01
Total portfolio	**5.50–10.00**	**5.98**	5.25–10.00	5.73

Sensitivities on assumptions

Generally, an increase in stabilized NOI will result in an increase to the fair value of an investment property. An increase in the cap rate will result in a decrease to the fair value of an investment property. The cap rate magnifies the effect of a change in stabilized NOI, with a lower rate resulting in a greater impact on the fair value of an investment property than a higher rate.

The following sensitivity table outlines the potential impact on the fair value of investment properties (excluding two investment properties under development and three properties with redevelopment potential), for a range of changes to the weighted average cap rate as at March 31, 2025:

	Impact of change to weighted average cap rates					
	+100 bps	+50 bps	+25 bps	–25 bps	–50 bps	–100 bps
Increase (decrease) in value	$ (281,870)	$ (152,050)	$ (79,140)	$ 86,230	$ 180,560	$ 398,610

Assumptions used in the valuation of office properties under development using the discounted cash flow method

As at March 31, 2025 and December 31, 2024, one office investment property under development was valued using the discounted cash flow method.

The critical valuation metrics as at March 31, 2025 and December 31, 2024 are set out below:

	March 31, 2025	December 31, 2024
	Rates	Rates
Discount rates (%)	**7.00**	6.00
Terminal cap rates (%)	**5.50**	5.50
Market rental rates (in dollars per square foot)[(1)]	**$ 40.00**	$ 35.00

(1) Market rental rates represent year-one rates following project completion in the discounted cash flow model. Market rental rates include only office space and exclude retail space.

In addition to the assumptions noted above, as at March 31, 2025, leasing cost assumptions for new and renewed leasing were within the range of $3.00 to $7.50 per square foot per year (December 31, 2024 – $4.00 to $14.00 per square foot per year).

Sensitivities on assumptions for office properties under development

Generally, an increase in market rents will result in an increase to the fair value of an investment property. An increase in the terminal cap rate or discount rate will result in a decrease to the fair value of an investment property. The terminal cap and discount rates magnify the effect of a change in market rents, with lower rates resulting in a greater impact on the fair value of an investment property than a higher rate. An increase in leasing costs per square foot will result in a decrease in the fair value of an investment property.

The following sensitivity table outlines the potential impact on the fair value of the one office property under development valued under the discounted cash flow method, assuming the market rental rates were to change by $1.00 per square foot and the leasing costs were to change by $5.00 per square foot as at March 31, 2025.

	Impact of change to market rental rates		Impact of change to leasing costs per square foot	
	+$1.00	–$1.00	+$5.00	–$5.00
Increase (decrease) in value	$ 693	$ (693)	$ (7)	$ 7

Generally, a decrease in vacancy rate assumptions will result in an increase to the fair value of a property valued under the discounted cash flow method, while an increase in vacancy rate assumptions will result in a decrease to the fair value of a property valued under the discounted cash flow method.

Assumptions used in the valuation of residential investment properties under development using the discounted cash flow method

As at March 31, 2025, one residential investment property under development was valued using the discounted cash flow method.

	March 31, 2025	December 31, 2024
	Rates	Rates
Discount rates (%)	**7.00**	6.00
Terminal cap rates (%)	**5.25**	5.25
Market rental rates (in dollars per square foot per month)[(1)]	**$ 3.48**	$ 3.48

(1) Market rental rates represent year-one rates following project completion in the discounted cash flow model. Market rental rates include only residential space and exclude retail space.

Sensitivities on assumptions for residential investment properties under development

Generally, an increase in market rents will result in an increase to the fair value of an investment property. An increase in the terminal cap rate or discount rate will result in a decrease to the fair value of an investment property. The terminal cap and discount rates magnify the effect of a change in market rents, with lower rates resulting in a greater impact on the fair value of an investment property than a higher rate. An increase in leasing costs per square foot will result in a decrease in the fair value of an investment property.

The following sensitivity table outlines the potential impact on the fair value of the one residential development property valued under the discounted cash flow method, assuming the market rental rates were to change by $0.10 per square foot per month as at March 31, 2025.

	Impact of change to market rental rates per month	
	+$0.10	–$0.10
Increase (decrease) in value	$ 1,510	$ (1,510)

Generally, a decrease in vacancy rate assumptions will result in an increase to the fair value of a property valued under the discounted cash flow method, while an increase in vacancy rate assumptions will result in a decrease to the fair value of a property valued under the discounted cash flow method.

Note 4

INVESTMENT IN DREAM INDUSTRIAL REIT

Dream Industrial Real Estate Investment Trust ("Dream Industrial REIT") is an unincorporated, open-ended real estate investment trust listed on the Toronto Stock Exchange under the symbol "DIR.UN".

