Management's Discussion and Analysis

The Management's Discussion and Analysis ("MD&A") is intended to assist readers in understanding Dream Unlimited Corp. (the "Company" or "Dream"), its business environment, strategies, performance and risk factors. This MD&A should be read in conjunction with the audited consolidated financial statements of Dream, including the notes thereto, as at and for the year ended December 31, 2017 and the condensed consolidated financial statements as at and for the three months ended March 31, 2018, which can be found in the Company's annual filings on the System for Electronic Document Analysis and Retrieval ("SEDAR") (www.sedar.com). The financial statements underlying this MD&A, including 2017 comparative information, have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Certain disclosures included herein are Non-IFRS measures. Refer to the Non-IFRS Measures section of this MD&A for further details.

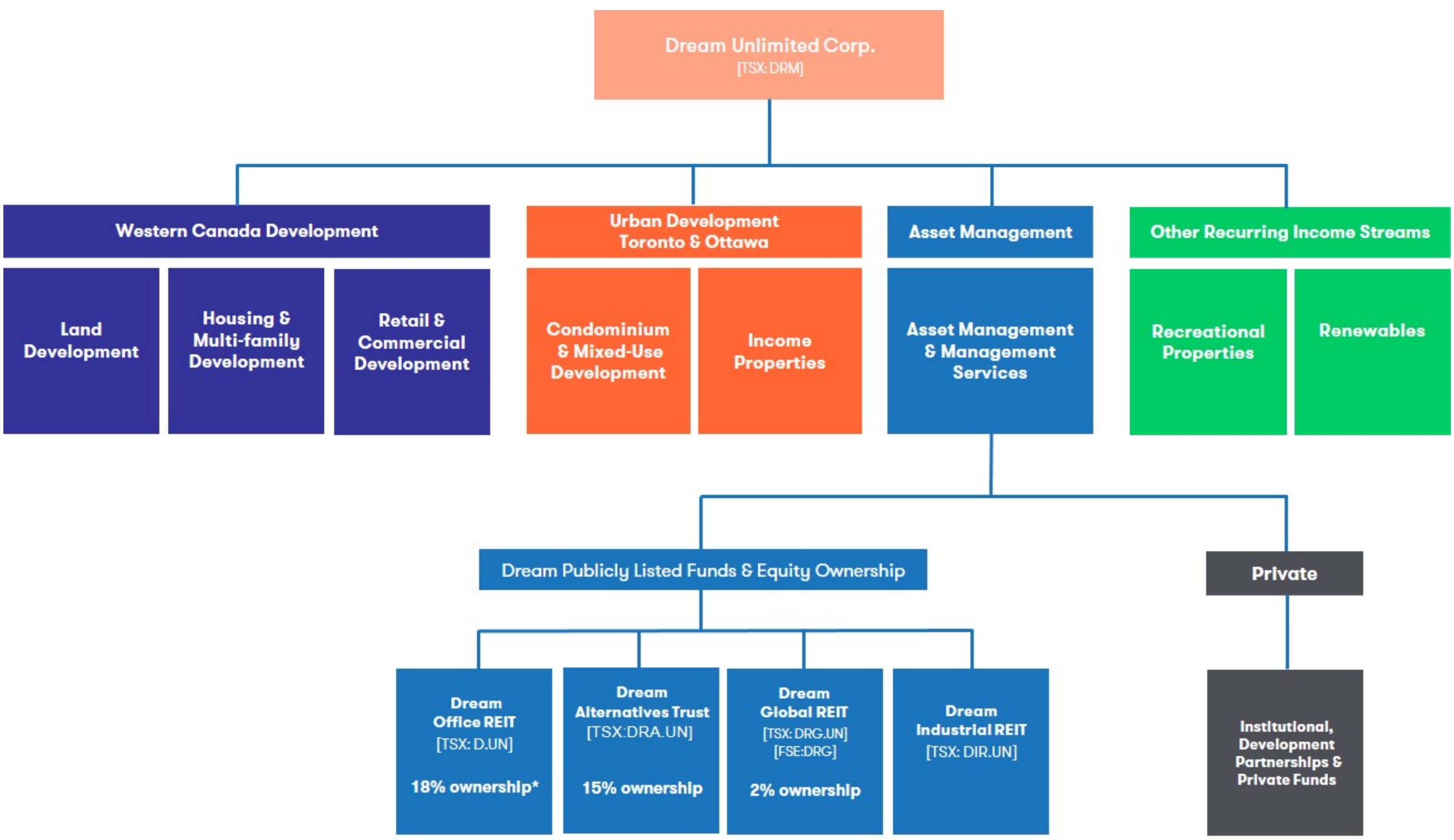
All dollar amounts in tables within this MD&A are in thousands of Canadian dollars, unless otherwise specified. Unless otherwise specified, all references to "we", "us", "our" or similar terms refer to Dream and its subsidiaries. This MD&A is dated as of May 15, 2018.

Business Overview

Dream is one of Canada's leading real estate companies with approximately $14 billion of assets under management in North America and Europe. The scope of the business includes residential land development, housing and multi-family development, condominium and mixed-use development, and asset management and management services for four Toronto Stock Exchange ("TSX") listed trusts and institutional partnerships, investments in and management of Canadian renewable energy infrastructure and commercial property ownership. Dream has an established track record for being innovative and for its ability to source, structure and execute on compelling investment opportunities.

From the outset, we have successfully identified and executed on opportunities for the benefit of the business and shareholders, including the creation of Dream Asset Management Corporation ("DAM", formerly Dundee Realty Corporation) in 1996 as a public company, its subsequent privatization in 2003, the creation of Dream Office REIT (formerly Dundee REIT) in 2003, the establishment of our asset management business, and the creation of Dream Global REIT (formerly Dundee International REIT), Dream Industrial REIT (formerly Dundee Industrial REIT) and Dream Hard Asset Alternatives Trust ("Dream Alternatives" or "DAT") in 2011, 2012 and 2014, respectively.

Effective January 1, 2018, Dream has consolidated the results of Dream Alternatives and has reported its results as a standalone segment herein the MD&A.



* Dream's 18% ownership interest in Dream Office REIT is on a standalone basis

Summary of Achievements – First Quarter of 2018

Urban Development - Recent Acquisitions and Financings in Downtown Toronto

In the three months ended March 31, 2018, the Company successfully closed on a $53.0 million construction facility ($26.5 million at Dream's share) for the development of Canary Block Condominiums (formerly “Block 16”), bearing interest at the bank's prime rate plus 1% or the bankers' acceptance rate plus 2.25% and maturing in 2020. Canary Block Condominiums is part of our Stage 2 lands in the Canary District, developed in partnership with Kilmer Van Nostrand (“Kilmer”), which comprises Canary Commons Condominiums (formerly “Block 12”) and a future residential block currently referred to as “Block 13". The partnership expects to develop over 1,000 condominium units and 30,000 square feet ("sf") of retail on the Stage 2 lands, which is in addition to the completed 810 condominium units and 30,000 sf of retail in Stage 1, which initially served as the Pan Am Athletes’ Village in 2015. Canary Commons Condominiums is expected to commence construction in mid-2018 with first occupancies expected in late 2020. In addition to retail amenities, the Canary District also includes the 18-acre Corktown Common Park and the 82,000 sf Cooper-Koo YMCA.

Subsequent to March 31, 2018, the Company formed a partnership (the "Partnership") to develop and manage a new residential rental apartment community in Toronto’s West Don Lands neighbourhood ("West Don Lands"), immediately adjacent to the Canary District. The Partnership entered into 99-year land leases with Infrastructure Ontario ("IO") for land parcels that will be developed into approximately 1,500 rental units as well as ancillary retail and potential office space. Dream, together with Dream Alternatives, and each of the residual equity partners, which include Kilmer and Tricon Capital Group ("Tricon"), hold an equal ownership share of the Partnership. Dream and Dream Alternatives’ interest in the Partnership is split on a 25/75% basis. The lands are located in close proximity to the Distillery District, Canary District and Waterfront Toronto’s Quayside, Google’s 13-acre Sidewalk Labs neighbourhood, forming an integral part of the ongoing revitalization and transformation of downtown Toronto’s east end. The current proposal, comprehensive of all five blocks, is expected to be built in stages and includes a total of approximately 1,500 purpose-built residential units, 30% of which will satisfy the Province’s affordability requirement and 70% of which will be rented upon completion at market rates. In addition, the Partnership expects to develop up to 75,000 sf of retail amenity space and has an opportunity to develop a 200,000 sf office building. The first block slated for development features approximately 750 rental units and 26,000 sf of retail amenity space, which has been fully zoned and approved by the City of Toronto. The Partnership is targeting to commence construction on this first block as early as the second quarter of 2019 with initial residential occupancy targeted for 2021.

Dream and Kilmer delivered the Pan Am Athletes’ Village on time and on budget, and in collaboration with IO, Waterfront Toronto and the City of Toronto, developed the Canary District in the West Don Lands. Further, Dream has co-developed the historic Distillery District since 2004. Dream and Kilmer have a vested interest in the successful completion of the West Don Lands community and each bring deep insight and commitment to the neighbourhood, having completed over 3,000 units together in Toronto’s downtown east end.

In addition, subsequent to March 31, 2018, Dream along with Dream Alternatives acquired a 33.3% leasehold interest in a retail shopping centre and residential mixed-use development investment located at 100 Steeles Ave. West in Toronto ("100 Steeles") for $7.8 million, split 25/75% between Dream and Dream Alternatives. The investment is currently an income producing retail property with approximately one million sf of residential and commercial mixed-use density redevelopment potential in future years.

Subsequent to March 31, 2018, the Company closed on the sale of a property located in Toronto for total consideration of $10.4 million (at Dream's share) before closing adjustments. The Company expects to record a gain on sale of approximately $9.6 million in the second quarter of 2018.

As at March 31, 2018, Dream’s condominium projects (including Zibi, a large urban community in Ottawa) consisted of 1,689 condominium units (755 units at Dream's share) in various stages of pre-construction or active construction, the largest projects being Riverside Square and Canary Commons in the east end of downtown Toronto. Approximately 96% of our active projects were either sold or pre-sold as of May 11, 2018.

More notably, including the recently acquired West Don Lands and Frank Gehry designed Mirvish-King West development, there are over 11,700 units (5,500 units at Dream's share) and 3.2 million sf of retail/commercial space at the project level (2.2 million sf at Dream's share) in our development pipeline in Toronto and Ottawa. For additional details refer to the "Urban Development Pipeline and Results of Pre-sale Activity" section of this MD&A.

Western Canada Development

Residential Land and Housing Activity

In the three months ended March 31, 2018, we achieved 40 lot sales and 41 housing unit occupancies (three months ended March 31, 2017 - 97 lot sales and 31 housing unit occupancies). Approximately 75% of our lots sold during the period were within our large active developments, Brighton (Holmwood) in Saskatoon, Harbour Landing and Eastbrook in Regina, the Meadows in Edmonton, and Vista Crossing in Calgary.

Assuming current market conditions in 2018, Dream expects to achieve approximately 950 lot sales and 25 acre sales primarily from active communities in Saskatoon and Regina, as noted above. As at May 11, 2018, Dream has secured deposits or sale commitments for approximately 652 lot sales that are expected to be realized in the remainder of 2018, representing a significant portion of the lot sale volumes expected in the remainder of the year. We anticipate our lot sales and condominium occupancy volumes to increase further in future years, as we are currently in the planning stages for developing new master-planned communities in Western Canada, including Providence in Calgary (650 acres) and Coopertown in Regina (1,050 acres).

We continue to focus on executing on our strategy to participate in more of the market share within our new communities by developing more single family homes, retail and commercial properties ourselves. As we build out and sell, lease or rent these properties, we intend to capture the development profit on both the land and building components and add to our recurring income sources by holding income properties developed. We are focusing on building out our existing communities and strategically evaluating when servicing should commence in new communities.

Income Producing and Development Properties

In the three months ended March 31, 2018, net operating income from our Western Canada retail development portfolio increased to $1.4 million, up from $0.7 million in the prior year, due to increased rental income as assets under development approach stabilization. On a cumulative basis, since 2014, $21.5 million of fair value gains have been recognized to date relating to our retail development properties. In the three months ended March 31, 2018, Dream obtained permanent term financing on its first completed retail developments in Western Canada, Shops of South Kensington in Saskatoon and Tamarack in Edmonton. In total, Dream successfully closed on $64.8 million in fixed rate mortgages at a weighted average interest rate of 4.1%, with terms ranging from 5 - 7 years on properties which represented a 65% loan-to-value based on appraised values at completion, at the time of financing.

Asset Management, Management Services and Investments in Dream Publicly Listed Funds

Fee-earning assets under management across the Dream Publicly Listed Funds (Dream Global REIT, Dream Industrial REIT and Dream Alternatives) were approximately $6.4 billion, relatively consistent with the prior year. Fee earning assets under management across private institutional, development partnerships and/or funds was $1.7 billion, also consistent with the prior year. Total assets under management were approximately $14 billion at March 31, 2018.

In the three months ended March 31, 2018, fees earned from agreements with the Dream Publicly Listed Funds (excluding Dream Office REIT) were $9.0 million, an increase of $2.1 million relative to prior year due to growth in fee-earning assets under management and acquisition activity. Development and other management fees in the three months ended March 31, 2018 were $1.0 million, down from $4.3 million in the prior year as comparative results included certain fees related to the completion of significant development milestones, which were not recurring in the current period. The Company expects that development and other management fees will continue to increase in future years as a result of recent development partnerships in Toronto, although quarterly results are subject to fluctuations. Net margin from asset management was $7.1 million, or 70.8% of revenue for the three months ended March 31, 2018, down from $9.3 million in the comparative year, due to aforementioned reasons.

As at March 31, 2018, the total fair value of units held in the Dream Publicly Listed Funds (including Dream Office REIT) was $406.4 million, representing 40% of the Company’s total market capitalization. Within this total, Dream had $279.0 million at fair value invested in Dream Office REIT (a 16% interest or 21% inclusive of units held through Dream Alternatives and Dream’s Chief Responsible Officer ("CRO")) and $62.1 million at fair value invested in Dream Alternatives (a 14% interest). Subsequent to quarter-end, Dream Office REIT successfully announced the results of its substantial issuer bid to purchase for cancellation up to 10.0 million of its REIT units, at a price of $24.00 per unit, for an aggregate purchase price of $240.0 million. As a result of the take-up of the 10.0 million REIT units under the substantial issuer bid, Dream’s interest in Dream Office REIT increased to 18%, or 24% inclusive of units held through Dream Alternatives and Dream’s CRO.

Year to date in 2018, Dream acquired approximately 0.9 million units in Dream Alternatives for $6.0 million (excluding units reinvested in Dream Alternatives' distribution reinvestment plan ("DRIP")). Subject to market conditions and our investment strategy, the Company intends to further invest in Dream Office REIT and Dream Alternatives on an opportunistic basis as both vehicles refine their portfolios and focus on core Toronto assets, which is aligned with Dream’s expanding real estate and development footprint across downtown Toronto and the Greater Toronto Area.

In the three months ended March 31, 2018, Dream Office REIT generated net income of $32.5 million ($6.0 million at Dream’s share on a standalone basis) from net rental income from its investment properties and share of net income from Dream Office REIT's approximate 26% investment in Dream Industrial REIT, offset by fair value losses on financial instruments, interest expense and net losses on transactional activity. In the three months ended March 31, 2018, Dream acquired 0.7 million units in Dream Office REIT for $15.8 million.

Strong Liquidity Position and NCIB Activity

In the three months ended March 31, 2018, the Company refinanced its $175.0 million non-revolving term facility with a syndicate of Canadian financial institutions, increasing the borrowing capacity on the facility to $225.0 million and extending the maturity date to February 28, 2021. Proceeds were used to immediately repay amounts outstanding on the Company's operating line, resulting in an increase in undrawn credit availability on the operating line to $151.2 million as of March 31, 2018, up from $123.1 million as of December 31, 2017. In the three months ended March 31, 2018, the Company also executed on an amendment to its margin facility, increasing the loan amount from $40.0 million to $80.0 million, of which $55.0 million was drawn as of March 31, 2018. As at March 31, 2018, we had up to $164.2 million of undrawn credit availability on Dream’s operating line and margin facility, compared to $123.1 million as at December 31, 2017.

As at March 31, 2018, our debt to total asset ratio was 33.1%, compared to 32.4% as at December 31, 2017 (34.1% as at March 31, 2018, compared to 32.4% as at December 31, 2017, on a Dream standalone basis).

During and subsequent to the three months ended March 31, 2018, the Company repurchased 0.6 million units under its normal course issuer bid for a total cost of $5.5 million.

Completed over	Approximately	Approximately
$25 billion	**$14 billion**	**19% CAGR**
of real estate and renewable power transactions	of assets under management	in book value per share on a Dream standalone basis since our first reporting period as a public company 4+ years ago

Our Operating Segments and Strategy

We expect that our growth in profitability and total equity per share will be driven primarily by opportunities within our existing operating segments, as detailed below.

