Brookfield

2016 INCOME TAX INFORMATION FOR UNITHOLDERS

Brookfield Canada Office Properties is pleased to report the successful completion of its operations for 2016. During the year, the Trust distributed $2.90 per unit, consisting of its regular annual distributions of $1.30 per unit plus a special distribution of $1.60 per unit. The following chart summarizes the total per unit cash distributions in 2016 and indicates the percentage of distributions that should be allocated to investment income and capital gains.

			ALLOCATION OF 2016 DISTRIBUTIONS				
			Investment	Capital Gains			Total
Record Date	Distribution Date	Distribution Per Unit	26.3% Taxable Income (A)	53.7% Taxable Portion (B)	20.0% Non-Taxable Portion (C)	73.7% Total Distributed	100% Distribution Per Unit (A + B + C)
1/29/2016	2/15/2016	$ 0.10330	$ 0.02711	$ 0.05551	$ 0.02068	$ 0.07619	$ 0.10330
2/29/2016	3/15/2016	$ 0.10330	$ 0.02711	$ 0.05551	$ 0.02068	$ 0.07619	$ 0.10330
3/31/2016	4/15/2016	$ 0.10920	$ 0.02867	$ 0.05867	$ 0.02186	$ 0.08053	$ 0.10920
4/5/2016	4/19/2016	$ 1.59959	$ 0.41989	$ 0.85953	$ 0.32017	$ 1.17970	$ 1.59959
4/29/2016	5/13/2016	$ 0.10920	$ 0.02867	$ 0.05867	$ 0.02186	$ 0.08053	$ 0.10920
5/31/2016	6/15/2016	$ 0.10920	$ 0.02867	$ 0.05867	$ 0.02186	$ 0.08053	$ 0.10920
6/30/2016	7/15/2016	$ 0.10920	$ 0.02867	$ 0.05867	$ 0.02186	$ 0.08053	$ 0.10920
7/29/2016	8/15/2016	$ 0.10920	$ 0.02867	$ 0.05867	$ 0.02186	$ 0.08053	$ 0.10920
8/31/2016	9/15/2016	$ 0.10920	$ 0.02867	$ 0.05867	$ 0.02186	$ 0.08053	$ 0.10920
9/30/2016	10/14/2016	$ 0.10920	$ 0.02867	$ 0.05867	$ 0.02186	$ 0.08053	$ 0.10920
10/31/2016	11/15/2016	$ 0.10920	$ 0.02867	$ 0.05867	$ 0.02186	$ 0.08053	$ 0.10920
11/30/2016	12/15/2016	$ 0.10920	$ 0.02867	$ 0.05867	$ 0.02186	$ 0.08053	$ 0.10920
12/30/2016	1/13/2017	$ 0.10920	$ 0.02867	$ 0.05867	$ 0.02186	$ 0.08053	$ 0.10920
Total		**$ 2.89819**	**$ 0.76081**	**$ 1.55729**	**$ 0.58009**	**$ 2.13738**	**$ 2.89819**

T3 Reporting Information

Summary of amounts to be reported on the T3 slip

For a unitholder that held their unit throughout the year, the following amounts should be reported on their T3 slip:

Box 26 - other income	$ 0.76081
Box 21 - capital gains	$ 3.11459

Note regarding Box 21 of T3 slip

The T3 slips requires the "capital gain", rather than the "taxable portion of the capital gain", to be reported in Box 21. As the taxable portion of a capital gain makes up 50% of a capital gain, the amount to be reported in Box 21 must be equal to two times the taxable capital gain allocated to each unitholder. Accordingly, for a unitholder that held their unit throughout the year, the following amount should be reported in Box 21 of their T3 slip:

Taxable portion of capital gain allocated to unitholder	$ 1.55729
	x 2
Amount to be reported in Box 21 of the T3 slip	$ 3.11459

Note regarding undistributed portion of capital gain of $0.97721/unit

The total non-taxable portion of capital gains realized by Brookfield Canada Office Properties in 2016 was $1.55729/unit. Of this amount, $0.58009/unit was distributed to unitholders and $0.97721/unit was retained in the REIT. To the extent that Brookfield Canada Office Properties distributes the previously undistributed $0.97721/unit in a subsequent year, the amount so distributed should not reduce the adjusted cost base of units that are held by the same unitholder as in 2016. For any new unitholders, the amount so distributed would be considered a return of capital, which would reduce the adjusted cost base of their units.

Note regarding Adjusted Cost Base

There should be no change to the adjusted cost base of any unitholder's Brookfield Canada Office Properties units as a result of the 2016 distribution breakdown.

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