	Three months ended March 31, 2025	Year ended December 31, 2024
Balance, beginning of period	**$ 227,320**	$ 224,888
Share of income	**2,101**	11,258
Share of other comprehensive income	**344**	1,484
Dilution loss	**(386)**	(833)
Distributions earned	**(2,258)**	(9,477)
Net proceeds on the sale of Dream Industrial REIT units	**(21,413)**	—
Loss on the sale of Dream Industrial REIT units	**(10,592)**	—
Balance, end of period	**$ 195,116**	$ 227,320
Dream Industrial REIT units held, end of period	**4,185,818**	192,735
Dream Industrial LP Class B limited partnership units held, end of period(1)(2)	**7,453,489**	13,346,572
Total units held, end of period	**11,639,307**	13,539,307
Ownership as a percentage of total units outstanding, end of period	**4.0%**	4.7%

(1) 1,430,000 Dream Industrial LP Class B limited partnership units are pledged as security for the $10,000 revolving credit facility as at March 31, 2025 and December 31, 2024.

(2) 6,023,489 Dream Industrial LP Class B limited partnership units and 3,993,083 REIT units are pledged as security for the $375,000 revolving credit facility as at March 31, 2025 (December 31, 2024 – 11,916,572 Dream Industrial LP Class B limited partnership units).

The table below reconciles the components of net income from investment in Dream Industrial REIT for the three months ended March 31, 2025 and March 31, 2024.

	Three months ended March 31,	
	2025	2024
Share of income	**$ 2,101**	$ 3,136
Dilution loss	**(386)**	(82)
Loss on the sale of Dream Industrial REIT units	**(10,592)**	—
Transaction costs on the sale of Dream Industrial REIT units	**(11)**	—
Reclassification of accumulated other comprehensive income to net income (loss) from sale of units	**668**	—
Net income (loss) from investment in Dream Industrial REIT	**$ (8,220)**	$ 3,054

The table below reconciles the components of other comprehensive income (loss) from investment in Dream Industrial REIT for the three months ended March 31, 2025 and March 31, 2024.

	Three months ended March 31,	
	2025	2024
Share of other comprehensive income	**$ 344**	$ 844
Reclassification of accumulated other comprehensive income to net income (loss) from sale of units	**(668)**	—
Other comprehensive income (loss) from investment in Dream Industrial REIT	**$ (324)**	$ 844

The fair value of the Trust’s interest in Dream Industrial REIT of $131,524 (December 31, 2024 – $159,899) was determined using the Dream Industrial REIT closing unit price of $11.30 per unit (December 31, 2024 – $11.81 per unit) at period-end multiplied by the number of units held by the Trust as at March 31, 2025.

On March 6, 2025, Dream Industrial REIT announced that the Toronto Stock Exchange accepted a notice of intention filed by Dream Industrial REIT to make a normal course issuer bid (the “Bid”). Under the bid, Dream Industrial REIT will have the ability to purchase for cancellation up to a maximum of 27,800,995 of its units (representing 10% of Dream Industrial REIT’s public float of 278,009,954 units as of February 24, 2025) through the facilities of the TSX, commencing on March 10, 2025 and will remain in effect until the earlier of March 9, 2026 or the date on which Dream Industrial REIT has purchased the maximum number of units permitted under the bid. As of March 31, 2025, Dream Industrial REIT repurchased nil REIT units under the normal course issuer bid.

On March 24, 2025, the Trust converted 5,893,083 Dream Industrial LP Class B limited partnership units to Dream Industrial REIT units. On March 27, 2025, the Trust sold 1,900,000 Dream Industrial REIT units for net proceeds of $21,413. As a result of the sale, the Trust recorded a loss totalling $10,592 for the difference between the net proceeds and the carrying value of the investment. The Trust incurred $11 in transaction costs on the sale. As a result of the sale, accumulated other comprehensive income previously recorded relating to the reduction in ownership interest was reclassified to net income (loss) from investment in Dream Industrial REIT. Subsequent to the quarter, the Trust sold an additional 3,993,083 Dream Industrial REIT units, representing the remainder of the converted units from March 25, 2025, for total net proceeds of $40,438 after transaction costs and fees. The proceeds from all sales of Dream Industrial REIT units were used to pay down the Trust's corporate credit facility.

Note 5
DEBT

		March 31, 2025		December 31, 2024
Mortgages[1][2]	**$**	**954,215**	$	955,904
Credit facilities[2][3][4]		**308,605**		351,710
Total debt		**1,262,820**		1,307,614
Less: Current portion		**(43,074)**		(351,538)
Non-current debt	**$**	**1,219,746**	$	956,076

(1) Net of financing costs of $3,453 (December 31, 2024 – $3,883).

(2) Secured by charges on specific investment properties.

(3) Secured by Dream Industrial LP Class B limited partnership units.

(4) Net of financing costs of $1,340 (December 31, 2024 – $470).