Segment	Key assets/contracts	Description/Strategy
Western Canada development	Approximately 10,000 acres 10 master-planned communities with over 80,000 lots and multi-family units and 1.4 million commercial sf	Dream actively develops land in the cities of Saskatoon, Regina, Calgary and Edmonton, converting unentitled raw land to the stage where homes and commercial properties can ultimately be constructed on the land by Dream and other third parties as part of master-planned communities. We expect to increase our profitability by increasing the amount of development on our own lands by bringing new communities online such as Providence in Calgary and Coopertown in Regina. We have expanded our operations over recent years to include development of our owned lands by (i) increasing homebuilding activities in Saskatoon, Regina and Calgary; and (ii) developing income producing retail and commercial properties within our master-planned communities.
Urban development - Toronto and Ottawa	Over 11,500 condominium and purpose-built rental units and approximately 3.2 million sf of retail and commercial development	Our core high-rise condominium, multi-family and mixed-use development business consists of exceptional developments in Toronto and Ottawa. We expect our profitability to increase as we commence developing these exceptional sites.
Asset management, management services and investments in Dream Publicly Listed Funds ("Asset Management and Equity Ownership")	Asset management and advisory services agreements $8.1 billion in fee earning assets under management $406.4 million of equity invested in Dream Publicly Listed Funds	We provide asset management and management services to the Dream Publicly Listed Funds and various institutional partnerships/third-party real estate and development assets. We expect fees generated from the Dream Publicly Listed Funds (excluding Dream Office REIT) to increase over time, as we manage each company's portfolio and pursue various growth strategies for each Fund. We also expect that development and other management fees will continue to increase in future years as a result of recent development investments executed with third parties in Toronto and with Dream Alternatives.
Renewables and recreational properties	20% equity interest in Firelight Infrastructure and 3 operational recreational properties, including Arapahoe Basin ski hill	Renewables are a key source of recurring income to Dream's business. Recreational properties have historically been a growing source of income through active operational and asset management of Arapahoe Basin ski hill in Colorado. Income generated from renewables and recreational properties is stable and not correlated with Dream's other core business lines.
Dream Alternatives (TSX: DRA.UN)	Diversified portfolio of real estate development, real estate lending, real estate and renewable power with net asset value over $640 million 15% equity interest in Dream Alternatives	Subject to market conditions, we intend to further invest in Dream Alternatives on an opportunistic basis in the public market as they continue to focus on core Toronto assets. Approximately $115 million or 18% of Dream Alternatives' net asset value is comprised of co-owned development investments with Dream and are accordingly common to the urban development segment discussed above. We expect that the NAV per unit of DAT will increase over time as Dream Alternatives continues to execute on its strategy.

These are only some of the levers through which we expect to generate higher profitability within our Company. Our management team is strong and experienced. Dream has a proven track record of creating value. We believe that as a public company, we benefit from increased profile awareness, which will lead to even more opportunities for profitability and growth in the periods ahead.

We intend to continue growing our business by seeking out new opportunities where we can use our experience, expertise, relationships and capital to achieve attractive risk-adjusted returns. Historically, we have sought new areas of investment that look attractive. Traditionally, we invest small amounts of capital and, as we develop expertise in an industry we find attractive, we invest more capital. We will actively seek other opportunities to grow our business by employing our expertise and capital to create high returns and, where appropriate, increase our returns by co-investing with others.

In connection with the acquisition of control of Dream Alternatives on January 1, 2018, we have realigned the organizational structure of our businesses and changed how we present information for financial reporting and management decision making. Our management team views Dream Alternatives as a separate segment managed on a net asset value basis. As a result, management reviews financial information and operational results of Dream on a standalone basis (as defined in the "Non-IFRS Measures" section of this MD&A).

Key Financial Information and Performance Indicators

Selected Financial Information – Consolidated Dream

		Three months ended March 31,		
(in thousands of dollars, except per share and outstanding share amounts)		**2018**		2017
Revenue	**$**	**61,745**	$	51,648
Gross margin	**$**	**29,004**	$	24,331
Gross margin (%)(1)		**47.0%**		47.1%
Net margin	**$**	**17,713**	$	14,909
Net margin (%)(2)		**28.7%**		28.9%
Earnings before income taxes	**$**	**151,397**	$	16,945
Earnings for the period	**$**	**147,058**	$	11,438
Basic earnings per share(3)	**$**	**1.35**	$	0.10
Diluted earnings per share(3)	**$**	**1.30**	$	0.10
Weighted average number of shares outstanding, fully diluted(4)		**109,203,788**		112,434,584
Total issued and outstanding shares, fully diluted(4)		**108,957,822**		112,306,365
Total earnings for the period attributable to:				
Shareholders	**$**	**146,898**	$	8,178
Non-controlling interest(5)	**$**	**160**	$	3,260

		March 31, 2018		December 31, 2017
Total assets	**$**	**2,706,096**	$	1,904,007
Total liabilities	**$**	**1,622,233**	$	946,523
Total equity	**$**	**1,083,863**	$	957,484

(1) Gross margin % (see Non-IFRS measures) represents gross margin as a percentage of revenue.
(2) Net margin % (see Non-IFRS measures) represents net margin as a percentage of revenue.
(3) See Note 37 of the Company's condensed consolidated financial statements for the year ended March 31, 2018 for further details on the calculation of basic and diluted earnings per share.
(4) Weighted average number of shares outstanding, fully diluted and total issued and outstanding shares, fully diluted, includes shares Sweet Dream Corp. ("SDC") was entitled to receive for the three months ended March 31, 2017 as part of the Exchange Agreement. Refer to Note 26 of our 2017 Annual Report for further details.
(5) Non-controlling interest relates to the portion of equity ownership that is not attributable to Dream relating to SDC (three months ended March 31, 2017 only) and Zibi (three months ended March 31, 2018 only).

The Company evaluates its Western Canada land and housing and urban development results using gross and net margin and using net operating income for investment properties within each segment. The asset management segment is evaluated using net margin. Stated as a percentage to evaluate operational efficiency, these margins are used as fundamental business considerations for updating budgets, forecasts and strategic planning.

Overview of Consolidated Results

Revenue for the three months ended March 31, 2018 increased by $10.1 million over prior year, primarily due to the acquisition of control of Dream Alternatives. In the three months ended March 31, 2018, the Company was deemed to acquire control of Dream Alternatives based on the increase in the Company's exposure to variable returns resulting from increased ownership through units held in Dream Alternatives and from new real estate joint venture agreements. As a result, the Company has consolidated Dream Alternatives' financial results effective January 1, 2018. Refer to the "Dream Alternatives" section of our MD&A for a discussion of Dream Alternatives' results. Both gross margin and net margin as a percentage of revenue are largely consistent with the comparative period.

Earnings before income taxes for the three months ended March 31, 2018, increased by $134.5 million over prior year, primarily due to the non-cash net gain on acquisition of control of Dream Alternatives under IFRS of $130.0 million. Basic earnings per share for the three months ended March 31, 2018 was $1.35 per share, up from $0.10 per share in the comparative period, primarily due to the aforementioned non-cash gain.

Timing of Income Recognition and Impact of Seasonality

The Company's housing and condominium operations recognize revenue at the time of occupancy and, as a result, revenues and direct costs vary depending on the number of units occupied in a particular reporting period. The Company's land operations recognize revenue generally when a 15% deposit has been received from the third-party purchaser, ultimate collection of the full purchase price is reasonably assured and certain other development milestones are substantially met. Revenue from land is deferred until occupancy by a third-party customer, when the land is sold as part of a home constructed by our housing division. Marketing expenses for condominiums are typically incurred prior to the occupancy of these units and accordingly are not tied to the number of units occupied in a particular period. These costs are expensed in income as incurred and reduce reported net margin. As further described in Note 3 to the condensed consolidated financial statements, commissions (which are a material component of marketing expenses) will be capitalized as contract assets effective January 1, 2018, and expensed when condominium revenue is recognized.

Based on our geographic location, most of our development activity in Western Canada takes place between April and October due to weather constraints, while sales orders vary depending on the rate at which builders work through inventory, which is affected by weather and market conditions. Traditionally, our highest sales volume quarter for our land and housing divisions has been the fourth quarter, while our lowest has been the first quarter.

As a result of the above, the Company's results can vary significantly from quarter to quarter. The Company has segregated the net margin from condominium, housing and land operations from the Company's remaining activities. We have identified the net margin from asset management and management services, investment and recreational properties as recurring sources of annual income. Due to the seasonal nature of wind and solar assets within the renewable power segment, we expect higher returns on our investment in Firelight in the spring and summer months, compared to the fall and winter, although the annual income level is recurring in nature. Refer to the "Supplemental Segmented Information" section of this MD&A for further details.

Growth in Asset Management Services

Fees generated within our asset management operations relating to Dream Publicly Listed Funds (excluding Dream Office REIT, which is no longer party to an asset management agreement) are generally contractual in nature. It is important to note that fees earned on acquisition and disposition activity in a period are not recurring in nature and will impact related margins. Fees related to development activities and partnerships included within this segment can fluctuate significantly depending on the number of active projects and on meeting certain milestones as the development manager.

Quarterly Business Trends - Consolidated Dream

A summary of the revenue, earnings and basic earnings per share for the previous eight quarters is presented below.

(in thousands of dollars, except per share amounts)	**Mar 31, 2018**	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016
Revenue	**$ 61,745**	$ 144,586	$ 115,305	$ 45,425	$ 51,648	$ 88,628	$ 53,852	$ 96,391
Earnings for the period	**147,058**	50,268	19,132	2,001	11,438	26,694	16,783	32,912
Basic earnings per share	**1.35**	0.46	0.18	0.02	0.10	0.24	0.15	0.29
Diluted earnings per share	**1.30**	0.45	0.17	0.02	0.10	0.23	0.15	0.29

Selected Financial Information – Dream Standalone[(1)]

Based on how we operate our business and evaluate our economic ownership of Dream Alternatives, we believe reviewing Dream's standalone results excluding Dream Alternatives is more relevant information to a user to understand the value and performance of Dream's assets. Accordingly, unless otherwise noted, all segment discussions hereafter are presented on this basis. Refer to "Segmented Assets and Liabilities" and "Segmented Statement of Earnings" in this MD&A for a reconciliation of Dream standalone to the condensed consolidated financial statements as at March 31, 2018.

	Three months ended March 31,			
(in thousands of dollars, except per share and outstanding share amounts)		**2018**		2017
Revenue	**$**	**49,635**	$	51,648
Gross margin	**$**	**22,618**	$	24,331
Gross margin (%)		**45.6%**		47.1%
Net margin	**$**	**11,327**	$	14,909
Net margin (%)[(2)]		**22.8%**		28.9%
Earnings before income taxes	**$**	**29,485**	$	18,683
Earnings for the period	**$**	**24,028**	$	13,176
Basic earnings per share[(3)]	**$**	**0.22**	$	0.12
Diluted earnings per share	**$**	**0.22**	$	0.12
Weighted average number of shares outstanding, fully diluted		**109,203,788**		112,434,584
Total issued and outstanding shares, fully diluted		**108,957,822**		112,306,365
Total earnings for the period attributable to:				
Shareholders	**$**	**24,326**	$	9,439
Non-controlling interest	**$**	**(298)**	$	3,737

		March 31, 2018		December 31, 2017
Total assets	**$**	**1,962,128**	$	1,904,007
Total liabilities	**$**	**971,250**	$	946,523
Total equity (excluding non-controlling interest)[(4)]	**$**	**953,086**	$	919,394
Total equity per share	**$**	**8.75**	$	8.42

(1) Dream standalone represents the standalone results of Dream, excluding the impact of Dream Alternatives' equity accounted/consolidated results. Refer to the "Non-IFRS Measures" section of this MD&A for further details. Total assets as of March 31, 2018 and December 31, 2017 includes approximately $62.4 million and $48.3 million, respectively, relating to the Company's investment in Dream Alternatives.

(2) Net margin % (see "Non-IFRS Measures" section of this MD&A for the three months ended March 31, 2018) represents net margin as a percentage of revenue.

(3) Basic EPS is computed by dividing Dream's earnings attributable to owners of the parent by the weighted average number of Dream Subordinate Voting Shares and Dream Class B shares outstanding during the period.

(4) Total equity (excluding non-controlling interests) excludes $37.8 million of non-controlling interest as at March 31, 2018 ($38.1 million as at December 31, 2017). For further details refer to the "Segmented Assets and Liabilities" section of this MD&A.

Sources of Recurring Income

Historically, a large proportion of our pre-tax income was driven by our Western Canada development business and the Company expects this will generally be the case over the long term. Our Urban Development - Toronto and Ottawa segment is a source of recurring income, although it is subject to more volatility from period to period. Income generated from our condominium projects is based on the number of units available for occupancy. In addition to this business, the Company has several non-development business lines, which it considers to be sources of stable recurring annual income. Below is a summary of income from the Company's significant assets generating recurring income and their applicable fair value or carrying value as at March 31, 2018. The Company views recurring income on a Dream standalone basis as a source of funds to meet ongoing interest and fixed operating costs of the business.

Asset	Segment	Ownership %	Balance sheet measure	Pre-tax income measure[1]	IFRS asset value at March 31, 2018	IFRS asset value at December 31, 2017	Q1 2018 pre-tax income	Q1 2017 pre-tax income
Properties:								
Distillery District	Urban development	50%	Fair value of investment property	Net operating income	**$ 104,000**	$ 104,000	**$ 1,168**	$ 1,132
Western Canada retail under development – tenant occupied during development [2]	Western Canada development	100%	Fair value of investment property	Net operating income	**87,968**	86,324	**1,314**	692
Arapahoe Basin ski hill	Renewables and recreational properties	100%	Book value of recreational property	Net operating income	**23,597**	22,884	**7,660**	6,977
Toronto retail and mixed-use properties	Urban development	50%	Fair value of investment property	Net operating income	**6,680**	6,669	**215**	151
Other assets:								
Direct equity investments held in Dream Publicly Listed Funds[3]	Asset management	100%	Net equity accounted investment	Net earnings	**266,480**	247,383	**6,024**	n/a
Direct equity investments held in Dream Publicly Listed Funds[4]	Asset management	100%	Fair value of equity investments	Investment income	**65,228**	57,635	**703**	3,595
Asset management contracts with Dream Publicly Listed Funds[5]	Asset management	100%	Book value of intangible asset	Net margin	**43,000**	43,000	**6,566**	5,757
Development and other asset management fees from third-party arrangements	Asset management	100%	n/a	Net margin	**—**	—	**550**	3,591
Firelight Infrastructure[6],[7]	Renewables and recreational properties	20%	Net equity accounted investment	Net earnings	**41,216**	40,517	**(209)**	39
Total assets and recurring income					**$ 638,169**	$ 608,412	**$ 23,991**	$ 21,934
Total debt outstanding					**$ 175,084**	$ 156,936		

(1) Refer to the "Non-IFRS Measures" section of this MD&A for definitions of Non-IFRS measures, including net operating income.
(2) Certain Western Canada retail assets are currently earning rental revenues from select tenants who have taken occupancy during the development phases. The assets are not expected to be fully stabilized until their completion dates in 2018 - 2020.
(3) Effective October 1, 2017, the Company's investment in Dream Office REIT was recorded in equity accounted investments and accordingly the IFRS value represents the Company's proportionate share of net assets on a standalone basis. Prior to which, distribution income was recognized in investment income from Dream Publicly Listed Funds, as described below in footnote 4.
(4) The IFRS asset value as at March 31, 2018 and December 31, 2017 relates only to the Company's investment in Dream Global REIT. Refer to the "Investment in Dream Publicly Listed Funds" section of this MD&A for details on the movement in investment and other income.
(5) Excludes fees earned from Dream Office REIT, which is no longer party to an asset management agreement. Balances include fees earned from the asset management contract with Dream Alternatives which is included in Dream standalone results, but eliminated in the consolidated results.
(6) The Company's investment in Firelight is held through equity accounted investments and accordingly the IFRS value represents the Company's proportionate share of net assets. For details on the gross assets and liabilities, refer to the "Renewables and Recreational Properties" section of this MD&A.
(7) Due to the seasonal nature of wind and solar assets within the renewable power segment, we expect higher returns on our investment in Firelight in the spring and summer months. Results may fluctuate period to period based on weather.

Real Estate Inventory

A summary of changes in our real estate inventory on a Dream standalone basis during the period ended March 31, 2018 is included below.

	Land held for development	Land under development	Housing inventory	Condominium inventory	Investment properties	Recreational properties	Total
Balance, December 31, 2017	$ 419,583	$ 155,315	$ 59,619	$ 171,513	$ 241,977	$ 40,617	$ 1,088,624
Acquisitions	960	—	—	—	—	—	960
Development/additions	890	11,565	6,044	21,167	1,444	622	41,732
Sales/units occupied	—	(1,956)	(8,482)	(1,769)	—	—	(12,207)
Transfers	(314)	(3,060)	3,374	—	—	—	—
Fair value changes of investment properties	—	—	—	—	293	—	293
Amortization and other	—	—	—	—	57	(49)	8
Balance, March 31, 2018	**$ 421,119**	**$ 161,864**	**$ 60,555**	**$ 190,911**	**$ 243,771**	**$ 41,190**	**$ 1,119,410**
Project-specific debt, March 31, 2018	$ —	$ 3,279	$ 39,215	$ 96,934	$ 139,436	$ 16,873	**$ 295,737**

Segmented Key Operating Metrics

The purpose of the following tables is to highlight the operating performance of our major segments, some of which are held through both direct ownership and equity accounted investments. For further details, refer to the individual segment operating results of this MD&A.

		For the three months ended March 31,		
(in thousands of dollars, except units and per share amounts)		**2018**		2017
WESTERN CANADA DEVELOPMENT				
LAND DEVELOPMENT				
Lot revenue	**$**	**4,488**	$	13,140
Acre revenue	**$**	**—**	$	—
Total revenue[1]	**$**	**4,488**	$	13,140
Net margin[1]	**$**	**(990)**	$	1,515
Net margin (%)[2]		**n/a**		11.5%
Lots sold		**40**		97
HOUSING DEVELOPMENT				
Housing units occupied		**41**		31
Revenue	**$**	**9,957**	$	8,756
Net margin	**$**	**(1,900)**	$	(1,257)
Net margin (%)[2]		**n/a**		n/a
INCOME PRODUCING AND DEVELOPMENT PROPERTIES				
Revenue	**$**	**2,126**	$	1,214
Net operating income	**$**	**1,444**	$	738
Net margin	**$**	**345**	$	(201)
Net margin (%)[2]		**16.2%**		n/a
URBAN DEVELOPMENT - TORONTO & OTTAWA				
CONDOMINIUM & MIXED-USE DEVELOPMENT				
Net margin	**$**	**(933)**	$	(873)
Net margin (%)[2]		**n/a**		n/a
INCOME PROPERTIES				
Revenue	**$**	**3,232**	$	2,708
Net operating income	**$**	**1,793**	$	1,297
Net margin	**$**	**1,351**	$	746
Net margin (%)[2]		**41.8%**		27.5%
ASSET MANAGEMENT & INVESTMENTS IN DREAM PUBLICLY LISTED FUNDS[3]				
Total fee-earning assets under management[2]	**$**	**8,061,000**	$	6,877,000
Fees earned on Dream Publicly Listed Funds	**$**	**9,042**	$	6,927
Development and other asset management fees	**$**	**1,008**	$	4,331
Total asset management revenue	**$**	**10,050**	$	11,258
Net margin	**$**	**7,116**	$	9,348
Net margin (%)[2]		**70.8%**		83.0%
Total fair value of units held in Dream Publicly Listed Funds - Dream Office REIT, Dream Alternatives, Dream Global REIT	**$**	**406,353**	$	266,211
Income from investments in Dream Publicly Listed Funds - Dream Global REIT units and deferred trust units	**$**	**703**	$	663
Income from investments in Dream Publicly Listed Funds - Dream Office REIT		**n/a**	$	2,932
Share of earnings from equity accounted investments - Dream Office REIT	**$**	**6,024**		n/a
DREAM ALTERNATIVES				
Share of losses from equity accounted investments - Dream Alternatives		**n/a**	$	(1,738)
Net income	**$**	**5,784**		n/a
NAV per unit of DAT	**$**	**8.90**		n/a
RENEWABLES AND RECREATIONAL PROPERTIES				
Revenue	**$**	**17,402**	$	14,221
Net operating income	**$**	**7,342**	$	6,468
Net margin	**$**	**6,338**	$	5,631
Net margin (%)[2]		**36.4%**		39.6%
Share of (losses) earnings from equity accounted investments - Firelight Infrastructure	**$**	**(209)**	$	39

(1) Results include housing land sales to external customers, which are recognized in the land division results.
(2) Net margin (%) and fee-earning assets under management are non-IFRS measures. Refer to the "Non-IFRS Measures" section of this MD&A for further details.
(3) Results include total fee-earning assets under management and fees earned from the asset management contract with Dream Alternatives.

Segmented Information

In order to present segmented information in a manner consistent with management's view of the Company, certain adjustments have been made to present these balances on a segmented basis and to align Dream Alternatives' statement presentation with that of Dream.

Dream standalone represents Dream's results, excluding the consolidated impact of Dream Alternatives. It includes 10.0 million units in Dream Alternatives presented in Other Financial Assets as at March 31, 2018 with a carrying value of $62.4 million, which is eliminated upon consolidation. Refer to footnote 2 below for further details.

Segmented Assets and Liabilities

March 31, 2018

	Western Canada development	Urban development - Toronto & Ottawa	Asset management	Renewables and recreational properties	Corporate and Other	**Dream standalone**	Dream Alternatives	Consolidation and fair value adjustments	**Consolidated Dream**
Assets									
Cash and cash equivalents	$ 19,902	$ 13,329	$ 70	$ 8,774	$ 1,674	**$ 43,749**	$ 22,585	$ —	**$ 66,334**
Accounts receivable	98,166	14,094	7,793	5,589	24,907	**150,549**	2,137	(20,969) *(1)*	**131,717**
Other financial assets	—	—	65,228	—	91,253	**156,481**	196,299	(121,642) *(2)*	**231,138**
Lending portfolio	—	—	—	—	—	—	169,855	(33)	**169,822**
Housing inventory	60,555	—	—	—	—	**60,555**	—	—	**60,555**
Condominium inventory	5,647	185,264	—	—	—	**190,911**	—	—	**190,911**
Land inventory	580,597	1,608	—	778	—	**582,983**	—	—	**582,983**
Investment properties	97,367	146,403	—	—	—	**243,770**	220,905	—	**464,675**
Recreational properties	—	—	—	41,190	—	**41,190**	—	—	**41,190**
Renewable power assets	—	—	—	—	—	—	137,295	11,651	**148,946**
Equity accounted investments	6,105	57,862	260,218	45,011	6,149	**375,345**	113,081	51,174 *(3)*	**539,600**
Capital and other operating assets	6,356	13,920	161	3,509	1,851	**25,797**	4,630	—	**30,427**
Intangible asset	—	—	43,000	—	—	**43,000**	—	(43,000) *(4)*	**—**
Goodwill	—	13,576	—	—	—	**13,576**	—	—	**13,576**
Assets held for sale	25,244	8,978	—	—	—	**34,222**	—	—	**34,222**
Total assets	**$ 899,939**	**$ 455,034**	**$ 376,470**	**$ 104,851**	**$ 125,834**	**$ 1,962,128**	**$ 866,787**	**$ (122,819)**	**$ 2,706,096**
Liabilities									
Accounts payable and other liabilities	$ 23,171	$ 46,310	$ 11,433	$ 8,499	$ 25,429	**$ 114,842**	$ 38,455	$ (21,039) *(1)*	**$ 132,258**
Income and other taxes payable	—	—	—	—	50,898	**50,898**	(1,698)	—	**49,200**
Provision for real estate development costs	32,457	3,129	—	—	—	**35,586**	—	—	**35,586**
Customer deposits	6,189	28,801	—	735	—	**35,725**	—	—	**35,725**
Project-specific debt	124,358	154,506	—	16,873	—	**295,737**	199,302	4,190	**499,229**
Corporate debt facilities	—	—	—	—	345,166	**345,166**	22,000	—	**367,166**
Preference shares, series 1	—	—	—	—	28,669	**28,669**	—	—	**28,669**
Dream Alternatives trust units	—	—	—	—	—	—	—	387,649	**387,649**
Deferred income taxes	—	—	—	—	64,627	**64,627**	81	22,043 *(5)*	**86,751**
Total liabilities	**$ 186,175**	**$ 232,746**	**$ 11,433**	**$ 26,107**	**$ 514,789**	**$ 971,250**	**$ 258,140**	**$ 392,843**	**$ 1,622,233**
Non-controlling interest	—	37,792	—	—	—	**37,792**	1,925	(25,194) *(6)*	**14,523**
Total equity	**$ 713,764**	**$ 184,496**	**$ 365,037**	**$ 78,744**	**$ (388,955)**	**$ 953,086**	**$ 606,722**	**$ (490,468)**	**$ 1,069,340**

(1) Adjustment relates primarily to the elimination of intercompany receivables and payables between Dream and Dream Alternatives.
(2) Adjustment primarily relates to the elimination of Dream Alternatives' units presented in the Dream standalone balance, in addition to amounts reclassified to equity accounted investments relating to Dream Office REIT, which are presented within Other Financial Assets within the Dream Alternatives segment.
(3) Adjustment primarily relates to the reclassification of Dream Alternatives' investment in Dream Office REIT to equity accounted investments to conform with Dream's presentation.
(4) Adjustment relates to the elimination of the intangible asset which relates to the right to manage Dream Alternatives.
(5) Adjustment primarily relates to the differences between the net assets of Dream Alternatives and the tax basis of Dream's investment in Dream Alternatives.
(6) As a result of the acquisition of control of Dream Alternatives, the Company acquired an additional 40% economic interest in Zibi, thereby reducing the non-controlling interest in the project from 60% to 20%.

December 31, 2017

	Western Canada development	Urban development - Toronto & Ottawa	Asset management	Renewables and recreational properties	Corporate and Other	**Dream standalone**	Dream Alternatives[1]	Consolidation and fair value adjustments	**Consolidated Dream**
Assets									
Cash and cash equivalents	$ 10,529	$ 9,411	$ —	$ 3,178	$ 2,290	**$ 25,408**	$ —	$ —	**$ 25,408**
Accounts receivable	118,350	39,590	6,933	5,058	27,536	**197,467**	—	—	**197,467**
Other financial assets	—	—	57,635	—	21,408	**79,043**	—	—	**79,043**
Housing inventory	59,619	—	—	—	—	**59,619**	—	—	**59,619**
Condominium inventory	5,647	165,866	—	—	—	**171,513**	—	—	**171,513**
Land inventory	572,562	1,619	—	717	—	**574,898**	—	—	**574,898**
Investment properties	95,684	146,293	—	—	—	**241,977**	—	—	**241,977**
Recreational properties	—	—	—	40,617	—	**40,617**	—	—	**40,617**
Equity accounted investments	6,109	56,444	247,274	44,509	—	**354,336**	48,336	—	**402,672**
Capital and other operating assets	5,668	9,055	—	3,536	1,840	**20,099**	—	—	**20,099**
Intangible asset	—	—	43,000	—	—	**43,000**	—	—	**43,000**
Goodwill	—	13,576	—	—	—	**13,576**	—	—	**13,576**
Assets held for sale	25,042	9,076	—	—	—	**34,118**	—	—	**34,118**
Total assets	$ 899,210	$ 450,930	$ 354,842	$ 97,615	$ 53,074	**$ 1,855,671**	$ 48,336	$ —	**$ 1,904,007**
Liabilities									
Accounts payable and other liabilities	$ 33,088	$ 40,206	$ 13,558	$ 8,377	$ 23,736	**$ 118,965**	$ —	$ —	**$ 118,965**
Income and other taxes payable	—	—	—	—	77,143	**77,143**	—	—	**77,143**
Provision for real estate development costs	31,830	2,926	—	—	—	**34,756**	—	—	**34,756**
Customer deposits	6,254	32,249	—	518	—	**39,021**	—	—	**39,021**
Project-specific debt	105,143	157,947	—	17,137	—	**280,227**	—	—	**280,227**
Corporate debt facilities	—	—	—	—	308,024	**308,024**	—	—	**308,024**
Preference shares, series 1	—	—	—	—	28,668	**28,668**	—	—	**28,668**
Deferred income taxes	—	—	—	—	59,719	**59,719**	—	—	**59,719**
Total liabilities	$ 176,315	$ 233,328	$ 13,558	$ 26,032	$ 497,290	**$ 946,523**	$ —	$ —	**$ 946,523**
Non-controlling interest	—	38,090	—	—	—	**38,090**	—	—	**38,090**
Total equity	$ 722,895	$ 179,512	$ 341,284	$ 71,583	$ (444,216)	**$ 871,058**	$ 48,336	$ —	**$ 919,394**

[1] The Company's investment in Dream Alternatives was consolidated effective January 1, 2018. As at December 31, 2017, the investment was accounted for using the equity method.

Segmented Statement of Earnings

For the three months ended March 31, 2018

	Western Canada development	Urban development - Toronto & Ottawa	Asset management	Renewables and recreational properties	Corporate and Other	**Dream standalone[2]**	Dream Alternatives	Consolidation adjustments[3]	**Consolidated Dream**
Revenue	$ 16,571	$ 5,612	$ 10,050	$ 17,402	$ —	**$ 49,635**	$ 15,736	$ (3,626)	**$ 61,745**
Direct operating costs	(11,141)	(2,882)	—	(10,060)	—	**(24,083)**	(5,597)	—	**(29,680)**
Asset management expenses	—	—	(2,934)	—	—	**(2,934)**	—	(127)	**(3,061)**
Gross margin	5,430	2,730	7,116	7,342	—	**22,618**	10,139	(3,753)	**29,004**
Selling, marketing and other operating costs	(7,975)	(2,312)	—	(1,004)	—	**(11,291)**	—	—	**(11,291)**
Net margin	(2,545)	418	7,116	6,338	—	**11,327**	10,139	(3,753)	**17,713**
Fair value changes in investment properties	209	57	—	—	—	**266**	(2,110)	—	**(1,844)**
Investment and other income	378	317	262	23	656	**1,636**	1,235	—	**2,871**
Gain on acquisition of Dream Alternatives	—	—	12,555	—	—	**12,555**	—	117,437	**129,992**
Share of earnings (losses) from equity accounted investments	—	(938)	6,074	(225)	—	**4,911**	(117)	1,604	**6,398**
Net segment earnings (loss)	$ (1,958)	$ (146)	$ 26,007	$ 6,136	$ 656	**$ 30,695**	$ 9,147	$ 115,288	**$ 155,130**
General and administrative expenses					(3,136)	**(3,136)**	(3,827)	2,545	**(4,418)**
Fair value changes in financial instruments					8,138	**8,138**	2,751	(2,999)	**7,890**
Interest expense					(6,212)	**(6,212)**	(2,103)	—	**(8,315)**
Adjustments related to Dream Alternatives trust units					—	**—**	—	1,110	**1,110**
Income tax expense					(5,457)	**(5,457)**	(184)	1,302	**(4,339)**
Net earnings[1]	$ (1,958)	$ (146)	$ 26,007	$ 6,136	$ (6,011)	**$ 24,028**	$ 5,784	$ 117,246	**$ 147,058**

For the three months ended March 31, 2017

	Western Canada development	Urban development - Toronto & Ottawa	Asset management	Renewables and recreational properties	Corporate and Other	**Dream standalone[2]**	Dream Alternatives	Consolidation adjustments[3]	**Consolidated Dream**
Revenue	$ 23,110	$ 3,059	$ 11,258	$ 14,221	$ —	**$ 51,648**	$ —	$ —	**$ 51,648**
Direct operating costs	(16,073)	(1,581)	—	(7,753)	—	**(25,407)**	—	—	**(25,407)**
Asset management expenses	—	—	(1,910)	—	—	**(1,910)**	—	—	**(1,910)**
Gross margin	7,037	1,478	9,348	6,468	—	**24,331**	—	—	**24,331**
Selling, marketing and other operating costs	(6,980)	(1,605)	—	(837)	—	**(9,422)**	—	—	**(9,422)**
Net margin	57	(127)	9,348	5,631	—	**14,909**	—	—	**14,909**
Fair value changes in investment properties	7,105	(443)	—	—	—	**6,662**	—	—	**6,662**
Investment and other income	353	216	3,819	—	—	**4,388**	—	—	**4,388**
Share of earnings (losses) from equity accounted investments	—	261	50	100	—	**411**	(1,738)	—	**(1,327)**
Net segment earnings (loss)	$ 7,515	$ (93)	$ 13,217	$ 5,731	$ —	**$ 26,370**	$ (1,738)	$ —	**$ 24,632**
General and administrative expenses					(2,767)	**(2,767)**	—	—	**(2,767)**
Fair value changes in financial instruments					74	**74**	—	—	**74**
Interest expense					(4,994)	**(4,994)**	—	—	**(4,994)**
Income tax expense					(5,507)	**(5,507)**	—	—	**(5,507)**
Net earnings[1]	$ 7,515	$ (93)	$ 13,217	$ 5,731	$ (13,194)	**$ 13,176**	$ (1,738)	$ —	**$ 11,438**

(1) Includes earnings attributable to non-controlling interest.
(2) Dream standalone does not include any net earnings impact relating to the Company's investment in Dream Alternatives except for the $12.6 million deemed gain on disposal of the Company's equity accounted investment in the three months ended March 31, 2018. Refer to the "Dream Alternatives" section of this MD&A for further details.
(3) Consolidation adjustments within revenue and general and administrative expenses primarily relate to intercompany charges between Dream Alternatives and the Company, which are eliminated on consolidation.

Western Canada Development

Dream's Western Canada development team focuses on land development, housing and multi-family construction, and the development of income producing retail and commercial properties within our master-planned communities.

We currently own and have under contract approximately 10,000 acres of land in Western Canada, of which almost 9,200 acres are in 10 large master-planned communities at various stages of approval. We estimate that, when approved, these master-planned communities will supply lots for the next 30 to 40 years. We are continuously working to increase the number of lots that we develop in each of these markets.

Dream actively develops land in Saskatoon, Regina, Calgary and Edmonton. Land development involves the conversion of raw land to the stage where homes and commercial buildings may be constructed on the land. This process begins with the purchase or control of raw land, generally known as land held for development, and is followed by the entitlement and development of the land. Once the process of converting raw or undeveloped land for end use has begun, that portion of the land that we conduct activity on is generally known as land under development.

It takes time to see the results from our strategy outlined above, as it takes longer to achieve results from building on owned land than from selling it to a third-party. It will also take us time to ramp up as we can only develop our land when it is approved for development. Building on owned land delays the recognition of revenue, as the land sale is not recognized until the home being built on the lot is occupied by a third party purchaser. In comparison, when selling land to a third-party, revenue is generally recognized on receipt of a 15% deposit from the land buyer and when there is substantial completion of the underground servicing work. Results may be slower than in prior years due to the economy in Western Canada. As such, we may not make new investments in undeveloped land at the same rate as in past years unless the lands are considered strategic by management to existing land positions already owned by the Company. Nevertheless, we expect that we will generate significant returns from building on our owned land in the future.