Continuity of debt

The following tables provide a continuity of debt for the three months ended March 31, 2025 and year ended December 31, 2024:

	Three months ended March 31, 2025					
		Mortgages		**Credit facilities**		**Total**
Balance as at January 1, 2025	**$**	**955,904**	**$**	**351,710**	**$**	**1,307,614**
Cash items:						
Borrowings		**—**		**7,627**		**7,627**
Scheduled principal repayments		**(1,965)**		**—**		**(1,965)**
Lump sum repayments		**—**		**(49,862)**		**(49,862)**
Financing costs additions		**—**		**(993)**		**(993)**
Non-cash items:						
Amortization of financing costs		**276**		**123**		**399**
Balance as at March 31, 2025	**$**	**954,215**	**$**	**308,605**	**$**	**1,262,820**

	Year ended December 31, 2024		
	Mortgages	Credit facilities	Total
Balance as at January 1, 2024	$ 1,038,993	$ 300,468	$ 1,339,461
Cash items:			
Borrowings	269,325	81,672	350,997
Scheduled principal repayments	(13,187)	—	(13,187)
Lump sum repayments	(269,574)	(30,864)	(300,438)
Financing costs additions	(1,830)	(25)	(1,855)
Non-cash items:			
Debt classified as liabilities related to assets held for sale	(68,887)	—	(68,887)
Amortization of financing costs	1,064	459	1,523
Balance as at December 31, 2024	$ 955,904	$ 351,710	$ 1,307,614

Mortgage refinancing

On April 1, 2025, subsequent to the quarter, the Trust refinanced a $30,000 mortgage secured by a property in Toronto, Ontario. The refinanced mortgage totals $28,000, maturing on April 1, 2028, bearing a floating interest rate based on daily CORRA. On April 21, 2025, the Trust entered into a fixed-for-variable interest rate swap to fix the interest rate on the mortgage at 5.26%.

Development facility

On March 7, 2025, the Trust secured a non-revolving development facility of up to $64,312 at an interest rate to be set at the time of the first drawdown but not to exceed the 10-year Government of Canada bond rate plus 0.40%.

Credit facilities

The Trust has five credit facilities: (i) a $375,000 revolving credit facility, (ii) a $10,000 revolving credit facility, (iii) a $20,000 demand revolving credit facility, (iv) a $112,870 non-revolving credit facility and (v) an $8,200 non-revolving term loan facility. The details of each credit facility are specified in the tables below.

On March 6, 2025, the Trust amended and extended the maturity of its $375,000 credit facility to September 30, 2027. The amended facility bears interest at the unadjusted one-month term CORRA plus 2.245% or at the bank's prime rate plus 0.95% before sustainability-linked loan adjustments.

The amounts available and drawn under the credit facilities as at March 31, 2025 and December 31, 2024 are summarized in the tables below:

			March 31, 2025				
Facility	Maturity date	Interest rates on drawings[6]	**Face interest rate[7]**	**Borrowing capacity**	**Drawings**	**Letters of credit**	**Amount available**
Formula-based maximum not to exceed $375,000[1]	September 30, 2027	CORRA + 2.20% or prime + 0.900%	**5.41%**	**$ 297,726**	**$ (267,705)**	**$ (2,615)**	**$ 27,406**
Formula-based maximum not to exceed $10,000[2]	March 31, 2027	CORRA + 2.895% or prime + 0.950%	**n/a**	**8,337**	**—**	**—**	**8,337**
Formula-based maximum not to exceed $20,000[3]	Due on demand	CORRA + 2.595% or prime + 0.500%	**n/a**	**17,045**	**—**	**—**	**17,045**
Canada Infrastructure Bank credit facility	March 31, 2027[4]	2.15%	**2.15%**	**112,870**	**(34,468)**	**—**	**78,402**
Non-revolving term loan facility[5]	November 30, 2028	6.75%	**6.75%**	**8,200**	**(7,772)**	**—**	**428**
			5.09%	**$ 444,178**	**$ (309,945)**	**$ (2,615)**	**$ 131,618**

(1) The $375,000 revolving credit facility is secured by five investment properties, 6,023,489 Dream Industrial LP Class B limited partnership units and 3,993,083 Dream Industrial REIT units.

(2) The $10,000 revolving credit facility is secured by 1,430,000 Dream Industrial LP Class B limited partnership units.

(3) The $20,000 demand revolving credit facility is secured by one investment property.

(4) The maturity date of the Canada Infrastructure Bank credit facility represents the non-revolving availability period. Subsequent to the availability period, this non-revolving credit facility will convert to a 20-year amortizing term credit facility. The Canada Infrastructure Bank credit facility may be used solely for the purpose of commercial property retrofits to achieve certain energy efficiency savings and GHG emission reductions.

(5) The non-revolving term loan facility is restricted for use towards meeting a tenant's construction allowance requirements in connection with a lease negotiated with a commercial banking tenant.

(6) CORRA borrowing pricing is based on the unadjusted one-month term CORRA tenor. CORRA borrowing pricing includes sustainability-linked pricing adjustments.

(7) Face interest rate includes the effect of applicable interest rate swaps.

n/a – not applicable

Facility	Maturity date	Interest rates on drawings	Face interest rate[6]		Borrowing capacity		Drawings		Letters of credit		Amount available
											December 31, 2024
Formula-based maximum not to exceed $375,000[1]	September 30, 2025	CORRA + 1.945% or prime + 0.650%	5.39%	$	325,909	$	(312,567)	$	(1,232)	$	12,110
Formula-based maximum not to exceed $10,000[2]	March 31, 2027	CORRA + 2.895% or prime + 0.950%	n/a		9,088		—		—		9,088
Formula-based maximum not to exceed $20,000[3]	Due on demand	CORRA + 2.595% or prime + 0.500%	n/a		17,045		—		—		17,045
Canada Infrastructure Bank credit facility	March 31, 2027[4]	2.15%	2.15%		112,870		(31,841)		—		81,029
Non-revolving term loan facility[5]	November 30, 2028	6.75%	6.75%		8,200		(7,772)		—		428
			5.13%	$	473,112	$	(352,180)	$	(1,232)	$	119,700

(1) The $375,000 revolving credit facility is secured by five investment properties and 11,916,572 Dream Industrial LP Class B limited partnership units.

(2) The $10,000 revolving credit facility is secured by 1,430,000 Dream Industrial LP Class B limited partnership units.

(3) The $20,000 demand revolving credit facility is secured by one investment property.

(4) The maturity date of the Canada Infrastructure Bank credit facility represents the non-revolving availability period. Subsequent to the availability period, this non-revolving credit facility will convert to a 20-year amortizing term credit facility. The Canada Infrastructure Bank credit facility may be used solely for the purpose of commercial property retrofits to achieve certain energy efficiency savings and GHG emission reductions.

(5) The non-revolving term loan facility is restricted for use towards meeting a tenant's construction allowance requirements in connection with a lease negotiated with a commercial banking tenant.

(6) Face interest rate includes the effect of applicable interest rate swaps.

n/a – not applicable

Financial covenants

The Trust's debt agreements contain a number of covenants with which the Trust must comply. The Trust's $375,000 credit facility sets out three main financial covenants which are tested quarterly following each reporting date. These covenants are:

- Debt Service Coverage Ratio – the Trust is required to maintain a minimum specified ratio of EBITDA, as defined in the agreement, to total interest and principal payments required under the Trust's consolidated debt obligations.
- Tangible Net Worth – the Trust is required to maintain a minimum amount of equity, as defined in the agreement.
- Debt to Assets – the Trust is required to maintain a maximum specified ratio of its total debt obligations and its total assets, each as defined in the agreement.

The majority of the Trust's remaining debt with covenants references, or is consistent with, these corporate covenants in the respective agreements. However, certain of the Trust's mortgage debts totalling $438,019 also contain interest coverage tests which require the Trust to maintain a specified minimum ratio between property net operating income, as defined in the agreement, and the interest on the debts secured by the property. These interest coverage ratios are generally tested annually based on the results up to the reporting date prior to the covenant test.

Should the Trust fail to meet a property-level interest coverage test, the Trust generally has the right to post a letter of credit or other collateral in order to bring the Trust in compliance with the test. As a result, a failure to meet a property-level test would not constitute an event of default unless the Trust fails to post the required collateral.

The carrying amount of the Trust's debt subject to periodic compliance with financial covenants as at March 31, 2025 is $1,166,094.

Note 6

OTHER NON-CURRENT AND DERIVATIVE LIABILITIES

		March 31, 2025		December 31, 2024
Deferred Unit Incentive Plan	**$**	**3,361**	$	3,111
Tenant security deposits		**7,890**		8,282
Finance lease liabilities		**3,931**		3,946
Derivative liabilities		**17,845**		11,769
Total	**$**	**33,027**	$	27,108

Note 7

AMOUNTS PAYABLE AND ACCRUED LIABILITIES

	Note		March 31, 2025		December 31, 2024
Trade payables		**$**	**2,267**	$	3,655
Building improvement and leasing cost accruals			**16,783**		12,671
Investment properties expense and other accruals			**20,621**		20,785
Accrued interest			**5,458**		6,818
Rent and interest received in advance			**201**		3,422
Deferred Unit Incentive Plan(1)			**5,290**		5,345
Distributions payable	13		**1,363**		1,361
Total		**$**	**51,983**	$	54,057

(1) The current portion of Deferred Unit Incentive Plan comprises vested but not yet issued units under the Deferred Unit Incentive Plan.