We currently have housing operations in Saskatoon and Regina and more recently established homebuilding capacity in Calgary. Residential homebuilding involves the construction of single family houses and multi-family buildings, such as townhouses. Each dwelling is generally referred to as a “unit”. A planned community typically includes a number of “lots” on which single family units will be situated, as identified in the neighbourhood plan. Construction time for a residential home depends on a number of factors, including the availability of labour, materials and supplies, the weather, and the type and size of home.

Our Retail and Commercial Development division currently focuses on the development of new format and/or grocery-anchored unenclosed retail centres in Western Canada within our communities. New format retail centres are large aggregations of dominant retailers grouped together at high traffic and easily accessible locations. These unenclosed campus-style centres are generally anchored by supermarkets and may include entertainment (movie theatres and restaurants) and other needs-based retail components. Our retail developments are branded under the "Dream Centres" banner. The Retail and Commercial Development division traditionally manages a project through the entire development cycle, commencing with planning, pre-development, leasing, construction and post-development. As at March 31, 2018, the Retail and Commercial Development division had 45.5 acres in various stages of active development.

Results of Operations

In the three months ended March 31, 2018, revenue and net margin decreased by $6.5 million and $2.6 million, respectively, relative to the prior year primarily due to a lower volume of lots sold in the current period, offset by increased net operating income from our income producing and development properties as a number of our projects are approaching stabilization.

Selected Key Operating Metrics - Western Canada

(in thousands of dollars, except for average selling prices and acre, lot, unit and sf statistics)	For the three months ended March 31, 2018	2017
LAND DEVELOPMENT		
Land revenue		
Saskatoon	**$ 1,116**	$ 3,450
Regina	**1,526**	1,872
Calgary	**1,803**	993
Edmonton	**43**	6,825
Total	**$ 4,488**	$ 13,140
Land net margin		
Saskatoon	**$ (672)**	$ 558
Regina	**(401)**	(281)
Calgary	**(235)**	(604)
Edmonton	**318**	1,842
Total	**$ (990)**	$ 1,515
Net margin (%)	**n/a**	11.5%
Lots sold		
Saskatoon	**11**	26
Regina	**15**	15
Calgary	**14**	8
Edmonton	**—**	48
Total	**40**	97
Average lot selling price	**$ 112,000**	$ 135,000
HOUSING DEVELOPMENT		
Housing revenue		
Saskatoon	**$ 2,447**	$ 2,869
Regina	**3,850**	4,606
Calgary	**3,660**	1,281
Total	**$ 9,957**	$ 8,756
Housing net margin		
Saskatoon	**$ (897)**	$ (607)
Regina	**(747)**	(442)
Calgary	**(256)**	(208)
Total	**$ (1,900)**	$ (1,257)
Housing units sold		
Saskatoon	**11**	11
Regina	**17**	15
Calgary	**13**	5
Total	**41**	31
Average housing unit selling price[(1)]	**$ 345,000**	$ 364,000
Average selling price per sf[(1)]	**$ 245**	$ 265
INCOME PRODUCING AND DEVELOPMENT PROPERTIES		
Revenue	**$ 2,126**	$ 1,214
Net operating income	**$ 1,444**	$ 738
Net margin	**$ 345**	$ (201)
Net margin %	**16.2%**	n/a
Fair value changes in investment properties	**$ 209**	$ 7,105
Number of commercial properties[(2)]	**6**	8
Total commercial area (sf)[(2)] - income producing & development	**498,300**	522,400
Total commercial area in planning stages (sf)	**208,900**	244,000

[(1)] Average lot selling price is gross of land sales to external customers, which are in the land results above.
[(2)] Excludes all metrics related to properties classified as held for sale as of period end.

Results of Operations – Land

In the three months ended March 31, 2018, revenue and net margin decreased by $8.7 million and $2.5 million, respectively, relative to the prior year. The decrease was primarily due to fewer lot sales achieved in the current period, and a lower average selling price per lot sold due to the specific product mix, consistent with our expectations. Negative net margin of $1.0 million was incurred as our fixed overhead was not absorbed by the level of lot sales in the period. The majority of our development activity in Western Canada takes place between April and October which typically results in a higher volume of sales activity in the third and fourth quarters of the year, relative to the first and second quarters of the year. Refer to the "Key Financial Information and Performance Indicators" section of this MD&A for further details on the seasonality of our business lines and sources of recurring income.

In line with the development strategy for our land business, we continue to secure deposits or sales commitments for 2018 activity, similar to how we executed in 2017. Assuming current market conditions, Dream expects 2018 to achieve approximately 950 lot sales and 25 acre sales primarily from active communities in Saskatoon and Regina.

Land backlog represents lots and acres under contract for which revenue has not yet been recognized during the period. As at March 31, 2018, our land development backlog for sales which are expected to be realized in 2018 comprised 561 lots and 4 acres. A summary of our lot and acre backlog by region is included below.

	Land lots in backlog as at		Sales value (at 100%) as at		Average selling price per lot	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017	**2018**	2017
Saskatoon	**426**	426	**$ 51,654**	$ 51,654	**$ 121,000**	$ 121,000
Regina	**135**	108	**15,753**	14,091	**117,000**	130,000
Total	**561**	534	**$ 67,407**	$ 65,745	**$ 120,000**	$ 123,000

	Land acres in backlog as at		Sales value (at 100%) as at		Average selling price per acre	
	March 31, 2018	December 31, 2017	**March 31, 2018**	December 31, 2017	**2018**	2017
Regina	**4**	2	**$ 3,357**	$ 1,782	**$ 839,000**	$ 891,000
Total	**4**	2	**$ 3,357**	$ 1,782	**$ 839,000**	$ 891,000

As at May 11, 2018, Dream has secured deposits or sale commitments for approximately 652 lots and 4 acres for sales that are expected to be realized in the remainder of 2018.

A discussion of significant activity in our regions is below:

Saskatoon, Saskatchewan
In the three months ended March 31, 2018, revenue and net margin were generated by sales within three developments in Saskatoon: Brighton (Holmwood), Stonebridge and Blairmore (Kensington). We have continued to wind down our remaining inventory in Stonebridge, which has been an active development since 2005. Our large development, Brighton, is a 550-acre community within Holmwood that, upon completion, will include more than 2,200 lots, 2,500 multi-family units and over 250,000 sf of retail, which is being developed by Dream Centres, our Retail and Commercial development division**.**

In the three months ended March 31, 2018, revenue and net margin decreased by $2.3 million and $1.2 million, respectively, from the prior year primarily due to fewer lots sold and a lower average selling price.

Regina, Saskatchewan
In the three months ended March 31, 2018, lot revenue and net margin were generated within our Harbour Landing communities and Eastbrook. All remaining external lot inventory within Harbour Landing has now been sold as the community is nearing completion. Eastbrook is a 319-acre community that we expect to service over the long term and is expected to include more than 2,100 lots, 250 multi-family units and 24 acres of commercial development upon completion.

In the three months ended March 31, 2018, revenue and net margin decreased by $0.3 million and $0.1 million, respectively, from the prior year primarily due to the mix of lots sold in the current period.

Calgary, Alberta
In the three months ended March 31, 2018, revenue and net margin were generated primarily from lot sales within our Crossfield (Vista Crossing) development. Vista Crossing is a 155-acre community north of Airdrie that we expect will be active for the next ten years.

In the three months ended March 31, 2018, revenue and net margin increased by $0.8 million and $0.4 million, respectively, relative to the prior year primarily due to an increase in the volume of lots sold.

Edmonton, Alberta
In the three months ended March 31, 2018, net margin of $0.3 million was generated due to recoveries achieved at the end of development phases in our active development in Edmonton, the Meadows, which we expect to remain involved in through 2022.

Land Portfolio

As at March 31, 2018, our land portfolio, including land held for development and land under development, consisted of 9,452 acres and 1,420 lots in various stages of development. This represents 9,669 acre equivalents. Dream also has commitments to purchase an additional 312 acres, for a total of 9,981 acres. Land held for development and land under development is carried at historical cost. Management believes that the market values of these lands are significantly in excess of their carrying values.

(in thousands of dollars, except lots and acres) **March 31, 2018**

	Land held for development			Land under development				
	Cost	**Acres**	**Cost per acre**	**Cost**	**Acres**	**Lots**	**Cost per acre**	**Total**
Saskatoon	$ 80,424	3,072	$ 26	$ 64,017	99	772	$ 277	$ 144,441
Regina	147,007	2,937	50	48,385	75	365	391	195,392
Calgary	151,126	2,316	65	27,004	52	130	363	178,130
Edmonton	41,784	879	48	20,850	8	110	970	62,634
Other[1]	778	—	n/a	1,608	14	—	115	2,386
Total inventory	**$ 421,119**	**9,204**	**$ 46**	**$ 161,864**	**248**	**1,377**	**$ 348**	**$ 582,983**
Land under commitment	**$ 4,855**	**312**	**$ 16**					**$ 4,855**

[1] Other land held for development relates to a single lot held in the U.S.

The carrying value of our land portfolio increased by $8.1 million from December 31, 2017 to March 31, 2018, primarily due to development activity in the period. Refer to the "Real Estate Inventory" section of our MD&A for further details.

Land Approval Pipeline

The land approval process varies slightly in each city we operate; however, the key land development milestones can be broadly classified in the categories noted below:

A summary of our land inventory and key milestones is included below.

City	Neighbourhood	Upcoming milestone	Gross acres	Anticipated sales start[1]
Active developments				
Saskatoon	Brighton (Holmwood)	Tier 5 ongoing	430	n/a
Saskatoon	Various	Tier 5 ongoing	100	n/a
Regina	Eastbrook	Tier 5 ongoing	293	n/a
Regina	Harbour Landing	Tier 5 ongoing	41	n/a
Calgary	Vista Crossing	Tier 5 ongoing	133	n/a
Calgary	High River	Tier 5 ongoing	135	n/a
Edmonton	Meadows	Tier 5 ongoing	168	n/a
Various	Various	Tier 5 ongoing	76	n/a
			1,376	
Current pipeline				
Saskatoon	Holmwood Surburban Centre	Tier 2 approval	1,050	2022
Saskatoon	The Willows	Tier 2 approval	80	2019
Saskatoon	Elk Point	Tier 2 approval	150	2024
Regina	Harbour Landing West	Tier 1 approval	940	2023
Regina	Coopertown	Tier 2 approval	1,050	2019/2020
Calgary	Providence East	Tier 2 approval	650	2019/2020
Calgary	Glacier Ridge South	Tier 2 approval	320	2020/2021
Edmonton	Elan	Tier 2 approval	371	2019
			4,611	
Future developments				
Saskatoon	Remainder of Holmwood	Tier 2 approval	1,550	TBD
Regina	Foxtail Grove	Tier 1 approval	590	TBD
Calgary	Providence West	Tier 1 approval	1,000	TBD
Calgary	Glacier Ridge North	Tier 1 approval	160	TBD
Edmonton	Colchester	Tier 1 approval	140	TBD
Edmonton	Gill	Edmonton Annexation[2]	160	TBD
			3,600	
Other land holdings			82	
Land under commitment			312	
			9,981	

[1] Anticipated sales starts are subject to change and based on current information available to management.
[2] Annexation is the process of transitioning land from one municipality to another for the purposes of expanding boundaries to accommodate future growth. This process occurs before Tier 1 milestones.

Results of Operations – Housing

In the three months ended March 31, 2018, our housing division generated revenue of $10.0 million from 41 housing occupancies and incurred negative margin of $1.9 million ($8.8 million in revenue from 31 housing occupancies and negative net margin of $1.3 million in the comparative period.) The average selling price of units that occupied in the three months ended March 31, 2018 declined by $19,000 per home due to the product mix sold.

Western Canada - Income Producing and Development Properties

In the three months ended March 31, 2018, revenue and net operating income increased by $0.9 million and $0.7 million, respectively, from the comparative period due to increased rental income generated from our properties under development, as a number of properties under development approached stabilization.

In the three months ended March 31, 2018, fair value changes in investment properties in Western Canada decreased by $6.9 million relative to the prior period. The decrease was primarily due to $6.2 million of fair value gains recognized in 2017 on initial transfer of retail properties under development, which achieved first tenant occupancy and transferred from inventory (held at cost) to investment properties (held at fair value).

A summary of our active retail developments is included below.

Project	Ownership %	Location	Type	Major tenant	Carrying value as at March 31, 2018	Acres	Total sf	Committed leases %	Weighted average lease term	First occupancy date
Income producing and development properties:										
Shops of South Kensington	100%	Saskatoon	Retail	Save-On-Foods	$ 26,379	6.5	72,100	87%	16.1	2017
Brighton Marketplace	50%	Saskatoon	Retail	Save-On-Foods	13,993	21.5	231,000	64%	15.7	2018
Tamarack	100%	Edmonton	Retail	GoodLife Fitness	53,721	14.7	129,500	91%	9.4	2015
Montrose	100%	High River	Retail	Anytime Fitness	7,868	2.8	24,500	77%	11.8	2017
Total income producing properties					$ 101,961	45.5	457,100	76%	13.4	

Urban Development - Toronto & Ottawa

We are continuously looking for unique investment opportunities which will further grow our development business in Toronto. We also believe there is potential for significant growth within Dream Alternatives and Dream Office REIT's core Toronto development portfolios. We anticipate that over time, that our ownership in both entities will continue to increase on an opportunistic basis. Significant investments we have acquired on a 25/75% basis with Dream Alternatives include the Frank Gehry development, the Lakeshore East development, Port Credit and West Don Lands, in which Dream will act as either the lead or co-developer for each of these sites. The following discussion excludes Dream Alternatives' investment in certain co-owned developments.

Significant Pipeline Projects

Riverside Square

Riverside Square is a 5-acre, two-phase, mixed-use development located in Toronto's downtown east side on the south side of Queen Street East and immediately east of the Don Valley Parkway. Dream has a 32.5% interest in the project and its residual partners include a condominium/mixed-use developer and an automotive group. The first phase of the project consists of 688 residential condominium units, a state-of-the-art multi-level auto-plex and approximately 20,000 sf of retail gross floor area ("GFA"). The second phase is planned to consist of 38,000 sf of multi-tenant commercial space with a grocery-anchored component together with 224 condominium units.

Canary District - Stage 2

Our Stage 2 lands in the Canary District, developed in partnership with Kilmer, comprises Canary Block Condominiums, Canary Commons Condominiums and a future residential block currently referred to as “Block 13". We expect to develop over 1,000 condominium units and 30,000 sf of retail on the Stage 2 lands, which is in addition to the completed 810 condominium units and 30,000 sf of retail in Stage 1, which initially served as the Pan Am Athletes' Village in 2015. In addition to retail amenities, the Canary District includes the 18-acre Corktown Common Park and the 82,000 sf Cooper-Koo YMCA.

Zibi

Zibi is a 37-acre waterfront development along the Ottawa River in Gatineau, Quebec and Ottawa, Ontario. The project is a multi-phase development which includes over 3 million sf of density that consists of over 2,000 residential units and over 1 million sf of commercial space. To date, two condominium buildings have achieved a market launch (O and Kanaal), which comprise 141 units.

Frank Gehry Development

The Frank Gehry development is located at the intersection of King Street West and Duncan Street in downtown Toronto and managed by Dream and Great Gulf Corporation. This landmark site is slated to be redeveloped to include two residential towers, each in excess of 80 storeys, and over 80,000 sf of multi-level luxury retail opportunities, including a potential hotel component and an art gallery.

Port Credit

Port Credit is a 72-acre waterfront property for development in Mississauga's Port Credit area. The project intends to work with the Port Credit residents and stakeholders on a plan to transform the site into a complete, vibrant and diverse waterfront community. The site is expected to be redeveloped into a large master-planned residential/mixed-use community. Highlights of the draft master plan proposal include approximately 2,500 residential units and 200,000 sf of retail and commercial space. The proposal is subject to various approvals, and initial construction is anticipated to begin in 2019.

Urban Development Pipeline and Results of Pre-sale Activity

The results of our sales or pre-sales activity for urban development projects that are in the marketing, development or construction phases is summarized below. We currently have 1,689 units in inventory, or held through equity accounted investments as at March 31, 2018 (755 units at Dream's share) that have achieved a market launch. Refer to the tables below for a listing of our major projects within the Toronto and Gatineau/Ottawa areas, in addition to projects in our development pipeline that have not yet been taken to market on a Dream standalone basis.