Note 8

INVESTMENT PROPERTIES REVENUE

	Three months ended March 31,			
		2025		2024
Rental revenue	**$**	**28,551**	$	29,441
Common area maintenance and parking services revenue		**18,845**		18,646
Property management and other service fees		**533**		408
Total	**$**	**47,929**	$	48,495

Note 9

FAIR VALUE ADJUSTMENTS TO FINANCIAL INSTRUMENTS

	Three months ended March 31,			
		2025		2024
Remeasurement of carrying value of subsidiary redeemable units	**$**	**183**	$	12,325
Remeasurement of carrying value of deferred trust units		**(221)**		1,670
Remeasurement of derivative contracts		**(6,076)**		5,679
Total	**$**	**(6,114)**	$	19,674

Note 10

INTERNAL LEASING COSTS AND NET LOSSES ON TRANSACTIONS

	Three months ended March 31,			
		2025		2024
Internal leasing costs	**$**	**(420)**	$	(574)
Costs attributable to sale of investment properties(1)		**(2,727)**		(30)
Debt settlement costs		**(515)**		—
Total	**$**	**(3,662)**	$	(604)

(1) Consists of commissions and other expenses incurred in relation to the disposal of investment properties.

Note 11

DISPOSITION OF VTB MORTGAGE RECEIVABLE

On April 3, 2025, subsequent to the quarter, the Trust sold a vendor takeback (“VTB”) mortgage receivable to a purchaser for $15,000 before transaction costs totalling $125. During the quarter the VTB mortgage was marked to the sale price resulting in an impairment expense of $2,278.

Note 12

ASSETS HELD FOR SALE AND DISPOSITIONS

For the three months ended March 31, 2025, the Trust had no assets held for sale. As at December 31, 2024, the Trust had one investment property held for sale located in Toronto downtown totalling $105,600 and associated debt related to the asset held for sale totalling $68,887. On February 24, 2025, the Trust completed the sale of 438 University Avenue in Toronto, Ontario for gross proceeds of $105,600 before adjustments and transaction costs.

Activity related to the asset held for sale during the period included investment property balances disposed of during the period totalling $102,419, negative fair value adjustments of $2,975, amortization of lease incentives and other of $208 and lease incentives and initial direct leasing additions of $2.

During the period, the Trust made principal repayments of $413 and incurred $150 related to amortization of deferred financing costs on the mortgage held for sale during the period before ultimately repaying the remaining mortgage balance of $68,624 on February 24, 2025.

Note 13

EQUITY

Unit Consolidation

On February 15, 2024, the Trust implemented the previously approved consolidation of all the issued and outstanding REIT Units on the basis of one (1) post-consolidation REIT Unit for every two (2) pre-consolidation REIT Units. The Unit Consolidation was authorized by the unitholders of the Trust at the annual meeting of the Trust held on June 6, 2023. The Unit Consolidation took effect on February 22, 2024. Monthly distributions were not proportionately increased and adjusted following the Unit Consolidation. The Trust's annual distribution following the Unit Consolidation is $1.00 per post-consolidation unit, representing a decrease in annualized distributions of 50% on REIT A Units as a result of the change in units outstanding.

Distributions

Dream Office REIT's Declaration of Trust, as amended and restated, endeavours to maintain monthly distribution payments to unitholders payable on or about the 15th day of the following month. For the three months ended March 31, 2025 and March 31, 2024, the Trust declared distributions totalling $0.25 per post-consolidation unit and $0.33 per post-consolidation unit, respectively.

Following the Unit Consolidation on February 22, 2024, the Trust effectively reduced its annualized distributions paid and payable on the post-consolidation REIT A Units by 50% from $2.00 per post-consolidation unit (or $1.00 per pre-consolidation unit) to $1.00 per post-consolidation unit, on an annualized basis. The reduction in distributions paid and payable as a result of the Unit Consolidation took effect commencing with the February 2024 distribution paid on March 15, 2024.

The following table summarizes distribution payments for the three months ended March 31, 2025 and March 31, 2024:

	Three months ended March 31,	
	2025	2024
Paid in cash	**$ (4,084)**	$ (6,797)
Add: Payable at December 31, 2024 (December 31, 2023)	**1,361**	2,719
Deduct: Payable at March 31, 2025 (March 31, 2024)	**(1,363)**	(1,361)
Total distributions paid and payable[1]	**$ (4,086)**	$ (5,439)

(1) 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.

The following table summarizes our monthly distributions paid and payable subsequent to period-end:

Date distribution announced	Month of distribution	Date distribution was paid or is payable	Distribution per REIT A Unit	Total distribution paid or payable
March 20, 2025	March 2025	April 15, 2025	$ 0.08333	$ 1,363
April 21, 2025	April 2025	May 15, 2025	0.08333	1,363

Note 14

SUPPLEMENTARY CASH FLOW INFORMATION

The following table summarizes the components of amortization and depreciation under operating activities:

		Three months ended March 31,	
	Note	**2025**	2024
Amortization and write-off of lease incentives	3	**$ 3,323**	$ 3,025
Depreciation of property and equipment		**1**	22
Total amortization and depreciation		**$ 3,324**	$ 3,047

The following table summarizes the components of other adjustments under operating activities:

		Three months ended March 31,	
	Note	**2025**	2024
Deferred unit compensation expense		**$ 397**	$ 348
Amortization and write-off of straight-line rent		**(321)**	(58)
Deferred income taxes expense		**99**	134
Costs attributable to sale of investment properties	10	**2,727**	30
Share of net loss from investments in joint ventures		**150**	171
Debt settlement costs		**515**	—
Total other adjustments		**$ 3,567**	$ 625

The following table summarizes the components of changes in non-cash working capital:

	Three months ended March 31,	
	2025	2024
Decrease in amounts receivable	**$ 828**	$ 702
Decrease (increase) in prepaid expenses and other assets	**182**	(649)
Increase (decrease) in amounts payable and accrued liabilities	**(2,634)**	1,021
Decrease in other non-current liabilities	**(127)**	(46)
Change in non-cash working capital	**$ (1,751)**	$ 1,028

Note 15

SEGMENTED INFORMATION

For the three months ended March 31, 2025 and March 31, 2024, the Trust's reportable operating segments of its investment properties and results of operations were segmented geographically, namely Toronto downtown and Other markets. Following a change in the composition of its reportable segments, the Trust restates comparative periods to reflect the current period presentation. The chief operating decision-maker, determined to be the Chief Executive Officer of the Trust, measures and evaluates the performance of the Trust based on NOI, on a comparative portfolio basis, as presented by geographical location below, with the performance of assets held for sale, properties under development and sold properties evaluated separately. In addition, properties acquired and properties under development completed subsequent to January 1, 2024 are also considered separately in order to enhance regional comparability between periods. Accordingly, revenue and expenses for those properties have been reclassified to "Not segmented" for segment disclosure along with property management and other service fees, lease termination fees, ECLs on trade receivables, straight-line rent adjustments and amortization of lease incentives.

The chief operating decision-maker also evaluates the changes in fair value adjustments to investment properties, capital expenditures and investment properties balances on an active portfolio basis, as presented by geographical location below. Accordingly, properties under development, held for sale or sold are included in "Not segmented" for segment disclosure.

The Trust does not allocate interest expense to its segments since leverage is viewed as a corporate function. The decision as to where to incur debt is largely based on minimizing the overall cost of debt and is not specifically related to the segments. Similarly, other income, other expenses, fair value adjustments to financial instruments, leasing, transaction and debt settlement costs, and income taxes are not allocated to the segments.

Three months ended March 31, 2025		Toronto downtown		Other markets		Segment total		Not segmented[1]		Total
Operations										
Investment properties revenue	**$**	**34,036**	**$**	**11,840**	**$**	**45,876**	**$**	**2,053**	**$**	**47,929**
Investment properties operating expenses		**(15,137)**		**(5,774)**		**(20,911)**		**(2,017)**		**(22,928)**
Net rental income (segment income)	**$**	**18,899**	**$**	**6,066**	**$**	**24,965**	**$**	**36**	**$**	**25,001**

(1) Includes revenue and expenses related to properties held for sale, properties under development and completed properties under development, acquired properties and sold properties at period-end, property management and other service fees, lease termination fees, ECLs on trade receivables, straight-line rent adjustments and amortization of lease incentives during the period.

Three months ended March 31, 2024		Toronto downtown		Other markets		Segment total		Not segmented[1]		Total
Operations										
Investment properties revenue	$	33,826	$	11,734	$	45,560	$	2,935	$	48,495
Investment properties operating expenses		(14,847)		(5,788)		(20,635)		(2,407)		(23,042)
Net rental income (segment income)	$	18,979	$	5,946	$	24,925	$	528	$	25,453

(1) Includes revenue and expenses related to properties held for sale, properties under development and completed properties under development, acquired properties and sold properties at period-end, property management and other service fees, lease termination fees, ECLs on trade receivables, straight-line rent adjustments and amortization of lease incentives during the period.

Three months ended March 31, 2025		Toronto downtown		Other markets		Segment total		Not segmented[1]		Total
Investment properties	**$**	**1,750,240**	**$**	**369,259**	**$**	**2,119,499**	**$**	**52,085**	**$**	**2,171,584**
Capital expenditures[2]		**9,277**		**3,000**		**12,277**		**2,931**		**15,208**
Fair value adjustments to investment properties		**(7,534)**		**(5,254)**		**(12,788)**		**(5,995)**		**(18,783)**

(1) Includes activity of properties under development, assets held for sale and sold properties.

(2) Includes building improvements and initial direct leasing costs and lease incentives during the period.

Year ended December 31, 2024		Toronto downtown		Other markets		Segment total		Not segmented[1]		Total
Investment properties	$	1,750,357	$	372,346	$	2,122,703	$	52,312	$	2,175,015
Capital expenditures[2]		47,628		8,064		55,692		12,138		67,830
Fair value adjustments to investment properties		(81,385)		(24,475)		(105,860)		(8,729)		(114,589)

(1) Includes activity of properties under development, assets held for sale and sold properties, based on current period presentation.

(2) Includes building improvements and initial direct leasing costs and lease incentives during the period.

Note 16

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

From time to time, Dream Office REIT and its subsidiaries enter into transactions with related parties that are generally conducted on a cost recovery basis or under normal commercial terms.