Direct ownership

Project	Location	Status	Dream's standalone ownership %	Dream's consolidated ownership %[1]	Inventory value[2]	Total units	Commercial and retail GFA (sf)	First occupancy[3]	% Units pre-sold as at May 11, 2018[3]	Average selling price per pre-sold unit
Projects currently in inventory:										
Riverside Square - Phases 1 and 2	Toronto	Under construction	32.5%	32.5%	$ 52,793	912	210,000	2019	98%	$ 385,000
BT Towns	Toronto	Pre-construction	50%	50%	7,296	60	—	2019	98%	696,000
Zibi - O and Kanaal[5]	Gatineau / Ottawa	Under construction/ Pre-construction	40%	80%	11,658	141	12,700	2019	73%	451,000
Pipeline projects:										
Riverside Square - future phases	Toronto	Pre-construction	25.0%	25.0%	3,377	250	26,000			
Distillery District	Toronto	Pre-construction	50.0%	50.0%	12,284	500	320,000			
Zibi - future blocks[5]	Ottawa	Pre-construction	40.0%	80.0%	90,995	2,000	1,700,000			
Other projects					12,508	200	—			
Total					**$ 190,911**	**4,063**	**2,268,700**			
Total related debt outstanding as at March 31, 2018 (Dream's share)[4]					**$ 99,425**					
Total related debt available as at March 31, 2018 (Dream's share)					**$ 101,226**					

Equity accounted investments

Project	Location	Status	Dream's equity ownership %	Dream's managed ownership[1]	Net assets of investment[2]	Total units	Commercial and retail GFA (sf)	First occupancy[3]	% Units pre-sold as at May 11, 2018[3]	Average selling price per pre-sold unit
Projects currently in inventory:										
Canary District - Canary Block Condominiums	Toronto	Under construction	50%	50%	$ 3,386	187	7,000	2019	100%	$ 470,000
Canary District - Canary Commons Condominiums	Toronto	Pre-construction	50%	50%	1,076	389	15,000	2020	97%	619,000
Pipeline projects:										
Canary District - future Stage 2	Toronto	Pre-construction	50%	50%	6,666	470	8,000			
Frank Gehry development	Toronto	Pre-construction	6.25%	25%	6,233	1,500	260,000			
Lakeshore East	Toronto	Pre-construction	12.5%	50%	4,025	1,100	32,000			
Port Credit	Mississaug	Pre-construction	7.75%	31%	10,037	2,500	350,000			
West Don Lands	Toronto	Pre-construction	8.33%	33%	—	1,500	275,000			
Other projects					4,309	—	—			
Total					**$ 35,732**	**7,646**	**947,000**			
Total related debt outstanding as at March 31, 2018 (Dream's standalone share)[6]					**$ 42,693**					
Total related debt available as at March 31, 2018 (Dream's					**$ 24,630**					

[1] Dream's managed ownership includes ownership interest of Dream Alternatives, where applicable.
[2] Inventory value or net asset of investment relates to the Company's proportionate share in the asset or project on a Dream standalone basis, with the exception of Zibi which is fully consolidated.
[3] Revenue recognition for condominium inventory occurs at the time of unit occupancy. Refer to Note 3 of the condensed consolidated financial statements for details on the Company's revenue recognition policies.
[4] Total facilities include construction loans of $71.9 million and mortgages and term debt of $27.5 million used to fund future pre-development or construction costs.
[5] The carrying value of Zibi inventory is at 100% as the project is consolidated for financial statement purposes. Refer to Note 27 of the condensed consolidated financial statements for details on the non-controlling interest related to Zibi.
[6] Total facilities include construction loans of $2.6 million and mortgages and term debt of $40.1 million used to fund future pre-development or construction costs.

Total units and project GFA are project-level estimates as of March 31, 2018 and are subject to change pending various development approvals. The percentage of units sold or pre-sold pertains only to units that have been brought to market and are available for sale.

High-rise condominium development typically does not commence until a substantial number of units have been pre-sold, thereby meeting requirements to secure construction financing. A few months after substantial completion and customer occupancy of the building, the developer obtains all necessary approvals and the building is registered, purchasers pay the balance of the purchase price and title is transferred.

Results of Operations – Condominium and Mixed-Use

A summary of the results of operations for the condominium division is presented below.

Attributable to Dream	**For the three months ended March 31, 2018** Directly owned	Equity accounted investments	Total	For the three months ended March 31, 2017 Directly owned	Equity accounted investment	Total
Revenue	**$ 2,380**	**$ 8**	**$ 2,388**	$ 351	$ 208	$ 559
Selling, marketing and other indirect costs	**(1,870)**	**(511)**	**(2,381)**	(1,054)	(493)	(1,547)
Net margin	**$ (933)**	**$ (515)**	**$ (1,448)**	$ (873)	$ (410)	$ (1,283)
Net margin (%)	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a
Condominium occupancy units (project level)	**6**	**—**	**6**	1	1	2
Condominium occupancy units (Dream's share)	**3**	**—**	**3**	1	1	2
Per unit[1]	**$ 636,000**	**$ —**	**$ 636,000**	$ 251,000	$ 375,000	$ 325,000
Per square foot	**$ 430**	**$ —**	**$ 430**	$ 300	$ 525,000	$ 435,000

[1] Average selling price per unit is based on prices excluding non-unit sources of ancillary revenue, such as recoveries and upgrades.

In the three months ended March 31, 2018, revenue from directly owned investments was primarily generated from the remaining occupancies within The Southwood, which closed in the period. There are no material condominium occupancies expected in the twelve months ending December 31, 2018.

In the three months ended March 31, 2018, selling, marketing and other indirect costs increased by $0.8 million from the prior year due to the timing of marketing costs incurred. Our condominium operations, including equity accounted investments, incurred negative net margin of $1.4 million in the three months ended March 31, 2018, due to fixed and other operating costs of the division and limited inventory available for occupancy.

Developments held through direct ownership

In the three months ended March 31, 2018, Dream incurred $21.2 million in development costs, primarily related to our Riverside Square and Zibi developments. In the year ended December 31, 2017, land servicing commenced on Zibi's Quebec lands and construction was underway on the condominium building O.

Developments held through equity accounted investments

In the three months ended March 31, 2018, $0.9 million in development costs were incurred, primarily relating to Stage 2 of the Canary District.

Other projects held through equity accounted investments, such as Lakeshore East, Port Credit and the Frank Gehry development incurred minimal costs as the projects are largely in the planning/pre-development phases.

Urban Development - Income Properties

Our urban development income properties include interests in commercial and retail properties comprising over 630,000 sf of gross leaseable area ("GLA"), including the Distillery District, a 73-acre commercial site in Toronto, and through jointly controlled entities.

			For the three months ended March 31,	
	Distillery District	Other properties	**2018**	2017
Revenue	$ 2,210	$ 1,022	**$ 3,232**	$ 2,708
Net operating income	1,168	625	**1,793**	1,297
Net operating income %	52.9%	61.2%	**55.5%**	47.9%
Net margin	773	578	**1,351**	746
Net margin %	35.0%	56.6%	**41.8%**	27.5%
Fair value changes in investment properties	57	—	**57**	(443)

In the three months ended March 31, 2018, revenue and net operating income both increased by $0.5 million from the comparative period due to increased income earned from our 73-acre commercial site in Etobicoke, Ontario, which was acquired in late 2016 with significant leasing activity throughout 2017.

Asset Management, Management Services and Investments in Dream Publicly Listed Funds

As the asset manager or management service provider of four Dream Publicly Listed Funds and numerous development partnerships, we are on the front line and well-positioned to observe, in real time, the impact of economic trends on the drivers of demand for real property, such as demand for space, urbanization trends and employment levels in each of the markets in which we operate. We also provide asset management services to various institutional partnerships and our renewable power business. The majority of our asset management fees in 2018 were derived from our asset management contracts with the Dream Publicly Listed Funds, excluding Dream Office REIT which is no longer subject to an asset management contract.

Our asset management and management services team consists of real estate and energy/infrastructure professionals with backgrounds in property management, architecture, urban planning, engineering, development and redevelopment, construction, finance, accounting and law. The team brings experience from a range of major organizations in Canada; is actively involved with internal training opportunities; and has expertise in capital markets, structured finance, real estate investments, renewable power and management across a broad spectrum of property types in diverse geographic markets.

We carry out our own research and analysis, financial modelling, due diligence and financial planning, and have completed over $25 billion of commercial real estate and renewable power transactions over the past 22 years.

We have made a strategic decision to increase both our ownership position in Dream Office REIT and Dream Alternatives in 2017 and 2018, as both businesses have been transformed to own core assets primarily in downtown Toronto and the Greater Toronto Area ("GTA"), both through dispositions of assets outside of these markets and new investments. As of March 31, 2018, we own approximately $406.4 million of equity at fair value across the Dream Publicly Listed Funds (collectively Dream Office REIT, Dream Alternatives and Dream Global REIT) and anticipate, over time, that our ownership will continue to increase on an opportunistic basis.

As at March 31, 2018, Dream managed assets with a value of approximately $14 billion (December 31, 2017 – $14 billion).

Breakdown of Fees Earned

The following table summarizes the types of fees included in asset management and management services revenue, including those further described in Note 39 of the Company's condensed consolidated financial statements for the three months ended March 31, 2018. Results include total fee-earning assets under management and fees earned from the asset management contract with Dream Alternatives.

	For the three months ended March 31,			
		2018		2017
Fee-earning assets under management – Dream Publicly Listed Funds[1]	**$**	**6,384,000**	$	5,197,000
Fee-earning assets under management – third-party partnerships[1]		**1,677,000**		1,680,000
Fees earned from Dream Publicly Listed Funds				
Base asset management fees	**$**	**6,689**	$	5,879
Acquisition fees		**1,916**		901
Financing and other fees		**437**		147
Total fees earned from asset management agreements with Dream Publicly Listed Funds		**9,042**		6,927
Development and other asset management fees from third-party arrangements		**1,008**		4,331
	$	**10,050**	$	11,258

[1] Refer to the "Non-IFRS Measures" section of this MD&A for the definition of fee-earning assets under management.

In the three months ended March 31, 2018, fees earned from asset management agreements with the Dream Publicly Listed Funds (excluding Dream Office REIT) were $9.0 million, an increase of $2.1 million from prior year primarily due to the growth in fee-earning assets under management and acquisition activity in the current period.

Development and other management fees from third parties in the three months ended March 31, 2018 decreased by $3.3 million from the prior year, as comparative results included certain fees related to the completion of significant development milestones, which were not recurring to the same magnitude in the current period. Fees earned from development arrangements may fluctuate period over period and are dependent on the varying terms of each arrangement and timing of successful achievement of development, leasing and/or financing milestones.

Results of Operations – Asset Management and Management Services

	For the three months ended March 31,			
		2018		2017
Revenue	**$**	**10,050**	$	11,258
Asset management and advisory services expenses		**(2,934)**		(1,910)
Net margin		**7,116**		9,348
Net margin (%)		**70.8%**		83.0%

In the three months ended March 31, 2018, net margin decreased by $2.2 million from the prior year due to the aforementioned decrease in development and other management fees from third-party arrangements.

Investments in Dream Publicly Listed Funds

As at March 31, 2018, the Company held $406.4 million in the Dream Publicly Listed Funds, up from $346.7 million at December 31, 2017. Although for accounting purposes, the treatment of these investments may differ, management believes the equity value and distributions generated from holding these investments are important disclosures to include herein.

Dream Global REIT is an unincorporated, open-ended real estate investment trust that provides investors with the opportunity to invest in commercial real estate exclusively outside of Canada. Dream Global REIT units held by the Company are presented within Other Financial Assets on the Company's statement of financial position and held at fair value through profit and loss. Distribution income earned on these units is recognized in investment income, net of the portion considered to be a return of capital.

Dream Office REIT is an unincorporated, open-ended real estate investment trust. It is focused on owning, leasing and managing well-located, high-quality central business district and suburban office properties. Effective October 1, 2017, the Company's investment in Dream Office REIT was recorded in Equity Accounted Investments. Refer to Note 13 in our 2017 Annual Report for further details.

Effective January 1, 2018, the Company's investment in Dream Alternatives was consolidated within Dream's financial statements and accordingly, the investment and any distribution income is eliminated. Refer to Note 4 of the condensed consolidated financial statements for the three months ended March 31, 2018 for further details.

Details of the Company's investments in Dream Publicly Listed Funds are presented below.

(in thousands of dollars, except unit and per unit amounts)		Annual distribution per unit[1]		Current annual pre-tax cash flow distributions[1]		Distributions received	Units held		Market price		Fair value
											As at March 31, 2018
Included within Other Financial Assets											
Dream Global REIT	$	0.80	$	2,425	$	606	3,031,593	$	13.75	$	41,684
Dream Global REIT, deferred trust units		n/a		n/a		n/a	2,093,316		n/a	$	23,544
Included within Equity Accounted Investments											
Dream Office REIT	$	1.00	$	6,715	$	1,603	6,714,791	$	23.35	$	156,790
Dream Office REIT LP B	$	1.00	$	5,234	$	1,309	5,233,823	$	23.35	$	122,210
Consolidated											
Dream Alternatives	$	0.40	$	4,002	$	997	10,004,064	$	6.21	$	62,125
			$	18,376	$	4,515				$	406,353

(1) Annualized pre-tax cash flows are based on the respective distribution rates and units held as at March 31, 2018.

Refer to Note 35 of the Company's condensed consolidated financial statements for the three months ended March 31, 2018 for details on the fair value measurement approach and the vesting schedule for the Dream Global REIT deferred trust units.

In the three months ended March 31, 2018, investment income earned on distributions from the investments in Dream Publicly Listed Funds decreased by $2.9 million relative to the comparative period, due to the reclassification of the Company's investments in Dream Office REIT to equity accounted investments in the fourth quarter of 2017. Prior to this, the investment was recorded in Other Financial Assets with distributions recognized in investment income, net of amounts considered a return of capital.

Share of Earnings from Equity Accounted Investment - Dream Office REIT

As at March 31, 2018, Dream on a standalone basis held approximately $279.0 million or 11.9 million units in Dream Office REIT (approximately 16% of units outstanding of Dream Office REIT). In the three months ended March 31, 2018, the Company purchased an additional 0.7 million units for $15.8 million on the open market. Subsequent to quarter end, Dream Office REIT successfully announced the results of its substantial issuer bid to purchase for cancellation up to 10.0 million of its REIT units, at a price of $24.00 per unit, for an aggregate purchase price of $240.0 million. As a result of the take-up of the substantial issuer bid, Dream's interest in Dream Office REIT increased to 18% or 24%, inclusive of units held through Dream Alternatives and Dream's CRO.

In the three months ended March 31, 2018, Dream Office REIT generated net income of $32.5 million ($6.0 million at Dream's standalone share) from net rental income from its investment properties and share of net income from Dream Office REIT's approximate 26% investment in Dream Industrial REIT, offset by fair value losses on financial instruments, interest expense and net losses on transactional activity.

Dream Alternatives

Dream Alternatives is an open-ended trust focused on hard asset alternative investments comprising real estate development, real estate lending, real estate, and renewable power.

Dream owned 10.0 million units of Dream Alternatives as at March 31, 2018, which were acquired through purchases on the open market or through Dream Alternatives' distribution reinvestment plan. The Company intends to increase its ownership in Dream Alternatives over time. Dream is the asset manager of Dream Alternatives and also has several co-owned development investments with Dream Alternatives, which are detailed in the "Urban Development Pipeline and Results of Pre-sale Activity" section of the MD&A.

Acquisition of Control

On January 1, 2018, under IFRS, the Company acquired control of Dream Alternatives based on the increase in the Company's exposure to variable returns resulting from increased ownership through units held in Dream Alternatives and from new real estate joint venture agreements. The Company re-measured its existing 13% equity interest in Dream Alternatives to its fair value of $60.9 million at the acquisition date. As a result of the re-measurement, the Company recorded a non-cash gain of $12.6 million.

The acquisition of control also resulted in a non-cash net bargain purchase gain of $117.4 million in the three months ended March 31, 2018. This amount represented the difference between the fair value of net assets of Dream Alternatives of $246.4 million based on public disclosures, relative to the implied financial consideration for the transaction of $60.9 million. As part of the acquisition of control, the Company also derecognized the intangible asset of $43.0

million related to the right to manage Dream Alternatives and eliminated amounts receivable from Dream Alternatives of $23.1 million, which were both treated as deductions in calculating the gain.

The net gain on acquisition of Dream Alternatives was calculated as follows:

Net assets acquired	$	246,383
Less: Consideration		(60,891)
Bargain purchase gain		185,492
Derecognition of intangible asset		(43,000)
Elimination of amounts receivable from Dream Alternatives		(23,107)
Adjustment for non-controlling interests in Dream Alternatives		(1,948)
Net bargain purchase gain		117,437
Non-cash gain on deemed disposal of previously held equity accounted investment		12,555
Net gain on acquisition of Dream Alternatives	$	129,992

As at March 31, 2018, the liability associated with Dream Alternatives units held by other unitholders had a fair value of $387.6 million. In accordance with the Company's accounting policy detailed in Note 3 of the condensed consolidated financial statements for the three months ended March 31, 2018, as at March 31, 2018, the Company accounted for the 86% interest in Dream Alternatives trust units held by third parties as a financial liability measured at fair value through profit and loss (January 1, 2018 - 87%).

Portfolio Summary - Dream Alternatives

The table below provides a summary of the Dream Alternatives portfolio as at March 31, 2018, including net asset value and date of last appraisal. This table excludes the impact of any consolidation adjustments included in the "Segmented Assets and Liabilities" and "Segmented Statement of Earnings" sections of this MD&A.

With Dream Alternatives' focus on development investments that will generate higher growth and cash flow over a period of time, growth in NAV per unit of DAT is considered to be a useful metric of value creation. Dream Alternatives intends to obtain independent third party appraisals annually or as significant development milestones are achieved for its various investments. For those projects in active development or construction, Dream Alternatives intends to use the discounted cash flow methodology in determining the fair value adjustment on a quarterly basis. Dream Alternatives has not appraised the lending portfolio, as Dream Alternatives intends to hold the investments in the lending portfolio until maturity and its term to maturity is within one year. As such the portfolio is considered fairly liquid and Dream Alternatives believes that fair value approximates amortized cost.