Related party transactions with Dream Asset Management Corporation ("DAM")

The following table summarizes expenditures processed by DAM and the Trust for the three months ended March 31, 2025 and March 31, 2024:

	Three months ended March 31,			
		2025		2024
Property management services fee charged by the Trust	**$**	**122**	$	109
Expenditures processed by the Trust on behalf of DAM (on a cost recovery basis)		**3,231**		3,063
Development fees charged by DAM		**(215)**		(143)
Expenditures processed by DAM on behalf of the Trust (on a cost recovery basis)		**(429)**		(370)
Net fees and reimbursements from DAM	**$**	**2,709**	$	2,659

The following table summarizes the amounts due from (to) DAM as at March 31, 2025 and December 31, 2024:

		March 31, 2025		December 31, 2024
Amounts due from DAM	**$**	**1,078**	$	1,378
Amounts due to DAM		**(811)**		(925)
Net amounts due from DAM	**$**	**267**	$	453

Related party transactions with Dream Impact Trust

The following table summarizes the cost recoveries from Dream Impact Trust for the three months ended March 31, 2025 and March 31, 2024:

		Three months ended March 31,		
		2025		2024
Property management and construction fees related to co-owned and managed properties	**$**	**190**	$	220
Costs processed on behalf of Dream Impact Trust related to co-owned and managed properties		**332**		381
Amounts charged to Dream Impact Trust under the services agreement		**224**		241
Total cost recoveries from Dream Impact Trust	**$**	**746**	$	842

Amounts due from Dream Impact Trust as of March 31, 2025 were $340 (December 31, 2024 – $179).

Related party transactions with Dream Industrial REIT

The following table summarizes the cost recoveries from Dream Industrial REIT for the three months ended March 31, 2025 and March 31, 2024:

		Three months ended March 31,		
		2025		2024
Total cost recoveries from Dream Industrial REIT	**$**	**1,958**	$	2,017

Amounts due from Dream Industrial REIT as of March 31, 2025 were $726 (December 31, 2024 – $795).

Distributions and interest receivable from (payable to) related parties

		March 31, 2025		December 31, 2024
Distributions receivable from Dream Industrial REIT[(1)]	**$**	**679**	$	790
Distributions payable to DAM[(2)]		**(276)**		(276)
Subsidiary redeemable interest payable to DAM[(3)]		**(218)**		(218)

(1) Distributions receivable from Dream Industrial REIT are in relation to the 4,185,818 Dream Industrial REIT units and 7,453,489 Dream Industrial LP Class B limited partnership units held by the Trust as at March 31, 2025 (December 31, 2024 – 192,735 Dream Industrial REIT units and 13,346,572 Dream Industrial LP Class B limited partnership units).

(2) Distributions payable to DAM are in relation to the 3,314,226 REIT A Units held by DAM as at March 31, 2025 (December 31, 2024 – 3,314,226 REIT A Units).

(3) Subsidiary redeemable interest payable to DAM is in relation to the 2,616,911 subsidiary redeemable units held by DAM as at March 31, 2025 and December 31, 2024.

For the three months ended March 31, 2025, total distributions and subsidiary redeemable interest paid and payable to DAM were $1,483 (for the three months ended March 31, 2024 – $1,913).

As at March 31, 2025, DAM held 3,314,226 REIT A Units and 2,616,911 subsidiary redeemable units (December 31, 2024 – 3,314,226 REIT A Units and 2,616,911 subsidiary redeemable units), representing an ownership interest of approximately 31.3% (December 31, 2024 – 31.3%).

Note 17

COMMITMENTS AND CONTINGENCIES

Dream Office REIT and its operating subsidiaries are contingently liable under guarantees that are issued in the normal course of business, on a mortgage by purchasers of a disposed investment property, and 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 and adverse effect on the condensed consolidated financial statements as at March 31, 2025.

The Trust is contingently liable under a guarantee that was issued on debt assumed by a purchaser of an investment property totalling $46,049 (December 31, 2024 – $46,483) with a term to maturity of 1.3 years (December 31, 2024 – 1.6 years). The guaranteed debt is secured by a property in British Columbia.

In 2015, a subsidiary of the Trust 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 the Trust. These federal and provincial reassessments, including interest and penalties, total $17,439. There has been no change to total current taxes payable by the Trust as no cash payment is expected to be made unless it is ultimately established that the Trust has an obligation to make one. Management does not expect any payment with respect to the reassessments will ultimately be made by the Trust or any of its subsidiaries. For this reason, no amounts have been recorded in the condensed consolidated financial statements as at March 31, 2025 relating to these reassessments.

At March 31, 2025, Dream Office REIT's future minimum commitments are as follows:

	Minimum payments due							
		Within 1 year		1–5 years		> 5 years		Total
Operating commitments	$	3,309	$	2,953	$	—	$	6,262
Fixed price contracts		1,444		5,776		5,450		12,670
Total	$	4,753	$	8,729	$	5,450	$	18,932

Since 2018, the Trust has invested US$8,415 (December 31, 2024 – US$8,415) towards real estate technologies through a joint venture. As at March 31, 2025, the Trust has a remaining commitment totalling US$3,189 to the fund.