As at March 31, 2018, $115.0 million of Dream Alternatives net asset value or 18% was co-owned with Dream. Details of Dream Alternatives' net asset value is as follows:

	Location	Accounting treatment[1]		Asset value		Debt		Total equity[2]		NAV of DAT[3]		NAV per unit	Last external appraisal or year appraised
Other financial assets and equity accounted investments													
Empire Lakeshore	Toronto & GTA	Fair value	$	71,419		n/a	$	74,073	$	74,073	$	1.02	n/a
Hard Rock Hotel/Virgin Hotel Las Vegas	United States	Fair value		37,926		n/a		37,926		37,926		0.52	Acquired 2018
Zibi development[4]	Other Ontario	Equity accounted		33,391		n/a		33,391		33,446		0.46	Acquired 2017
Port Credit development[4]	Toronto & GTA	Equity accounted		30,971		n/a		30,971		35,247		0.49	Q4 2017
Frank Gehry development[4]	Toronto & GTA	Equity accounted		19,559		n/a		19,559		19,559		0.27	Acquired 2017
Bayfield LP	Other Western Canada	Fair value		14,799		n/a		14,799		14,799		0.20	Q4 2017
Lakeshore East Development[4]	Toronto & GTA	Equity accounted		12,413		n/a		12,413		26,911		0.37	Q4 2017
Plaza Bathurst and Plaza Imperial Development	Toronto & GTA	Equity accounted		8,419		n/a		8,419		8,420		0.12	Acquired 2017
Empire Brampton	Toronto & GTA	Fair value		6,003		n/a		6,003		6,003		0.08	n/a
Seaton development[5]	Toronto & GTA	Equity accounted		4,047		n/a		4,047		4,047		0.07	Acquired 2018
Hotel Pur	Eastern Canada	Fair value		3,652		n/a		3,652		3,652		0.05	n/a
IVY Condominiums	Toronto & GTA	Equity accounted		2,411		n/a		2,411		4,300		0.06	Q4 2017
Axis Condominiums	Toronto & GTA	Equity accounted		1,870		n/a		1,870		11,771		0.16	Q4 2017
			$	246,880			$	249,534	$	280,154	$	3.87	
Lending portfolio													
Toronto development	Toronto & GTA	Amortized cost[6]	$	104,139		n/a	$	102,699	$	102,699	$	1.42	n/a
Vancouver development	British Columbia	Amortized cost		51,116		n/a		51,116		51,116		0.71	n/a
Other	Saskatchewan	Amortized cost		14,600		n/a		14,600		14,600		0.20	n/a
			$	169,855			$	168,415	$	168,415	$	2.33	
Investment properties and investment in Dream Office REIT													
Toronto and GTA	Toronto & GTA	Fair value	$	169,663	$	90,315	$	80,966	$	80,966	$	1.12	Q4 2017
Investment in Dream Office REIT units	Toronto & other	Fair value		58,845		n/a		58,845		58,845		0.81	Mark to market
Other	Other Ontario	Fair value		42,190		26,830		15,419		15,419		0.21	Q3 2017
Industrial Portfolio	Saskatchewan	Fair value		9,075		5,701		3,485		3,485		0.05	Q4 2017
			$	279,773	$	122,846	$	158,715	$	158,715	$	2.19	
Renewable power													
Canadian Solar	Toronto & GTA	Amortized cost	$	82,540	$	50,216	$	37,665	$	42,522	$	0.59	Q4 2017
Canadian Wind	Eastern Canada	Amortized cost		31,765		26,240		7,512		10,452		0.14	Q4 2017
United Kingdom Wind	United Kingdom	Amortized cost		21,281		—		22,072		25,901		0.36	Q4 2017
			$	135,586	$	76,456	$	67,249	$	78,875	$	1.09	
Marketable securities - other							$	1,094	$	1,094	$	0.02	
Revolving credit facility								(22,000)		(22,000)		(0.30)	
Cash and other Dream Alternatives consolidated working capital[7], including tax								(16,285)		(20,747)		(0.30)	
							$	(37,191)	$	(41,653)	$	(0.58)	
Total unitholders' equity/NAV of DAT							$	606,722	$	644,506	$	—	
Total unitholders' equity/NAV per unit of DAT							**$**	**8.38**			**$**	**8.90**	

[1] Equity accounted investments are recognized initially at cost and subsequently adjusted for Dream Alternatives' share of the profit or loss.
[2] Included in total unitholders' equity is working capital that is presented separately from its asset in the condensed consolidated statement of financial position of Dream Alternatives.
[3] For the definition of the non-IFRS measure NAV, please refer to the "Non-IFRS Measures" section of this MD&A.
[4] These investments are co-owned with Dream and included in Dream's managed ownership in the "Urban Development Pipeline and Results of Pre-sale Activity" section of this MD&A.
[5] Total investment in the Seaton Development is $9.1 million, split between loan investments and equity investments under IFRS.
[6] Includes a loan investment of $15.3 million, as at March 31, 2018, classified as fair value through profit and loss.
[7] Cash and other Dream Alternatives consolidated working capital includes Dream Alternatives level cash and net working capital balances not attributable to the other operating segments.

Financial Overview

For the three months ended March 31, 2018, Dream Alternatives reported net income of $5.8 million compared to a net loss of $18.6 million in the same quarter in the prior year. The year over year results are not comparable due to the sale of substantially all of Dream Alternatives' non-core legacy assets in 2017, which resulted in $28.1 million of fair value losses recorded in the same period in the prior year. Dream Alternatives has continued to identify and capitalize on key development and redevelopment opportunities and has substantially repositioned its portfolio into assets that are expected to increase the

NAV per unit of DAT. During and subsequent to the first quarter of 2018, Dream Alternatives has or expects to successfully invest $87.1 million of equity primarily into new loans and investment holdings.

In the three months ended March 31, 2018, Dream Alternatives completed the acquisition of the Hard Rock Hotel & Casino ("Hard Rock Hotel") in Las Vegas, Nevada with a consortium of partners, led by Juniper Capital Partners and Fengate Real Estate Asset Investments. The partnership plans to open a re-conceptualized and revitalized property, the Virgin Hotels Las Vegas, in the late fall of 2019. Virgin Hotels, the lifestyle brand established by Virgin Group founder Sir Richard Branson, is also part of the consortium of investing partners, alongside other private investors. On closing of the transaction, Dream Alternatives contributed US$29.0 million (CDN$37.9 million) for an approximate 10% equity investment in the partnership, including transaction costs.

During the three months ended March 31, 2018, Dream Alternatives entered into a partnership, alongside several other experienced developers in the GTA, including Fieldgate Homes ("Fieldgate"), Mattamy Homes, Paradise Developments and TACC Construction Ltd. The partnership invested in a fully-zoned 395-acre land and housing development located in Seaton, in the City of Pickering, Ontario ("Seaton Development"). Fieldgate and Dream Alternatives acquired a 14% equity investment in the partnership, of which Dream Alternatives owns 50% and invested a total of $9.1 million through a combination of loans and equity investment. Initial servicing on the land and housing development is expected to begin in 2019 in phases, with expected completion slated for 2023. The larger community of Seaton is a proposed new urban development on approximately 3,100 acres of land in the City of Pickering. Upon all of the lands being developed, Seaton will be a mixed-use, sustainable community which will be a workplace for 30,500 and home to 61,000 people by 2031.

NAV per unit of DAT of $8.90 as at March 31, 2018 remained relatively stable to $8.89 per unit as at December 31, 2017, in line with expectations. During the first quarter of 2018, a fair value gain of $1.8 million was recognized on the Empire Lakeshore high-rise condominium development project. In addition, during the three months ended March 31, 2018, a market value gain of $1.3 million was recorded on the Axis Condominium development. Market value gain is a non-IFRS measure. For details please refer to the "Non-IFRS Measures" section of this MD&A. These gains represent the continued steady progress to completion and payout on each of the above noted investments. As well, during the three months ended March 31, 2018, Dream Alternatives recorded a fair value gain of $3.0 million on its investment in the publicly traded units of Dream Office REIT. Slightly offsetting the above noted increase were $2.1 million in fair value losses recorded in income properties due to changes in leasing assumptions in certain income properties. Dream Alternatives relies on growth in the NAV per unit as a measure of value creation including the fair value adjustments on its equity accounted investments and renewable power projects. The closest IFRS measure to NAV per unit is unitholders' equity per unit. Please refer to the "Non-IFRS Measures" section of the MD&A for a reconciliation between NAV and unitholders' equity.

For further details on Dream Alternatives, refer to the Dream Alternatives financial statements and Management's Discussion & Analysis for the three months ended March 31, 2018 filed on SEDAR.

Renewables and Recreational Properties

Our recreational properties include a ski area in Colorado, golf course in Saskatoon and a 50% interest in The Broadview Hotel, located in a neighbourhood just east of downtown Toronto. Dream also has an investment in Firelight, which has funded $276.6 million, net of return of capital, for renewable energy projects (of which Dream's portion is $55.3 million, including letters of credit of $7.0 million), as at March 31, 2018.

Recreational Properties

A summary by property is provided below.

	Direct ownership %		**March 31, 2018**		December 31, 2017
Arapahoe Basin ski hill (Colorado)	100%	**$**	**23,597**	$	22,884
Willows Golf Course (Saskatchewan)	100%		**2,744**		2,800
The Broadview Hotel (Ontario)	50%		**14,849**		14,933
Total recreational properties		**$**	**41,190**	$	40,617
Total related debt		**$**	**(16,873)**	$	(17,137)

The carrying value of recreational properties increased by $0.6 million from December 31, 2017 to March 31, 2018, mainly due to additions to capital improvement projects at Arapahoe Basin. The Company is currently undergoing an expansion project for Arapahoe Basin that is expected to be completed for the 2018/2019 ski season, which is expected to increase volume by 50,000 skier visits annually and increase our skiable terrain by approximately 470 acres. As at March 31, 2018, the Company has spent over US$3.3 million on the project of the total expected cost of approximately US$5.1 million.

Dream has a 50% ownership interest in the Broadview Hotel, located in Toronto's downtown east side in close proximity to the Canary District, the Distillery District and Riverside Square. The hotel has maintained its iconic 126-year-old facade while offering extensive dining options, over 4,000 sf of event space and 58 hotel rooms. The Broadview Hotel will contribute more meaningfully to the Company's recurring income in future periods as the hotel completed development and became operational in July 2017.

	Ownership interest	Current status[1]	Last season opening date	Last season closing date
Willows Golf Course (Saskatchewan)	100%	Open	28-Apr-18	30-Oct-17
Arapahoe Basin ski hill (Colorado)	100%	Open	13-Oct-17	11-June-17
The Broadview Hotel (Ontario)	50%	Open	27-Jul-17	n/a

[1] As of May 11, 2018.

The operating results of recreational properties are summarized below.

	For the three months ended March 31,	
	2018	2017
Revenue	**$ 17,402**	$ 14,221
Net operating income	**7,342**	6,468
Net margin	**6,338**	5,631
Net margin (%)	**36.4%**	39.6%

In the three months ended March 31, 2018, revenue increased from the prior year by $3.2 million primarily due to favourable ski conditions at Arapahoe Basin and the opening of the Broadview Hotel in the second half of 2017. Arapahoe Basin was the first ski area in Colorado to open for the 2017/2018 ski season and is on pace to exceed 500,000 skier visits for the first time in its history. Similarly, net operating income increased by $0.9 million, in the three months ended March 31, 2018 relative to the prior year due to the aforementioned reasons.

Renewables - Firelight

For the three months ended March 31, 2018, Firelight incurred losses of $0.2 million (three months ended March 31, 2017 – earnings of $0.1 million). Earnings decreased relative to the comparative period due to poor weather conditions in Ontario that impacted solar power generation in the three months ended March 31, 2018. Typically, earnings for Firelight are higher in the second and third quarters of a fiscal year due to the seasonal nature of wind and solar renewable power assets.

Other Items - Consolidated Dream

Other Financial Assets

Other financial assets consisted of the following:

	March 31, 2018	December 31, 2017
Marketable securities	**$ 66,322**	$ 57,635
Participating mortgages	**77,422**	—
Investment holdings	**67,042**	7,054
Loans receivable	**13,425**	13,289
Other instruments	**6,927**	1,065
	$ 231,138	$ 79,043

Marketable Securities

Marketable securities primarily relate to the Company's investments in Dream Global REIT. Refer to the "Investments in Dream Publicly Listed Funds" section of this MD&A for further information on these investments.

Participating Mortgages

Participating mortgages are related to two long-term development loans secured by real property comprising two residential assets under development (Empire Lakeshore and Empire Brampton). Refer to Note 35 of the condensed consolidated financial statements for the three months ended March 31, 2018 for the valuation methodology used to determine the fair value of the participating mortgages.

Investment Holdings

As at March 31, 2018, investment holdings include a hospitality asset and retail assets (Hard Rock Hotel and Bayfield LP) and certain co-owned commercial assets.

During the three months ended March 31, 2018, the Company, through Dream Alternatives, invested US$29.0 million for an approximate 10% interest in the Hard Rock Hotel & Casino in Las Vegas, Nevada, with a consortium of partners, led by Juniper Capital Partners and Fengate Real Estate Asset Investments. As at March 31, 2018, the cash consideration approximates fair value.

Loans Receivable

Loans receivable are amounts owing to Dream pertaining to specific land and development partnerships in Toronto and Western Canada.

Accounts Receivable

As at March 31, 2018, the carrying value of accounts receivable was $131.7 million compared to $197.5 million as at December 31, 2017. The decrease in accounts receivable from the prior year was primarily due to the closing of certain completed urban development projects and the elimination of amounts receivable from Dream Alternatives upon consolidation. Approximately 86% (December 31, 2017 – 82%) of accounts receivable represents amounts receivable under contracted sales of land under development or under housing and condominium sales contracts. Accounts receivable may fluctuate from period to period, reflecting the cyclical nature of the completion and closing of large-scale real estate projects.

General and Administrative Expenses

In the three months ended March 31, 2018, general and administrative expenses were $4.4 million. The increase of $1.7 million from the prior year was largely due to the consolidation of Dream Alternatives and increases in non-cash compensation costs.

Interest Expense

In the three months ended March 31, 2018, interest expense was $8.3 million compared to $5.0 million in the prior year. The increase of $3.3 million from the prior year was primarily due to the consolidation of Dream Alternatives. Interest expense consisted of the following:

	For the three months ended March 31,	
	2018	2017
Interest on project-specific debt	**$ 5,157**	$ 2,187
Interest on corporate debt facilities	**3,518**	2,760
Dividends on Preference shares, series 1	**502**	502
Amortization of deferred financing costs	**543**	296
Project-specific interest capitalized to real estate development projects	**(1,406)**	(757)
Accretion of effective interest	**1**	6
Total	**$ 8,315**	$ 4,994

Investment and Other Income

Refer to the "Investments in Dream Publicly Listed Funds" section of this MD&A for further information on investment income from Dream Publicly Listed Funds.

In the three months ended March 31, 2018, investment and other income was $2.9 million, a decrease of $1.5 million from the prior year. The decrease was mainly attributable to the reclassification of the Company's investment in Dream Office REIT as an equity accounted investment effective October 1, 2017. As a result of this reclassification, the Company no longer records investment income from monthly distributions received from Dream Office REIT. Instead, these amounts are accounted for as a reduction in the Company's equity accounted investment and the Company records its proportionate share of net income from Dream Office REIT.

Income Tax Expense

The effective income tax rate was 2.9% for the three months ended March 31, 2018 (three months ended March 31, 2017 – 32.5%). The effective income tax rate for 2018 is lower than the statutory combined federal and provincial tax rate of 26.7% mainly due to the non-taxable portion of gains related to the acquisition of control of Dream Alternatives.

We are subject to income taxes both federally and provincially in Canada and the United States. Significant judgments and estimates are required in the determination of the Company's tax balances. Our income tax expense and deferred tax liabilities reflect management's best estimate of current and future taxes to be paid. The Company is subject to tax audits from various government and regulatory agencies on an ongoing basis. As a result, from time to time, taxing authorities may disagree with the interpretation and application of tax laws taken by the Company in its tax filings.

Liquidity and Capital Resources

Our capital consists of project-specific debt, corporate debt facilities, preference shares and shareholders' equity. Our objective in managing capital is to ensure adequate operating funds are available to fund development costs; to cover leasing costs, overhead and capital expenditures for investment and recreational properties; to provide for resources needed to acquire new properties and invest in new ventures at reasonable interest costs; and to generate a target rate of return on investments. No material changes have occurred in future contractual obligations since March 31, 2018.

A summary of selected information as at March 31, 2018 and December 31, 2017 is presented below.

	March 31, 2018			December 31, 2017		
	Less than 12 months	Greater than 12 months	**Total**	Less than 12 months	Greater than 12 months	Total
Cash and cash equivalents	**$ 66,334**	**—**	**$ 66,334**	$ 25,408	$ —	$ 25,408
Accounts receivable	**130,155**	**1,562**	**131,717**	175,373	22,094	197,467
Other financial assets	**11,263**	**219,875**	**231,138**	7,714	71,329	79,043
Accounts payable and accrued liabilities	**118,417**	**13,841**	**132,258**	108,179	10,786	118,965
Provision for real estate development costs	**35,586**	**—**	**35,586**	34,756	—	34,756
Project-specific debt	**73,423**	**425,806**	**499,229**	133,847	146,380	280,227
Corporate debt facilities	**121,404**	**245,762**	**367,166**	214,799	93,225	308,024
Preference shares, series 1	**—**	**28,669**	**28,669**	28,668	—	28,668
Debt to total assets ratio[(1)]			**33.1%**			32.4%

[(1)] Refer to the "Non-IFRS Measures" section of this MD&A for definitions of Non-IFRS measures.

As at March 31, 2018, there were adequate resources to address the Company’s short-term liquidity requirements. Certain financial instruments that are callable or due on demand are presented as due within 12 months, which is inconsistent with the repayment timing expected by management. Due to the nature of our development business, in addition to the above resources the Company expects to fund a portion of our current liabilities through sales of housing, condominium and land inventories, which cannot be classified. Management continuously reviews the timing of expected debt repayments and actively pursues refinancing opportunities as they arise. In addition, as at March 31, 2018, we had up to $164.2 million of undrawn credit availability on Dream’s operating line and margin facility.

Significant Sources and Uses of Cash

	For the three months ended March 31,			
		2018		2017
Net cash flows (used in) provided by operating activities	**$**	**(66,447)**	$	12,042
Net cash flows used in investing activities		**(7,012)**		(18,409)
Net cash flows provided by financing activities		**114,385**		2,145
Change in cash and cash equivalents	**$**	**40,926**	$	(4,222)

In the three months ended March 31, 2018, the Company had cash outflows from operating activities of $66.4 million primarily due to the non-cash net gain on acquisition of control of Dream Alternatives, repayments on the construction loan, and development spend for land and condominium inventory. This was partially offset by earnings for the period.

In the three months ended March 31, 2018, there were cash outflows from investing activities of $7.0 million mainly related to the acquisition of Dream Office REIT units on the open market, and acquisitions of investment holdings and marketable securities through the Company's ownership in Dream Alternatives, partially offset by the cash acquired through the business combination of Dream Alternatives.

For the three months ended March 31, 2018, the Company had net cash inflows from financing activities of $114.4 million primarily due to advances on the non-revolving term facility and margin facility, and borrowings on mortgages and term debt, partially offset by the net repayments made on the operating line.

For more information, refer to the statement of cash flows in the condensed consolidated financial statements for the three months ended March 31, 2018.

Cash Requirements

The nature of the real estate business is such that we require capital to fund non-discretionary expenditures with respect to existing assets, as well as to fund growth through acquisitions and developments. As at March 31, 2018, we had $66.3 million (December 31, 2017 – $25.4 million) in cash and cash equivalents. Our intention is to meet short-term liquidity requirements through cash from operating activities, working capital reserves and operating debt facilities. In addition, we anticipate that cash from operations will continue to provide the cash necessary to fund operating expenses and debt service requirements.

Debt and Preference Shares

As at March 31, 2018, total debt was $895.1 million (December 31, 2017 – $616.9 million), which included $28.7 million of Preference shares, series 1 (December 31, 2017 – $28.7 million). A breakdown of project-specific debt, corporate debt facilities and Preference shares, series 1, are detailed in the table below.

Project-Specific Debt

										March 31, 2018
(in thousands of Canadian dollars)		**Construction loans - Western Canada**		**Construction loans - Urban development - Toronto & Ottawa**		**Mortgages and term debt - Dream**		**Mortgages and term debt - Dream Alternatives**		**Total**
Balance, January 1, 2018	**$**	**98,706**	**$**	**64,697**	**$**	**116,824**	**$**	**—**	**$**	**280,227**
Borrowings		**18,101**		**16,977**		**66,676**		**—**		**101,754**
Repayments		**(60,012)**		**(19,537)**		**(7,035)**		**(570)**		**(87,154)**
Assumed through business combination		**—**		**—**		**—**		**203,967**		**203,967**
Interest and other		**—**		**135**		**205**		**95**		**435**
Balance, March 31, 2018	**$**	**56,795**	**$**	**62,272**	**$**	**176,670**	**$**	**203,492**	**$**	**499,229**
Weighted average interest rates		**3.84%**		**4.31%**		**4.36%**		**3.70%**		**3.86%**

Corporate Debt Facilities

(in thousands of Canadian dollars)		Operating line - Dream[1]		Non-revolving term facility[2]		Margin facility		Operating line - Dream Alternatives		Preference shares, series 1		Total
												March 31, 2018
Balance, January 1, 2018	$	93,225	$	174,799	$	40,000	$	—	$	28,668	$	336,692
Borrowings		78,000		50,000		30,000		22,000		—		180,000
Repayments		(105,000)		—		(15,000)		—		—		(120,000)
Interest and other		179		(1,037)		—		—		1		(857)
Balance, March 31, 2018	**$**	**66,404**	**$**	**223,762**	**$**	**55,000**	**$**	**22,000**	**$**	**28,669**	**$**	**395,835**
Weighted average interest rates		**4.20%**		**3.69%**		**4.16%**		**3.45%**		**7.00%**		**4.07%**
Total real estate debt (project-specific and corporate debt)												**895,064**

(1) Net of unamortized financing costs of $0.6 million as at March 31, 2018 (December 31, 2017 – $0.8 million).
(2) Net of unamortized financing costs of $1.2 million as at March 31, 2018 (December 31, 2017 – $0.2 million).

As at March 31, 2018, $122.6 million (December 31, 2017 – $61.6 million) of aggregate development loans and term debt (excluding unamortized financing costs) were subject to a fixed, weighted average interest rate of 4.43% (December 31, 2017 – 4.73%) and will mature between 2018 and 2025. A further $743.7 million (December 31, 2017 – $526.6 million) of real estate debt was subject to a weighted average variable interest rate of 3.87% (December 31, 2017 – 3.70%) and will mature between 2018 and 2023. Included within real estate debt is $183.5 million of variable debt that the Company has hedged through fixed interest rate swaps.

Operating Line - Dream

The Company has established a revolving term credit facility (the "operating line") available up to a formula-based maximum not to exceed $290.0 million with a syndicate of Canadian financial institutions. As at March 31, 2018, maximum funds available under this facility were $290.0 million, as determined by the formula-based maximum calculation, with $71.8 million of letters of credit issued against the facility. The operating line bears interest, at the Company's option, at a rate per annum equal to either the bank's prime lending rate plus 1.25% or at the bank's then prevailing bankers' acceptance rate plus 2.50%. The operating line is secured by a general security agreement and a first charge against various real estate assets in Western Canada. Interest expense relating to the operating line for the three months ended March 31, 2018 was $1.4 million (three months ended March 31, 2017 – $1.2 million).

At March 31, 2018, $67.0 million was drawn under the Company's operating line. The Company had $71.8 million of outstanding letters of credit, leaving an undrawn credit capacity of up to $151.2 million.

Margin Facility

In the year ended December 31, 2017, the Company entered into a $40.0 million revolving margin facility. The loan is due on demand and bears interest, at the Company's option, at a rate per annum equal to either the bank's prime lending rate plus 1.25% or the bank's then prevailing bankers' acceptance rate plus 2.50%. In the three months ending March 31, 2018, the Company amended its margin facility to allow borrowings up to a maximum of $80.0 million by pledging additional security. As at March 31, 2018, $55.0 million was drawn on the facility, leaving an undrawn credit capacity of $13.0 million based on pledged security as of March 31, 2018.

Operating Line - Dream Alternatives

Dream Alternatives has a revolving term credit facility (the "Dream Alternatives operating line") available up to a formula-based maximum not to exceed $50.0 million, with a syndicate of Canadian financial institutions. As at March 31, 2018, funds available under this facility were $45.0 million, as determined by a formula-based maximum calculation. The Dream Alternatives operating line bears interest, at the Company's option, at a rate per annum equal to either the bank's prime lending rate plus 1.0% or at the bank's then prevailing bankers' acceptance rate plus 2.0%. The Dream Alternatives operating line is secured by a general security agreement over certain Dream Alternatives subsidiaries.

As at March 31, 2018, $22.0 million was drawn under the Dream Alternatives operating line. The Company had $1.7 million of outstanding letters of credit, leaving an undrawn credit capacity of up to $21.3 million.

Preference Shares, Series 1

The Preference shares, series 1, may be redeemed, at the option of Dream, at any time, at a price of $7.16 per share. The Preference shares, series 1, are redeemable by the holders at any time, at $7.16 per share.

As at May 11, 2018, there were 4,005,729 Preference shares, series 1, issued and outstanding.

Shareholders' Equity

Dream is authorized to issue an unlimited number of Dream Class A subordinate voting shares (the "Subordinate Voting Shares") and an unlimited number of Dream Class B common shares ("Class B Shares"). As at March 31, 2018, there were 105,842,523 Subordinate Voting Shares and 3,115,299 Class B Shares outstanding (December 31, 2017 - 106,120,323 Subordinate Voting Shares and 3,115,299 Class B Shares).

Normal Course Issuer Bid
In the three months ended March 31, 2018, 0.3 million Subordinate Voting Shares were purchased for cancellation by the Company at an average price of $8.18 under the Company's normal course issuer bid (the "Bid") (year ended December 31, 2017 – 3.2 million Subordinate Voting Shares at an average price of $6.84).

Dream renewed its Bid, which commenced on September 20, 2017, under which Dream had the ability to purchase for cancellation up to a maximum number of 7.2 million Subordinate Voting Shares through the facilities of the TSX at prevailing market prices and in accordance with the rules and policies of the TSX. The actual number of Subordinate Voting Shares that may be purchased and the timing of any such purchases as determined by Dream, are subject to a maximum daily purchase limitation of 42,256 shares, except where purchases are made in accordance with block purchase exemptions under applicable TSX rules.

Subsequent to March 31, 2018, 0.3 million Subordinate Voting Shares were purchased for cancellation by the Company for $3.2 million. As at May 11, 2018, there were 105,498,223 Subordinate Voting Shares and 3,115,299 Class B Shares issued and outstanding.

Transactions with Non-Controlling Interest
Prior to May 2017, Sweet Dream Corp. ("SDC"), an entity wholly owned by the President and CRO of DAM and Dream, owned a non-controlling interest in DAM. In May 2017, DAM received an exchange notice from SDC pursuant to the Exchange Agreement dated May 30, 2013 among Dream, DAM and SDC, exercising SDC's right to receive 31,533,682 newly issued Subordinate Voting Shares of Dream, representing approximately 30% of the post-issuance outstanding Subordinate Voting Shares, in consideration for the transfer of 261.52 non-voting common shares and Class C voting preference shares of DAM, representing approximately 30% of the outstanding non-voting common shares and Class C voting preference shares. Upon completion of the exchange, Dream owned 100% of the outstanding non-voting common shares and Class C voting preference shares of DAM, thus simplifying the corporate structure. Including the Subordinate Voting Shares of Dream and Class B shares held or controlled directly or indirectly, the President and CRO owned an approximate 32% economic interest and 82% voting interest in the Company as at March 31, 2018.

Off Balance Sheet Arrangements

We conduct our real estate activities from time to time through joint arrangements with third-party partners. As at March 31, 2018, we were contingently liable for the obligations of the other owners of the unincorporated joint operations and unincorporated joint ventures in the amount of $25.8 million (December 31, 2017 – $17.0 million). We have available to us other venturers' shares of assets to satisfy the obligations, if any, that may arise.

Commitments and Contingencies
Dream and its operating subsidiaries may become liable under guarantees that are issued in the normal course of business 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 adverse effect on the condensed consolidated financial statements of Dream.

As part of our various agreements to purchase land and housing, we have remaining commitments totalling $3.2 million as at March 31, 2018 (December 31, 2017 – $1.1 million), which will become payable in future periods upon the satisfaction of certain conditions pursuant to such agreements. For further details, refer to the "Western Canada Development" section of this MD&A.

Levies relating to signed municipal agreements received by Dream as at March 31, 2018 may result in future obligations totalling $2.2 million (December 31, 2017 – $2.2 million).

The Company is contingently liable for letters of credit and surety bonds that have been provided to support land developments, equity accounted investments and other activities in the amount of $86.3 million (December 31, 2017 – $87.9 million).

Management is aware of a legal matter relating to a development project and intends to vigorously defend the matter. A statement of claim was originally filed by the plaintiff against the Company and others in 2013 and the Company and the other defendants successfully brought a motion to strike the claim in December 2014. In April 2016, the Company was served with an amended statement of claim. Management continues to believe that this amended claim is without merit and that this action will not have a material adverse effect on the financial condition, results of operations or cash flows of the Company. A reasonable estimate of the possible loss or range of loss cannot be made at this time. We are contingently liable with respect to other litigation and claims that may arise from time to time. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on our condensed consolidated financial statements.

Dream Alternatives
During the three months ended March 31, 2018, Dream Alternatives, through a subsidiary, continued to provide a guarantee for up to $45.0 million pursuant to the requirements of a senior construction loan associated with the Empire Lakeshore residential project. As at March 31, 2018, the guarantee balance is $19.7 million. The guarantee will be in place for the term of the construction loan and will proportionately scale down as the construction loan is repaid as unit closings begin to occur. Guarantees of the other underlying development project loan amounts of third parties are $7.5 million. As at March 31, 2018, Dream Alternatives is contingently liable under guarantees that are issued on certain debt assumed by purchasers of income properties up to an amount of $54.0 million.

Dream Alternatives is contingently liable for letters of credit in the amount of $1.7 million that have been provided to support third-party performance.

Dream Alternatives may also be contingently liable for certain obligations of joint venture partners. However, Dream Alternatives would have available to it the other joint venture partners' share of assets to satisfy any obligations that may arise.

Transactions with Related Parties

The Company has agreements for asset management and management services, shared services and cost sharing administrative services with related parties. The Company also has other transactions conducted with related parties, which are outlined in Note 39 of our condensed consolidated financial statements for the three months ended March 31, 2018.

Critical Accounting Estimates

The preparation of the condensed consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities. Critical accounting estimates represent estimates made by management that are, by their very nature, uncertain. We evaluate our estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that we believe are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. A detailed summary of the significant judgments and estimates made by management in the preparation and analysis of our financial results is included in Note 3 of our condensed consolidated financial statements for the three months ended March 31, 2018.

Internal Control over Financial Reporting

At March 31, 2018, the President and CRO and Chief Financial Officer ("CFO"), with the assistance of senior management, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to Dream is made known to the CRO and CFO in a timely manner and information required to be disclosed by Dream 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.

There were no changes in the Company's internal controls over financial reporting during the three months ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Accounting Standards Adopted During the Period

The Company has adopted the following new or revised standards, including any consequential amendments thereto, for the period effective January 1, 2018. Changes in accounting policies adopted by the Company were made in accordance with the applicable transitional provisions as provided in those standards and amendments. As required by IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", the nature and the effect of these changes are disclosed below and in Note 44.

IFRS 2, "Share-Based Payments" ("IFRS 2")

IFRS 2 clarifies how to account for certain types of share-based payment transactions. It was amended to address: (i) certain issues related to the accounting for cash settled awards; and (ii) the accounting for equity settled awards that include a "net settlement" feature in respect of employee withholding taxes. The amendments to IFRS 2 are effective for years beginning on or after January 1, 2018. The adoption of the amendments to IFRS 2 did not have a material impact on the Company's condensed consolidated financial statements.

IFRS 7, "Financial Instruments – Disclosure" ("IFRS 7")

IFRS 7 requires entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments and the nature and extent of risks arising from financial instruments to which an entity is exposed and how the entity manages those risks. It was amended to: (i) add guidance on whether an arrangement to service a financial asset that has been transferred constitutes continuing involvement; and (ii) clarify that the additional disclosure required by the amendments to IFRS 7 is not specifically required for interim periods, unless required by IAS 34. The amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2018. The adoption of the amendments to IFRS 7 did not have a material impact on the Company's condensed consolidated financial statements.

IFRS 9, "Financial Instruments" ("IFRS 9")

IFRS 9 establishes principles for the financial reporting of financial assets and financial liabilities where the final version of IFRS 9 was issued in July 2014 and includes: (i) a third measurement category for financial assets (fair value through other comprehensive income ("OCI")); (ii) a single, forward-looking "expected loss" impairment model; (iii) a substantially reformed approach to hedge accounting; and (iv) a mandatory effective date of annual periods beginning on or after January 1, 2018. The impact of changes due to the adoption of IFRS 9 is included in Note 44 of the condensed consolidated financial statements for the three months ended March 31, 2018.

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15")

IFRS 15 specifies how and when revenue should be recognized, in addition to requiring more informative and relevant disclosures. The IFRS 15 revenue recognition model requires management to exercise significant judgment and make estimates that affect revenue recognition. This standard supersedes IAS 18, "Revenue", IAS 11, "Construction Contracts", and a number of revenue related interpretations. IFRS 15 must be applied for periods beginning on or after January 1, 2018, with early application permitted. Expanded disclosures required by IFRS 15 are included in Note 28 and the impact of changes due to the adoption of IFRS 15 is included in Note 44 of the condensed consolidated financial statements for the three months ended March 31, 2018.

IAS 40, "Investment Property" ("IAS 40")

IAS 40 clarifies the principles for transfers into, or out of, investment property when there has been a change in use. The Company has applied the amendments prospectively in accordance with the transitional provisions. The Company has assessed the impact of the amendment on the classification of existing property at January 1, 2018 and has concluded that no reclassifications are required and the timing of subsequent transfers is not expected to change on adoption of the amendment. As such, there is no impact to the condensed consolidated financial statements on application of the amendment.