In the event that a contemplated property development project proceeds, the Trust has committed to contribute one of its investment properties with a fair value of $44,853 to the development project.

In the event that the mixed-use development of Block 2 at 2200–2206 Eglinton Avenue East and 1020 Birchmount Road in Scarborough, Ontario proceeds, the Trust has committed up to a maximum of $80,000.

Note 18

FINANCIAL INSTRUMENTS

Fair value of financial instruments

Quoted market prices represent a Level 1 valuation. When quoted market prices are not available, the Trust maximizes the use of observable inputs. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. The Trust's policy is to recognize transfers in and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the period.

Financial instruments carried at amortized cost or accounted for as investments in associates where the carrying value does not approximate fair value are noted below:

	Note		**Carrying value as at March 31, 2025**	**Fair value as at March 31, 2025**					
					Level 1		**Level 2**		**Level 3**
Investment in Dream Industrial REIT	4	**$**	**195,116**	**$**	**47,300**	**$**	**84,224**	**$**	**—**
Mortgages	5		**954,215**		**—**		**—**		**955,422**
Revolving credit facilities	5		**266,474**		**—**		**—**		**267,696**
Non-revolving credit facilities	5		**42,131**		**—**		**—**		**38,606**

	Note		Carrying value as at December 31, 2024	Fair value as at December 31, 2024					
					Level 1		Level 2		Level 3
Investment in Dream Industrial REIT	4	$	227,320	$	2,276	$	157,624	$	—
Mortgages	5		955,904		—		—		950,668
Mortgages related to assets held for sale	12		68,887		—		—		67,025
Revolving credit facilities	5		312,206		—		—		312,567
Non-revolving credit facilities	5		39,504		—		—		36,842

Deposits, amounts receivable, cash and cash equivalents, tenant security deposits, and amounts payable and accrued liabilities are carried at amortized cost, which approximates fair value due to their short-term nature. As at March 31, 2025, the VTB mortgage receivable is carried at its sales price on disposition, which approximates fair value as it represents the likely realizable value. As at December 31, 2024, the VTB mortgage receivable was carried at its expected value under the ECL model, which approximated fair value. Subsidiary redeemable units and the DUIP are carried at amortized cost, which approximates fair value as they are readily redeemable financial instruments. The Trust measures its derivative contract at fair value on a recurring basis. The fair value measurement of the derivative contract is calculated internally using external data provided by qualified professionals based on the present value of the future cash flows determined using observable yield curves.

The Trust uses the following techniques in determining the fair value disclosed for the following financial instruments classified as Level 1, 2 and 3.

Investment in Dream Industrial REIT

The Trust's investment in Dream Industrial REIT is accounted for as an investment in associate using the equity method. The Trust's ownership of Dream Industrial REIT is composed of its holdings of Dream Industrial REIT units and Dream Industrial LP Class B units. The Trust determines the fair value of the Dream Industrial REIT units using the units' trading price on or about March 31, 2025 and December 31, 2024, respectively. The Dream Industrial LP Class B units are economically equivalent to the Dream Industrial REIT units, but are not publicly traded. The Trust determines the fair value of the LP B units by reference to the trading price of Dream Industrial REIT units. Consequently, the fair values of the Dream Industrial REIT units and Dream Industrial LP Class B units are Level 1 and Level 2 measurements in the fair value hierarchy, respectively.

Mortgages

The fair value of mortgages as at March 31, 2025 and December 31, 2024 is determined by discounting the expected cash flows of each mortgage using market discount rates. The discount rates are determined using the Government of Canada benchmark bond yield for instruments of similar maturity adjusted for the Trust's specific credit risk. In determining the adjustment for credit risk, the Trust considers market conditions, the fair value of the investment properties that secure the mortgages and other indicators of the Trust's creditworthiness. As a result, these measurements are classified as Level 3 in the fair value hierarchy.

Revolving credit facilities

The revolving credit facilities are priced at prevailing market interest rates plus a Trust-specific credit spread. Because the interest rate on the variable component of the revolving credit facilities fluctuates with changes in market rates, the fair value of the revolving credit facilities is equivalent to amounts drawn on the facilities. Because the applicable interest rate is a combination of market rates plus a Trust-specific spread, these are Level 3 measurements in the fair value hierarchy.

Non-revolving credit facilities

Non-revolving credit facilities are fixed rate debt. The fair value of the non-revolving credit facilities is determined by using market rates at the Government of Canada's benchmark bond yield for instruments of similar maturity adjusted for the Trust's specific credit risk. In determining the adjustment for credit risk, the Trust considers market conditions and other indicators of the Trust's creditworthiness. As a result, these measurements are classified as Level 3 in the fair value hierarchy.

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Listing Symbol: REIT Units, Series A: D.UN

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