Financial Instruments

A detailed discussion of our strategy and risk management in respect of financial instruments is provided in Note 35 of the condensed consolidated financial statements for the three months ended March 31, 2018.

Risk Factors

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. Shareholders should consider those risks and uncertainties when assessing our outlook in terms of investment potential. For a discussion of the risks and uncertainties identified by the Company, please refer to the Annual Report for the year ended December 31, 2017 and our most recent Annual Information Form filed on SEDAR (www.sedar.com). For a discussion of the risks and uncertainties identified specific to the Dream Alternatives segment, please refer to the Dream Alternatives Annual Report for the year ended December 31, 2017 and the most recent Annual Information Form filed on SEDAR.

Forward-Looking Information

Certain information in this MD&A may constitute "forward-looking information" within the meaning of applicable securities legislation, including but not limited to statements relating to our objectives and strategies to achieve those objectives; our beliefs, plans, estimates, projections and intentions, and similar statements concerning anticipated future events, future growth, results of operations, performance, business prospects and opportunities, acquisitions or divestitures, tenant base, future maintenance and development plans and costs, capital investments, financing, the availability of financing sources, income taxes, vacancy and leasing assumptions, litigation and the real estate industry in general; as well as specific statements in respect of our development plans and proposals for future retail and condominium and mixed-use projects and future stages of current retail and condominium and mixed-use projects, including projected sizes, density, uses and tenants; development timelines and anticipated returns or yields on current and future retail and condominium and mixed-use projects, including timing of construction, marketing, leasing, completion, occupancies and closings; anticipated current and future unit sales and occupancies of our condominium and mixed-use projects; our pipeline of retail, commercial, condominium and mixed-use developments projects; development plans and timelines of current and future land and housing projects, including projected sizes, density and uses; anticipated current and future lot and acre sales and housing unit occupancies in our land and housing divisions and the timing of margin contributions from such sales; expected market values of our lands; projected population and density in our housing developments; our ability to increase development on our owned lands and the anticipated returns therefrom; future land acquisitions and financings and the timing thereof; anticipated development approvals and timing thereof; expected contribution of our investment and recreational properties to recurring income in future periods; our expansion plans for recreational properties and the anticipated effect on revenue; future performance of the land development, housing development, condominium and mixed-use development and retail and commercial developments divisions; timing of achieving milestones in our retail, commercial, residential, condominium and mixed-use developments projects; expected sources, amounts, and timing of financings for our projects; our anticipated ownership levels of proposed investments, including investments in units of Dream Office REIT and Dream Alternatives; the future NAV and NAV per unit of DAT; future equity investments in Dream Alternatives' lending and development and investment holdings portfolios; the development plans and proposals for Dream Alternatives' current and future projects, including projected sizes, timelines, density, uses and tenants; expected cash flows, economic returns and funded equity of projects in future periods; anticipated levels of development, asset management and other management fees in future periods; and our overall financial performance, profitability and liquidity for future periods and years. The forward-looking information in this MD&A is presented for the purpose of providing disclosure of the current expectations of our future events or results, having regard to current plans, objectives and proposals, and such information may not be appropriate for other purposes. Forward-looking information may also include information regarding our respective future plans or objectives and other information that is not composed of historical fact. Forward-looking information is predictive in nature and depends upon or refers to future events or conditions; as such, this MD&A uses words such as "may", "would", "could", "should", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate" and similar expressions suggesting future outcomes or events to identify forward-looking information.

Any such forward-looking information is based on information currently available to us, and is based on assumptions and analyses made by us in light of our respective experiences and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances, including but not limited to: that no unforeseen changes in the legislative and operating framework for the respective businesses will occur; 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; and that future market and economic conditions will occur as expected.

However, whether actual results and developments will conform with the expectations and predictions contained in the forward-looking information is subject to a number of risks and uncertainties, many of which are beyond our control, and the effects of which can be difficult to predict. Factors that could cause actual results or events to differ materially from those described in the forward-looking information include, but are not limited to: adverse changes in general economic and market conditions; our inability to raise additional capital; our inability to execute strategic plans and meet financial obligations; and risks associated with our anticipated real estate operations and investment holdings in general, including environmental risks, market risks, and risks associated with inflation, changes in interest rates and other financial exposures. For a further description of these and other factors that could cause actual results to differ materially from the forward-looking information contained, or incorporated by reference in this MD&A, see the "Risk Factors" section of this MD&A.

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

Supplemental Segmented Information - Consolidated Dream

Revenue by Geographic Region

The Company's revenue segmented by geographic region, net of eliminations, is as follows:

	For the three months ended March 31,			
	2018		2017	
Western Canada				
Saskatoon	**$ 4,608**	**7.5%**	$ 6,630	12.8%
Regina	**5,376**	**8.7%**	6,478	12.5%
Edmonton	**1,432**	**2.3%**	8,039	15.6%
Calgary	**5,553**	**9.0%**	2,274	4.5%
Vancouver	**876**	**1.4%**	—	—%
	17,845	**28.9%**	23,421	45.4%
Ontario				
Toronto	**18,993**	**30.8%**	2,807	5.3%
Eastern Canada	**1,723**	**2.8%**	—	—%
Canada	**38,561**	**62.5%**	26,228	50.7%
United Kingdom	**788**	**1.3%**	—	—%
United States	**15,972**	**25.9%**	14,162	27.4%
Non-segmented (asset management)	**6,424**	**10.3%**	11,258	21.9%
Total	**$ 61,745**	**100.0%**	$ 51,648	100.0%

Net Margin by Geographic Region

The Company's net margin segmented by geographic region is as follows:

	For the three months ended March 31,			
	2018		2017	
Western Canada				
Saskatoon	$ **(1,605)**	**(9.1%)**	$ (1,463)	(9.8%)
Regina	**(1,148)**	**(6.5%)**	(724)	(4.9%)
Edmonton	**473**	**2.7%**	1,641	11.0%
Calgary	**(482)**	**(2.7%)**	(815)	(5.5%)
Vancouver	**876**	**4.9%**	—	—%
	(1,886)	**(10.7%)**	(1,361)	(9.2%)
Ontario				
Toronto	**9,462**	**53.4%**	782	5.2%
Ottawa	**(1,309)**	**(7.4%)**	—	—%
	8,153	**46.0%**	782	5.2%
Eastern Canada	**1,148**	**6.5%**	—	—%
Canada	**7,415**	**41.8%**	(579)	(4.0%)
United Kingdom	**72**	**0.4%**	—	—%
United States	**6,863**	**38.8%**	6,140	41.3%
Non-segmented (asset management)	**3,363**	**19.0%**	9,348	62.7%
Total	$ **17,713**	**100.0%**	$ 14,909	100.0%

Contribution of Quarterly Margin and Income by Major Business Segment/Investment

(in thousands of dollars)	**Mar 31, 2018**	Dec 31, 2017	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016
Western Canada development	$ **(2,545)**	$ 40,812	$ 13,838	$ (3,498)	$ 57	$ 3,321	$ 6,530	$ (1,904)
Urban development - Toronto and Ottawa	**418**	1,244	2,810	467	(127)	2,346	1,863	5,747
	(2,127)	42,056	16,648	(3,031)	(70)	5,667	8,393	3,843
Renewables and recreational properties[1]	**6,338**	979	(2,460)	2,297	5,631	(301)	(2,566)	2,839
Asset management and management services[2]	**7,116**	6,965	12,756	7,116	9,348	19,736	5,098	24,980
Dream Alternatives	**10,139**	—	—	—	—	—	—	—
Consolidation adjustments	**(3,753)**	—	—	—	—	—	—	—
	19,840	7,944	10,296	9,413	14,979	19,435	2,532	27,819
Total net margin	$ **17,713**	$ 50,000	$ 26,944	$ 6,382	$ 14,909	$ 25,102	$ 10,925	$ 31,662
Income (loss) amounts included below net margin								
Firelight Infrastructure Partners LP (Energy and Infrastructure)[3]	**(209)**	(717)	3,308	2,425	39	(589)	2,594	3,446
Canary District[4]	**(455)**	(1,460)	(258)	(699)	(82)	489	16,529	16,941
Share of earnings from Dream Office REIT[5]	**7,429**	13,727	—	—	—	—	—	—
Other share of earnings (losses) from equity accounted investments	**(367)**	2,362	261	(544)	(1,284)	2,180	1,378	262
Total share of earnings (losses) from equity accounted investments	$ **6,398**	$ 13,912	$ 3,311	$ 1,182	$ (1,327)	$ 2,080	$ 20,501	$ 20,649
Investment income earned from Dream Publicly Listed Funds	$ **703**	$ 696	$ 2,116	$ 3,697	$ 3,595	$ 3,242	$ 2,608	$ 1,500

(1) The decline in net margin during the September quarter-end periods is due to the seasonal closure of the Arapahoe Basin ski resort, which generally closes operations from July to September.

(2) Included in net margin for asset management and management services for the three months ended March 31, 2017, December 31, 2016, and June 30, 2016, were fees earned from development arrangements, which will fluctuate period over period. Included in net margin for asset management and management services for the three months ended September 30, 2017 were transactional related fees earned from Dream Publicly Listed Funds, which will fluctuate period over period. Net margin for asset management is gross of consolidation adjustments to eliminate margin earned on the Company's asset management contract with Dream Alternatives.

(3) The decline in net earnings during the March and December quarter-end periods is primarily due to the seasonality of the renewable energy projects. Results may fluctuate period to period based on weather. For additional details, refer to the "Renewable and Recreational Properties" section of this MD&A.

(4) Included in earnings (losses) from equity accounted investments for the three months ended June 30, 2016 and September 30, 2016 was occupancy income generated from condominium units in Stage 1 of the Canary District development, which was completed in 2016.

(5) In the three months ended December 31, 2017, the Company reclassified its investment in Dream Office REIT from an available-for-sale investment to an equity accounted investment. Accordingly, during the period, distribution income from Dream Office REIT was no longer included within investment income.

Non-IFRS Measures

In addition to using performance measures determined in accordance with IFRS, we believe that important measures of operating performance include certain performance measures that are not defined under IFRS and, as such, may not be comparable to similar performance measures used by other companies. Throughout this MD&A, there are references to certain performance measures, including those described below, which management believes are relevant in assessing the economics of the business of Dream. While these performance measures are not defined by IFRS, do not have a standardized meaning and may not be comparable with similar measures presented by other companies, we believe that they are informative and provide further insight as supplementary measures of earnings for the period and cash flows.

"Assets under management ("AUM")" is the respective carrying value of total assets managed by the Company on behalf of its clients, investors or partners under asset management agreements and/or management services agreements. Assets under management is a measure of success against the competition and consists of growth or decline due to asset appreciation, changes in fair market value, acquisitions and dispositions, operations gains and losses, and inflows and outflows of capital.

"Committed leases" represents the GLA under an agreement to lease between a tenant and the Company as at March 31, 2018.

"Debt to total asset ratio" is an important measure of financial liquidity and is calculated as total project-specific debt, corporate debt facilities and Preference shares, series 1 as a percentage of total assets per the condensed consolidated financial statements.

"Dream standalone" represents the results of Dream, excluding the impact of Dream Alternatives' equity accounted investment (prior to January 1, 2018) and consolidated results (January 1, 2018 onward). Metrics calculated on a Dream standalone basis are used by management in evaluating the overall performance and managing risk of the Company. Refer to the "Segmented Assets and Liabilities" and "Segmented Statement of Earnings" sections of this MD&A for a reconciliation of Dream excluding Dream Alternatives results to the condensed consolidated financial statements.

"Fee-earning assets under management" represents assets under management that are managed under contractual arrangements that entitle the Company to earn asset management revenues.

"Gross margin %" is an important measure of operating earnings in each business segment of Dream and represents gross margin as a percentage of revenue.

"Market value gain" is an important measure of growth for Dream Alternatives, representing mark-to-market adjustments on the segment's portfolio for the purposes of calculating NAV of DAT.

"Net asset value ("NAV") per unit of DAT" represents the net asset value attributable to unitholders of Dream Alternatives divided by the number of units outstanding at the end of the period. This non-IFRS measure is an important measure used by the Company in evaluating Dream Alternatives' performance as it is an indicator of the intrinsic value of Dream Alternatives; however, it is not defined by IFRS, does not have a standardized meaning and may not be comparable with similar measures presented by other issuers. A reconciliation of net asset value per unit can be found below.

						March 30, 2018
	Other financial assets and equity accounted investments[2]	Lending portfolio	Investment properties and investment in Dream Office REIT	Renewable power[3]	Cash, working capital and other[1]	Total
Total unitholders' equity[4]	$ 249,534	$ 168,415	$ 158,715	$ 67,249	$ (37,191)	$ 606,722
Market value adjustment to renewable power assets[2]	—	—	—	11,626	—	11,626
Market value adjustment to equity accounted investments	30,620	—	—	—	—	30,620
Deferred income taxes adjustment	—	—	—	—	(4,462)	(4,462)
NAV of DAT	$ 280,154	$ 168,415	$ 158,715	$ 78,875	$ (41,653)	$ 644,506
NAV per unit of DAT	$ 3.87	$ 2.33	$ 2.19	$ 1.09	$ (0.58)	$ 8.90

(1) Cash, working capital and other includes Dream Alternatives and other cash and net working capital balances.
(2) For additional details on Dream Alternatives' equity accounted investments market value adjustment, refer to "Portfolio Summary - Dream Alternatives" section of this MD&A.
(3) For additional details on Dream Alternatives' renewable power assets market value adjustment, refer to "Portfolio Summary - Dream Alternatives" section of this MD&A.
(4) Dream Alternatives' unitholders' equity is eliminated upon consolidation.

"Net asset value ("NAV") of DAT" a non IFRS measure, represents total unitholders' equity per the Dream Alternatives segment, adjusted for fair value adjustments for both renewable power projects and equity accounted investments (including applicable deferred income tax adjustment) and the unamortized balance of the mortgages payable premiums. The mortgages payable premiums represent the current unamortized balance of fair value adjustments recorded for these instruments at Dream Alternatives' listing date. Since Dream Alternatives intends to repay the mortgages at maturity, this historical fair value adjustment is removed for the calculation of the NAV. A fair value adjustment for renewable power projects developed by Dream Alternatives is reflected once they become operational and long term financing is arranged as well as reflecting recent market information that would indicate a change in the renewable power portfolio fair value (subject to appraisals). A fair value adjustment for equity accounted investments is included to address the reduction in risk profile as each project progresses toward completion and/or reflect information from recent market transactions that indicate a change in the equity investment fair value (subject to appraisals). Dream Alternatives believes that incorporating a fair value adjustment is a more useful measure to value the renewable power portfolio and equity accounted investments that would not ordinarily be captured within IFRS and Dream Alternatives' condensed consolidated financial statements. The fair value adjustments account for the applicable deferred income taxes considering the timing of their realization and, if appropriate, will be incorporated into the determination of the NAV of DAT. Excluded from the NAV of DAT calculation are any fair value adjustments with respect to liabilities as well as commitments/contracts that are not otherwise recorded as liabilities on Dream Alternatives' balance sheet. Dream Alternatives has not appraised the lending portfolio, as Dream Alternatives intends to hold the investments in the lending portfolio until maturity and its term to maturity is within one year; as such, this portfolio is considered fairly liquid and fair value approximates amortized cost. This non-IFRS measure is an important measure used by the Company in evaluating Dream Alternatives' performance as it is an indicator of the intrinsic value of Dream Alternatives; however, it is not defined by IFRS, does not have a standardized meaning and may not be comparable with similar measures presented by other issuers. A reconciliation of NAV can be found above.

"Net margin %" is an important measure of operating earnings in each business segment of Dream and represents net margin as a percentage of revenue.

"Net Operating Income" or "NOI" represents revenue less direct operating costs, asset management and management services expenses, and selling, marketing and other operating costs. NOI less general, administrative and overhead expenses, and amortization, is equal to net margin as per Note 41 of the condensed consolidated financial statements. NOI for the investment and recreational properties division for the three months ended March 31, 2018 and 2017 is calculated as follows:

	For the three months ended March 31, 2018					
		Urban development - investment properties		Western Canada - investment properties		Recreational properties
Revenue	**$**	**3,232**	**$**	**2,126**	**$**	**17,402**
Direct operating costs		**1,439**		**682**		**10,060**
Selling, marketing and other indirect costs		**442**		**1,099**		**1,004**
Net margin	**$**	**1,351**	**$**	**345**	**$**	**6,338**
Depreciation		**—**		**—**		**897**
General and administrative expenses		**442**		**1,099**		**107**
Net operating income	**$**	**1,793**	**$**	**1,444**	**$**	**7,342**

	For the three months ended March 31, 2017					
		Urban development - investment properties		Western Canada - investment properties		Recreational properties
Revenue	$	2,708	$	1,214	$	14,221
Direct operating costs		1,411		476		7,753
Selling, marketing and other indirect costs		551		939		837
Net margin	$	746	$	(201)	$	5,631
Depreciation		—		—		723
General and administrative expenses		551		939		114
Net operating income	$	1,297	$	738	$	6,468

Additional Information

Additional information relating to Dream is available on SEDAR at www.sedar.com. The Subordinate Voting Shares trade on the TSX under the symbol **"DRM"**, and Dream Preference shares, series 1, trade under the symbol **"DRM.PR.A"**.